Stock Code: 1529

(Originally: Luxe Electric Co., Ltd)

2022 Annual Report

Published on May 12, 2023

Website for annual report inquiries/

- TWSE "Market Observation Post System": http://mops.twse.com.tw
- Company website:http://www.luxe.com.tw

I. Name, title, phone number, and email address of the Company's spokesperson and deputy spokesperson

Speaker: Chieh-Jen Chen Title:Chairman

Deputy spokesperson: Chun-Hsiang Teng Title: Vice President

TEL: (06) 221-7189 Taipei Office (02) 2559-1021

Email:luxe@luxe.com.tw

II. Address and phone number of the headquarters, branch and factory

Unit	Address	Telephone	Fax
Headquarters	7F.-1, No. 114, Chenggong Rd., North Dist., Tainan City	(06)221-7189 (representative)	(06)221-3669
Taipei Office	4F-2, No. 188, Sec. 5, Nanjing East Rd., Songshan Dist., Taipei City, Taiwan	(02)2559-1021 (representative)	(02)2559-1071
Yang Mei Plant	No. 19, Aly. 22, Ln. 796, Sec. 1, Minfu Rd., Yangmei Dist., Taoyuan City	(03)478-5877(representative)	(03)478-6015

III. Name, address, website and phone number of the stock transfer agent

Name: President Securities Corporation

Address: B1, No. 8, Dongxing Rd., Songshan Dist., Taipei City

Website: www.uni-psg.com

Tel.: (02)2747-8266

IV. Name of CPA and name, address, website and phone number of the accounting firm for the financial statements in the most recent year:

Name of CPA: Ying-Lai Chou and Chia-Yu Lai

Name of firm: Baker Tilly Clock & Co

Address: 14F (top floor), No. 111, Sec.2, Nanjing E. Rd., Taipei City

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

Tel.: (02)2516-5255

V. Name of the exchange where our securities are traded offshore, and the method with which the information of the offshore securities is accessed: None.

VI. Company website:www.luxe.com.tw

Luxe Electric Co., Ltd.

2022 Annual Report Table of Contents

One.Letter to Shareholders

Dear shareholders,

Consolidated net operating revenues for FY2022 were NT$281,520 thousand, a decrease of NT$42,926 thousand compared to net operating revenues of NT$324,446 thousand for FY2021, mainly due to lower revenues from the engineering and electrical divisions in FY2022. The Company's gross profit of NT$119,722 thousand (43% gross profit margin) decreased from NT$149,189 thousand (46% gross profit margin) in FY2021, and operating income of NT$74,992 thousand and net income before tax of NT$56,259 thousand decreased from the same period in FY2021.

	Energy Business Group	Electrical Engineering Business Group	Construction Business Group	Others	Total
Construction and engineering revenue	39,525	25,179	18,913	—	83,617
Sales revenue	—	72,165	—	—	72,165
Electricity retailing revenue	119,012	—	—	—	119,012
Others	453	6,272	—	1	6,726
Total	158,990	103,616	18,913	1	281,520

Last year (FY2022), operating expenses were NT$44,730 thousand in sales, management and research and development, an increase of NT$2,420 thousand (or 5.7%) over the same period in FY2021. Non-operating income and expenses were -NT$18,733 thousand, mainly due to a loss of NT$10,855 thousand on the fair value of marketable securities and a slight increase in interest expenses.

At the end of last year (2022) and this year, the Company and its subsidiaries continued to make strident efforts to complete the self-built solar power plants, while the Energy Business Group continued to invest in the two major directions of self-built solar power plants and Engineering, Procurement, and Construction (EPC). The tender for Taipower's pad-mounted transformer won by the Electrical Engineering Business Group has been accepted for shipment and will contribute to future revenue and profitability. The research and development of new electromechanical products and related certification procedures are still in progress.Under the principle of sound and prudent management, the Company not only participates in bidding and contracting projects, but also invests in construction companies to meet market and customer needs and actively develop new customers, new projects and new products to increase the Company's revenue and profit, improve operational performance and increase shareholders' equity.

We wish you good health and safety.

Chairman: Chen Chien-Jen   President: Chen Lien-Tsung   Chief Accounting Officer: Chien Shih-Chang

Two.Company Profile

I. Establishment date: The Company was founded on May 24, 1978.

II. Corporate history

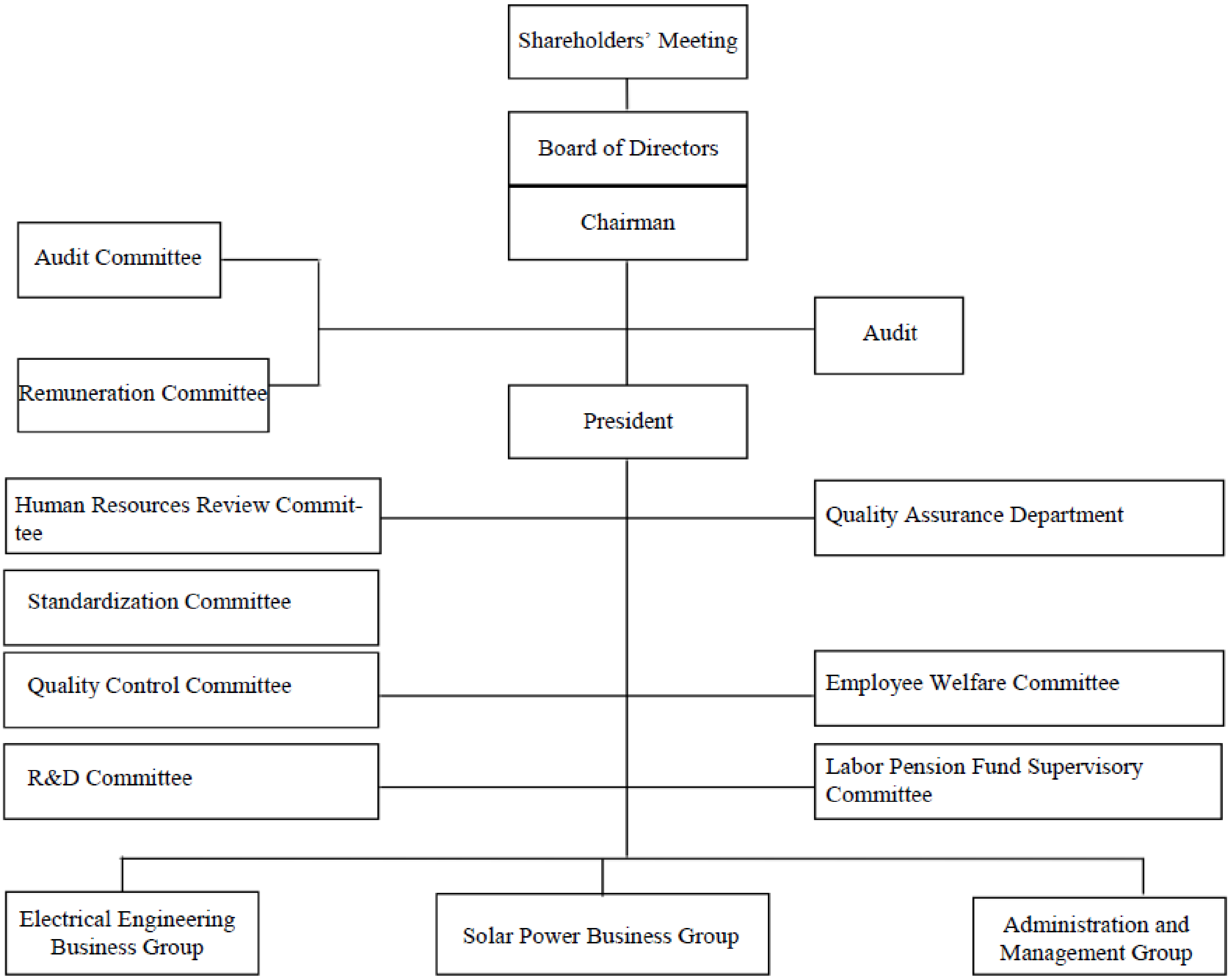
Year	Development process
May 1978	The Company was founded in Shulin Town, Taipei County.
October 1980	The Sanxia Plant was built, and the Company moved to Taipei City.
July 1981	Recognized by the Industrial Development Bureau, Ministry of Economic Affairs, as a Tier 1 distribution panel manufacturer.
May 1982	Recognized by the Industrial Development Bureau, Ministry of Economic Affairs, with Class A distribution panel quality management.
May 1987	Recognized in the "Taiwan Power Company Department of Nuclear Quality Manufacturer Assessment" as a qualified manufacturer.
October 1987	Developed technical collaboration with the Japanese company, Tokyo Seiden Co., Ltd.
April 1989	The Yang Mei A Plant was built and put into operation.
July 1989	Recognized by Taiwan Power Company as a penetrating type, low voltage and precision class (class 0.3) current transformer manufacturer.
January 1990	Assessed and selected by National Federation of Industries as one of the Top 10 Outstanding Manufacturers.
December 1991	Recognized by the Bureau of Energy, Ministry of Economic Affairs as a qualified manufacturer with test exemption when high voltage PT and CT left the factory.
May 1992	Recognized in the "Taiwan Power Company 23KV Metal-Clad Switch Gear" assessment as a qualified manufacturer.
June 1992	Recognized in the "Taiwan Power Company 13.8KV Metal-Clad Switch Gear" assessment as a qualified manufacturer.
July 1992	Recognized in the "Taiwan Power Company 14.4KV Metal-Clad Switch Gear" assessment as a qualified manufacturer.
September 1992	Recognized in the "Taiwan Power Company Indoor Type Alternating and Three-Phase 480V Power Center for Thermal Power Plants" assessment as a qualified manufacturer.
December 1992	Qualified in the "Taiwan Power Company's Charging Type 15KV Transformer and Special Equipment Suppliers" inspection.
December 1992	Qualified in the "Taiwan Power Company's Outdoor Type 14.4KV Block Switch and Special Equipment Suppliers" inspection.
December 1992	The Company moved to the Tang Cheng Park in Sanchong City.
October 1993	Recognized in the "Taiwan Power Company 480V Motor Control Center" assessment as a qualified manufacturer.
July 1994	Recognized in the "Taiwan Power Company Department of Quality Type-1 Manufacturer Quality Assurance System (ISO-9001)" assessment as a qualified manufacturer.
December 1994	Recognized in the "penetrating type and low voltage current transformer" assessment as a qualified manufacturer.
June 1995	Recognized in the "Taiwan Power Company Indoor Type, Alternating and Three-Phase 6900V, Closed Type Metal-Clad Switchgear for Thermal Power Plants" assessment as a qualified manufacturer.
August 1995	Received "quality assurance system on international standard (ISO-9001) certification of DNV)."
October 1995	Received " Industrial Development Bureau, Ministry of Economic Affairs' quality assurance system on international standard (ISO-9001) approval and registration."
November 1995	Assessed by the Small and Medium Enterprise Administration, Ministry of Economic Affairs as "1996 Manufacturer with Outstanding Computerization Performance."
October 1997	Received "6th National Award of Outstanding SMEs."
August 1998	Received "CED certification and qualification of Electric-Electronic Product Development Association of R.O.C."
August 1998	Recognized in the "Taiwan Power Company 23KV Gas Insulated Switchgear (GIS)" assessment as a qualified manufacturer.
December 1998	Became TPEx listed.
February 1999	Qualified in the "Taiwan Power Company's Single-Phase Pad-mounted Transformer and Special Equipment Suppliers" inspection.
June 1999	Qualified in the "Taiwan Power Company's Single-Phase Pole Type Pad-mounted Transformer and Special Equipment Suppliers" inspection.
December 1999	Received "environmental management system on international standard (ISO-14000) certification of DNV."
April 2000	Qualified in the "Taiwan Power Company's Single-Phase, Pole Type, Sealed Transformer and Special Equipment Suppliers" inspection.
September 2000	Became TWSE listed.
February 2001	Met with the "Taiwan Power Company's Manufacturing and Installation of Distribution Panel for Primary Distribution and Substation Regulation (DSPL, 88-08)" and recognized as qualified installation manufacturer.

Year	Development process
August 2001	Developed technical collaboration concerning the 161KV Gas Insulated Switchgear (GIS) with the German company, SIEMENS AG.
October 2001	The Yang Mei B Plant began construction.
February 2002	Passed the qualification test of the Taiwan Electric Research & Testing Center for 23KV GIS MOF panels.
July 2002	Qualified in the "Taiwan Power Company's High Voltage Charging Type Transformer and Special Materials Suppliers" inspection.
October 2002	The Yang Mei 161KV GIS Plant was built.
March 2003	The Yang Mei B Plant was built and put into operation.
July 2003	Qualified in the "Taiwan Power Company 161KV Gas Insulated Switchgear (First Phase)" assessment.
August 2003	Recognized as "Taiwan Power Company qualified installation manufacturer for 161KV Gas Insulated Switchgear."
December 2003	Acquired the contract of "Taiwan Power Company's Procurement and Installation of Wind Turbine Generator Systems and Subordinate Equipment for Taichung Power Plant and Taichung Port in the Wind Power Project Phase 1."
February 2004	Became the successful tenderer of "Taiwan Power Company's Turnkey Construction of Primary Distribution Substation for Military."
April 2004	Became the successful tenderer of "Taiwan Power Company's Distribution Closed Loop Automation Construction Phase 1 in Hsinchu."
August 2004	Became the successful tenderer of "Taiwan Power Company's Establishment of Terminal Equipment for Distribution Feeder Automation Phase 1 in Hsinchu."
August 2004	Became the successful tenderer of "Taiwan Power Company's Establishment of Terminal Equipment for Distribution Feeder Automation in Northwest."
August 2004	Became the successful tenderer of "Taiwan Power Company's Establishment of Terminal Equipment for Distribution Feeder Automation in North-North."
August 2004	Became the successful tenderer of "Taiwan Power Company's Distribution Feeder Automation Construction in Taoyuan."
February 2005	Became the successful tenderer of "Ministry of Transportation and Communications' Tender No. Seven-E: Electrical Engineering for Pinglin-Toucheng Section of the Beiyi Freeway."
November 2005	Completed the construction of Taiwan Power Company's primary distribution substation in Qizhang.
December 2005	Completed the installation and testing of wind turbines for Taichung Power Plant under Taiwan Power Company's Wind Power Project Phase 1.
July 2006	Completed the short-circuit testing and pressure testing of primary distribution substation in Qizhang under Taiwan Power Company.
September 2006	Completed the construction of wind turbines for Taichung Power Plant under Taiwan Power Company's Wind Power Project Phase 1.
December 2006	Completed the establishment of terminal equipment for the distribution feeder automation in Hsinchu, Taoyuan, Northwest and North-north under Taiwan Power Company.
August 2007	Changed the Company's Chinese and English name by resolution at a special shareholders' meeting and by approval of the Ministry of Economic Affairs at Jing-Shou-Shang-Tzu No. 09601237240, dated September 28, 2007. The Company was renamed from "Klingon Aerospace Inc." to "Luxe Electric Co., Ltd." in English.
July 2008	Completed the construction of wind turbines for Taichung Port under Taiwan Power Company's Wind Power Project Phase 1.
September 2009	Completed the construction of top additions and solar photovoltaic equipment for the water treatment plant in Gongguan, Taipei City.
October 2009	Completed the construction of 275KW wind turbines specifically for areas that have typhoons.
April 2012	Recognized as a qualified manufacturer of transformers, voltage transformers and current transformers by the "Taiwan Accreditation Foundation," and obtained the TAF accreditation symbol.
August 2015	Crossed industries and started solar power plant establishment business.
May 2016	Recognized as a qualified manufacturer of high voltage distribution panels by the "Taiwan Accreditation Foundation," and obtained the TAF accreditation symbol.
August 2016	The Company registered for address change and moved to Tainan City.
2021	The production and manufacturing of new pad-mounted transformer were approved by Taiwan Power Company.
August 2022	Company name changed to Luxe Green Energy Technology

Three.Corporate Governance Report

I. Organization of the Company

(I) Organization system



(II) Business of the main departments

Departments	Principal business operation
Chairman Office	Analyze, plan and execute investment environment status, trend analysis reports and short-term/long-term investments.
Audit Office	Assist the Board of Directors and managerial officers on checking and reviewing the deficiencies of internal control system and measuring the effectiveness and efficiency of operations, and provide appropriate suggestions for improvement to ensure the continuous effective implementation of internal control and as the basis of internal control system reviews and amendments.
President Office	Implement items put to a resolution by the Board of Directors, manage all operational and managerial business in the Company, announce quality-related policies and goals of the Company, host all operational meetings and Quality Control Committee meetings, execute management and review in the Company, and assist the President on special items and projects.
R&D Office	Research on and develop new products
Administration and Management Group	Manage finance, accounting, tax, stock related affairs in the Company and aggregate execution of the whole Company's budget. Manage personnel, general, public relations, legal and procurement affairs in the Company.
Electrical Engineering Business Group	Promote system engineering and related business, develop new markets and sales business of distribution panels and electrical engineering equipment, and develop new markets and business related to turnkey construction of substations and distribution feeder automation.
Solar Power Business Group	Development and expansion of business related to solar energy and power storage.

II. Information concerning the directors, supervisors, Presidents, Vice Presidents, Assistant Vice Presidents, and department and branch managers

(I) Information on directors and supervisors

1. Information on directors and supervisors: All directors and independent directors were re-elected on June 21, 2022 (as of March 27, 2023).

Title	Name	Gender	Nationality or country of registration	Date first elected	Date elected	Term of office	Shares held when elected		Current shares held		Current shares held by spouse or minor children		Shares held in the names of others		Educational background and experience	Concurrent posts in Luxe and other companies	Other managers, directors or supervisors in a spousal relationship or within the second degree of kinship			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Chia Chi SDRY Enterprise Co., Ltd. Representative: Chieh-Jen Chen	Male	Taiwan	June 21, 2022	June 21, 2022	3	5,647,561	4.15%	6,042,890	4.15%	-	-	-	-	EMBA, National Chiayi University Vice President of Quintain Steel Co., Ltd.of Huaerzi Industry (Stock)	Director of Quintain Steel Co., Ltd Chairman of Chin Lai International Development Co., Ltd.	-	-	-	Note 1
Director	Pin-Chun Chen	Female	Taiwan	June 21, 2022	June 21, 2022	3	-	-	-	-	-	-	-	-	University of San Francisco, USA Master in Business Administration Director of Chateau International Development Co., Ltd.	Executive assistant to Chairman of Concord International Securities Co., Ltd. Director of Chateau International Development Co., Ltd.	-	-	-	-
Director	Chia-Yung Cheng	Male	Taiwan	June 21, 2022	June 21, 2022	3	570,271	0.42%	610,189	0.004%	-	-	-	-	Asia University, Japan President of ELISEN INDUSTRY CO., LTD.	President of ELISEN INDUSTRY CO., LTD.	-	-	-	
Director	Pao Li Tou Investment Co., Ltd. Representative: Chin-Lung Liu	Male	Taiwan	May 19, 2017	June 21, 2022	3	2,511,677	2.61%	8,301,575	5.70%	-	-	-	-	Department of Law, National Taiwan University Lawyer	Head of Jih Cheng International Law Firm	-	-	-	Note 1
Director	Quintain Steel Co., Ltd. Representative: Hsieh-Chia Chen	Male	Taiwan	June 21, 2022	June 21, 2022	3	2,339,812	1.72%	14,603,953	10.03%					Director of FENG SHEHG ENTERPRISE COMPANY		-	-	-	Note 1
Director	Chateau International Development Co.,Ltd. Representative: Kuo-Fang Yu	Male	Taiwan	June 21, 2022	June 21, 2022	3	2,581,000	1.90%	2,761,670	1.89%	-	-	-	-	Department of Communication Arts, New York Institute of Technology, USA	Executive Director of Chateau International Development Co., Ltd.	-	-	-	Note 1
Director	Ming-Chieh Hsu	Male	Taiwan	June 21, 2022	June 21, 2022	3	-	-	-	-	-	-	-	-	Graduate Institute of Electrical Engineering, National Taiwan University Director/President of Luxe Electric Co., Ltd.	None	-	-	-	

Title	Name	Gender	Nationality or country of registration	Date first elected	Date elected	Term of office	Shares held when elected		Current shares held		Current shares held by spouse or minor children		Shares held in the names of others		Educational background and experience	Concurrent posts in Luxe and other companies	Other managers, directors or supervisors in a spousal relationship or within the second degree of kinship			Remarks
							Shares	Shareholding ratio	Shares	Share-holding ratio	Shares	Share-holding ratio	Shares	Share holding ratio			Title	Name	Relation-ship	
Director	Fu-Tsai Liu	Male	Taiwan	May 19, 2017	June 21, 2022	3	1,320,000	1.38%	1,412,400	0.97%	-	-	-	-	Chairman of Hung Hsin Building Materials Co., Ltd.	Chairman of Hung Hsin Building Materials Co., Ltd.	-	-	-	
Independent director	Chao-Lai Chen	Male	Taiwan	June 21, 2022	June 21, 2022	3	-	-	-	-	-	-	-	-	Takming University of Science and Technology Tainan City Council Member	None	-	-	-	
Independent director	Shuang-Hsi Tsou	Male	Taiwan	June 21, 2022	June 21, 2022	3	-	-	-	-	-	-	-	-	Graduate Institute of Political Science, National Taiwan Normal University Head of the Cultural and Public Relations Section, Military Police Headquarters	None	-	-	-	-
Independent director	Tung-Han Yang	Male	Republic of China	June 21, 2022	June 29, 2020	3	-	-	-	-	-	-	-	-	Certified Public Accountant of Xinye United Accounting Firm, Department of Accounting, Soochow University	None	-	-	-	-

Note 1: None of the representatives of the directors listed above hold shares.

Table 1: Major shareholders of corporate shareholders

April 22, 2022

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Chia Chi SDRY Enterprise Co., Ltd.	Chung-Hsien Chen	18.0%
	Nien-Chen Hsueh	16.5%
	Mi-Chuan Chen	16.0%
	Pin-Chun Chen	15.7%
	Hsieh-Tung Chen	15.0%
	Hsiu-Lan Su	8.3%
	Pao Li Tou Investment Co., Ltd.	4.2%
	Wen-An Chang	3.2%
	Chun-Hao Hu	1.1%
	Pi-Shan Hu	1.0%
Pao Li Tou Investment Co., Ltd.	Yu-Hui Shih	21.51%
	Chia Yuan Investment Co., Ltd.	15.34%
	Chung-Hsien Chen	7.16%
	Pin-Chun Chen	5.80%
	Pai-Ya Hsueh	5.72%
	Nien-Chen Hsueh	5.56%
	Mi-Chuan Chen	5.54%
	Hsieh-Tung Chen	4.74%
	Quintain Steel Co., Ltd.	4.47%
	Ni-Ying Yang	3.26%
	Shu-Wen Hsueh	3.23%
Quintain Steel Co., Ltd.	Taiwan Steel Group United Co., Ltd.	8.74%
	Pao Li Tou Investment Co., Ltd.	15.57%
	Concord International Securities Co., Ltd.	9.84%
	Chateau International Development Co.,Ltd.	4.03%
	Chia Chi SDRY Enterprise Co., Ltd.	3.45%
	Chung-Hsien Chen	3.24%
	Hsieh-Tung Chen	1.84%
	Asahi Enterprises Corp.	5.42%
	Mi-Chuan Chen	1.56%
	Nien-Chen Hsueh	1.65%
Chateau International Development Co.,Ltd.	Since She Co., Ltd.	29.43%
	China Prosperity Development Corporation	20.16%
	CMC Magnetics Co., Ltd	14.51%
	Concord International Securities Co., Ltd.	7.78%
	CHC INTERNATIONAL INVESTMENT CORPORATION	5.31%
	Chia Chi SDRY Enterprise Co., Ltd.	2.85%
	Pao Li Tou Investment Co., Ltd.	1.42%
	Chung-Hsien Chen	1.43%
	Zhongtong Investment (Stock) Co., Ltd	1.27%
	Mi-Chuan Chen	0.99%
	Nien-Chen Hsueh	0.97%
	Hsieh-Tung Chen	0.27%

Table 2: Major shareholders of dominant shareholders who are corporate shareholders

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Chia Yuan Investment Co., Ltd.	Quintain Steel Co., Ltd.	95.97%
Since She Co., Ltd.	Quintain Steel Co., Ltd.	100%
China Prosperity Development Corporation	China Steel Corporation	99.99%
CMC Magnetics Co., Ltd	Ming-Hsien Weng	7.94%
Concord International Securities Co., Ltd.	Pao Li Tou Investment Co., Ltd. Since She Co., Ltd.	14.81% 13.68%
CHC INTERNATIONAL INVESTMENT CORPORATION	CMC Magnetics Co., Ltd	100%

2. Information on directors and supervisors

Criteria / Name	Having more than 5 years of work experience and the following professional qualifications and the following professional qualifications			Compliance with independence requirements (Note)												Number of other public companies where the person concurrently acts as an independent director
	Lecturer or higher level instructor at a public or private college or university in business, law, finance, accounting or other fields related to the operations of the Company	Judge, public prosecutor, attorney at law, CPA, or other professionals licensed by national exams that are pertinent to the operation of the Company	Work experience in business, law, finance, accounting, or other areas required for the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chieh-Jen Chen	-	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	—
Pin-Chun Chen	-	-	✓													
Chia-Yung Cheng	-	-	✓													
Chin-Lung Liu	-	✓	✓													
Hsie-Chia Chen	-	-	✓													
Kuo-Fang Yu	-	-	✓													
Ming-Chieh Hsu	-	-	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	-	—
Fu-Tsai Liu	-	-	✓													
Chao-Lai Chen	-	-	✓													
Shuang-Hsi Tsou	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Tung-Han Yang	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—

Note: Place a "✓" in the box below if the director or supervisor meets the following conditions at any time during active duty and two years prior to the date elected.

1 Not an employee of the Company or our affiliates.

2 Not a director or supervisor of the Company or our affiliates (except for an independent director of the Company, or the parent of the Company, or a subsidiary in which the Company directly or indirectly holds more than 50% voting shares).

3 Not the person, the spouse and minor children (or in the name of others) who hold more than 1% of total issued shares of the Company or one of the Top 10 shareholders who are natural persons.

4 Not the spouse, a relative within the second degree of kinship, or a relative within the fifth degree of lineal kinship of any of the parties mentioned in previous three paragraphs.

5 Not a director, supervisor or employee of an corporate shareholder holding more than 5% of the issued shares of the Company, or of the Top 5 corporate shareholders.

6 Not a director, supervisor, managerial officer, or shareholder holding more than 5% of the issued shares of a specific company or institution having business or financial transactions with the Company.

7 Not a professional, proprietor, partner, owner of a company/institution, partner, director, supervisor, managerial officer or spouse of the professional consulting entities providing services or consultation in business, law, finance, accounting and others for the Company or our affiliates.

8 The person was or is not a spouse nor a relative within the second degree of kinship of another director.

9 None of the circumstances under Article 30 of the Company Act applies to the person.

10 Not a government agency, juristic person or their respective representatives being elected according to Article 27 of the Company Act.

(V) Information on the founder: Not applicable.

(II) Information on Presidents, Vice Presidents, Assistant Vice Presidents, and department and branch manager

March 27, 2023 Unit: share

Title	Name	Gender	Nationality	Date of assumption of office	Shares held		Shareholdings of spouse and minor children		Shares held in the names of others		Educational background and experience	Concurrent duties in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Status of managerial officers acquiring employee stock option certificates	Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship		
President	Lient-Sung Chen	Male	Taiwan	September 1, 2022	-	-	152,543	0.10%	-	-	Factory Manager of Luxe Electric Co., Ltd		Vice President	Li-Jung Li	Wife		
Vice President	Chun-Hsiang Teng	Female	Taiwan	May 9, 2022	-	-	-	-	-	-	Executive assistant to Chairman of Luxe Electric Co., Ltd Associate of Concord International Securities Co., Ltd.						
Vice President	Shih-Chang Chien	Male	Taiwan	July 18, 2007	32,100	0.02%	-	-	-	-	Department of Management Science, National Chiao Tung University In-Service Master's Program, Department of Accounting, Soochow University Associate of Luxe Electric Co., Ltd	Director of Le Hua Investment Co., Ltd.	-	-	-	-	-

(III) Remuneration paid to directors, supervisors, Presidents, and Vice Presidents in the most recent year

1. Remuneration paid to directors: (2022; Unit: NT$ thousand)

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Remuneration to directors</th><th colspan="2" rowspan="2">Ratio of sum of A, B, C and D to net income after tax (Note 10)</th><th colspan="8">Remuneration received by part-time employees</th><th colspan="2" rowspan="2">Ratio of sum of A, B, C, D, E, F and G to net income after tax (Note 10)</th><th rowspan="4">Remuneration received from investees other than subsidiaries</th></tr>
<tr><th colspan="2">Compensation (A)</th><th colspan="2">Pension (B)</th><th colspan="2">Remuneration to directors (C)</th><th colspan="2">Income from professional practice (D)</th><th colspan="2">Salary, bonus and special disbursement (E)</th><th colspan="2">Pension (F)</th><th colspan="4">Remuneration to employees (G)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated statements</th><th colspan="2">The Company</th><th colspan="2">All companies in the consolidated statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated statements</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>Director</td><td>Chia Chi SDRY Enterprise Co., Ltd. Representative: Chien-Jen Chen</td><td rowspan="11">-</td><td rowspan="11">-</td><td rowspan="11">-</td><td rowspan="11">-</td><td rowspan="11">-</td><td rowspan="11">-</td><td rowspan="11">348</td><td rowspan="11">348</td><td rowspan="11">0.77%</td><td rowspan="11">0.77%</td><td rowspan="11">664</td><td rowspan="11">1,059</td><td rowspan="11">-</td><td rowspan="11">-</td><td rowspan="11">-</td><td rowspan="11">-</td><td rowspan="11">-</td><td rowspan="11">-</td><td rowspan="11">2.24%</td><td rowspan="11">3.12%</td><td rowspan="11">-</td></tr>
<tr><td>Director</td><td>Pin-Chun Chen</td></tr>
<tr><td>Director</td><td>Pao Li Tou Investment Co., Ltd. Representative: Chin-Lung Liu</td></tr>
<tr><td>Director</td><td>Fu-Tsai Liu</td></tr>
<tr><td>Director</td><td>Quintain Steel Co., Ltd. Representative: Hsie-Chia Chen (Note)</td></tr>
<tr><td>Director</td><td>Chateau International Development Co., Ltd. Representative: Kuo-Fang Yu</td></tr>
<tr><td>Director</td><td>Chia-Yung Cheng</td></tr>
<tr><td>Director</td><td>Ming-Chieh Hsu</td></tr>
<tr><td>Independent director</td><td>Chao-Lai Chen</td></tr>
<tr><td>Independent director</td><td>Shuang-Hsi Tsou</td></tr>
<tr><td>Independent director</td><td>Tung-Han Yang</td></tr>
</table>

Note: The current Board of Directors was fully re-elected by the General Meeting of Shareholders on June 21, 2022. On June 22, 2022, the legal person director Quintain Steel Co., Ltd. appointed Director Hsie-Chia Chen as its representative.

Breakdown of remuneration

Breakdown of remuneration to the Company's directors	Name of director			
	Total amount of the first four items (A+B+C+D)		Total amount of the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated statements I	The Company	All companies in the consolidated statements J
Less than NT$2,000,000	Chie-Hjen Chen, Pin-Chun Chen, Fu-Tsai Liu, Chia-Yung Cheng,Chi-Lung Liu, Ming-Chieh Hsu, Hsie-Chia Chen, Kuo-Fang Yu, Chao-Lai Chen, Shuang-Hsi Tsou, Tung-Han Yang	Chie-Hjen Chen, Pin-Chun Chen, Fu-Tsai Liu, Chia-Yung Cheng,Chi-Lung Liu, Ming-Chieh Hsu, Hsie-Chia Chen, Kuo-Fang Yu, Chao-Lai Chen, Shuang-Hsi Tsou, Tung-Han Yang	Chie-Hjen Chen, Pin-Chun Chen, Fu-Tsai Liu, Chia-Yung Cheng,Chi-Lung Liu, Ming-Chieh Hsu, Hsie-Chia Chen, Kuo-Fang Yu, Chao-Lai Chen, Shuang-Hsi Tsou, Tung-Han Yang	Chie-Hjen Chen, Pin-Chun Chen, Fu-Tsai Liu, Chia-Yung Cheng,Chi-Lung Liu, Ming-Chieh Hsu, Hsie-Chia Chen, Kuo-Fang Yu, Chao-Lai Chen, Shuang-Hsi Tsou, Tung-Han Yang
NT$2,000,000 (inclusive) - NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	11 persons	11 persons	11 persons	11 persons

2. Remuneration to supervisors: Not applicable.

3. Total amount of salaries, bonuses, special disbursements and dividends paid to Presidents and Vice Presidents in 2022

Unit: NT$ '000

Title	Name	Salary (A)		Pension (B)		Bonus and special disbursement (B)		Employee dividend amount from earnings distribution (C)				Ratio of sum of A, B, C, and D to net income after tax (%)		Number of employee stock option certificates acquired		Remuneration received from investees other than subsidiaries
		The Company	All companies in the consolidated statements	The Company	All companies in the consolidated statements	The Company	All companies in the consolidated statements	The Company		All companies in the consolidated statements		The Company	All companies in the consolidated statements	The Company	All companies in the consolidated statements	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend					
President	Pang-Kuan Yang (Note)	400	400	15	15	-	-	-	-	-	-	0.92	0.92	-	-	-
President	Lient-Sung Chen(Note)	566	566	32	32	-	-	-	-	-	-	1.32	1.32	-	-	-

Note: General Manager Yang Bang-Kuan resigned on August 31, 2022 and was replaced by Plant Manager Lient-Sung Chen (promoted) on September 1, 2022.

Breakdown of remuneration

Breakdown of remuneration to Presidents and Vice Presidents	Name of President and Vice President	
	The Company	All companies in the consolidated statements
Less than NT$2,000,000	Lient-Sung Chen, Pang-Kuan Yang	Lient-Sung Chen, Pang-Kuan Yang
NT$2,000,000 (inclusive) - NT$5,000,000	-	-
NT$5,000,000 (inclusive) - NT$10,000,000	-	-
NT$10,000,000 (inclusive) - NT$15,000,000	-	-
NT$15,000,000 (inclusive) - NT$30,000,000	-	-
NT$30,000,000 (inclusive) - NT$50,000,000	-	-
NT$50,000,000 (inclusive) - NT$100,000,000	-	-
Over NT$100,000,000 (inclusive)	-	-
Total	2 persons	2 persons

Note: The remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

Remuneration to the Top-5 managers of a TWSE/TPEx listed company with the highest remuneration (disclosure of names and remuneration payment methods) (Note 1): Not applicable.

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)
(Note 2)</th><th colspan="2">Pension (B)</th><th colspan="2">Bonus and special disbursement (C)
(Note 3)</th><th colspan="4">Employee remuneration (D)
(Note 4)</th><th colspan="2">Ratio of sum of A, B, C and D to net income after tax (%)
(Note 6)</th><th rowspan="3">Remuneration from investees other than subsidiaries or from the parent company
(Note 7)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in financial statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in financial statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in financial statements (Note 5)</th><th colspan="2">The Company</th><th colspan="2">All companies in financial statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in financial statements</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

Note 1: Regarding the term of “Top-5 managers with the highest renumeration,” the managers refer to the managerial officers of the Company. The definition of managerial officers is subject to the scope of “managerial officers” specified in Letter Tai-Tsai-Cheng-San-Tzu No. 0920001301 dated March 27, 2003 of the former Securities and Futures Commission, Ministry of Finance. With respect to the principle for the calculation and determination of the “Top-5 managers with the highest renumeration,” the total amount of salary, pension, bonus and special disbursement, etc. received by the managerial officers from the companies in the consolidated financial statements and the employee remuneration (i.e. sum of A+B+C+D) are taken as the basis; the results are then ranked in order to determine the Top-5 managers with the highest renumeration. If a director concurrently acts as any one of the aforementioned managers, it shall be listed in this table and the previous table (1-1).

Note 2: This refers to the salary, duty allowance and severance pay to the Company's Top-5 managers with the highest remuneration in the most recent year.

Note 3: This refers to the amount of bonuses, incentives, travel allowance, special disbursement, and other allowances as well as accommodation, company car, and other distributions in kind and compensations received by the Company’s Top-5 managers with the highest remuneration in the most recent year. When there are expenses for housing, car or other transportation tools or any personal expense, the nature and cost of the provided assets, the rent calculated according to the actual or fair market price, the gasoline fee, and other payments shall be disclosed. In addition, when a driver is provided, the compensation paid to the said driver by the Company shall be noted but excluded from the remuneration. Moreover, the payroll expense listed in the IFRS 2 Share-based Payment, including employee stock options certificates, new restricted employee shares, follow-on offerings, and stock subscription shall also be covered in the remuneration.

Note 4: The amount of the employee remuneration (in shares and in cash) distributed to the Company’s Top-5 managers with the highest remuneration based on the resolution of the Board in the most recent year shall be specified. If the amount cannot be estimated, the amount to be distributed for the year shall be calculated based on the actual distribution ratio in the previous year. In addition, table 1-3 shall be completed.

Note 5: The total amount of the remunerations paid by all the companies (including the Company) in the consolidated financial statements to the Company’s Top-5 managers with the highest remuneration shall be disclosed.

Note 6: The net income after tax refers to those referred to in the separate or individual financial statements in the most recent year.

Note 7: a. The amount of the remuneration received by the Company’s Top-5 managers with the highest remuneration from the investees other than subsidiaries or from the parent company shall be specified in this column. (Give “none” when there’s no such amount).

4. Name of the managerial officer to whom employee dividend was distributed and the status of the distribution: None.

(IV) Comparison and description of the total remuneration paid by the Company and all the companies included in the consolidated financial statements to the Company's directors, supervisors, President and Vice Presidents in the most recent two years as a percentage of net income after tax, and description of the policies, standards, and portfolios for paying the remuneration, the procedure for determining the remuneration, and their correlation with the operating performance.

Title	FY2022 Total remuneration paid by the Company and all the companies included in the consolidated financial statements to the Company's directors, supervisors, President and Vice Presidents as a percentage of the net income after tax (%)	FY2021 Total remuneration paid by the Company and all the companies included in the consolidated financial statements to the Company's directors, supervisors, President and Vice Presidents as a percentage of the net income after tax (%)
Director	2.14	1.73
President and Vice Presidents		

Note: According to general market price and the Company’s salary structure, the criteria of payment to the Chairman, Vice Chairman, President and directors of the Company who also serve as employees and bear specific missions and responsibilities are base pay, meal allowances and duty allowances. They also receive fixed salary monthly. Other directors and supervisors only receive travel allowances.

III. Implementation status of corporate governance

(1) Operation status of the Board of Directors

The Board of Directors were re-elected on June 21, 2022 and held 3 meetings (A) in FY2022. The presence and attendance of the directors are described below:

Title	Name	Actual number of presence (B)	Number of presence by proxy	Actual attendance rate (B/A)	Remarks
Chairman	Chieh-Jen Chen	3	0	100%	
Director	Pin-Chun Chen	3	0	100%	
Director	Chia-Yung Cheng	3	0	100%	
Director	Chin-Lung Liu	1	0	33.3%	
Director	Fu-Tsai Liu	1	0	33.3%	
Director	Hsie-Chia Chen	3	0	100%	
Director	Ming-Chieh Hsu	1	0	33.3%	
Director	Kuo-Fang Yu	3	0	100%	
Independent director	Chao-Lai Chen	3	0	100%	
Independent director	Shuang-Hsi Tsou	3	0	100%	
Independent director	Tung-Han Yang	3	0	100%	

1 Matters referred to in Article 14-3 of the Securities and Exchange Act:

Date and term of Board of Directors meeting	Proposal	Opinions of all the independent directors and actions taken by the Company on such opinions
July 1, 2022 Board of Directors meeting	Changing the use of funds of the follow-on offering in 2021 (second time).	Approved by all independent directors.
November 17, 2022 Board of Directors meeting	2023 auditing plan	Approved by all independent directors.
	Endorsement and guarantee for the subsidiary, Sen-Hsin Energy Co., Ltd.(Hualien School Solar Energy Case)	Approved by all independent directors.

2 Implementation status of directors' recusal from proposals involving any conflict of interest: None.

3 Evaluation of the goals and implementation statuses with respect to the enhancement of the functions of the Board of Directors in the current and most recent year: None.

(2) Operations of the Audit Committee or participation of the supervisors in the operation of the Board of Directors :

1 Participation of the supervisors in the operation of the Board of Directors: Not applicable (the Company has established the Audit Committee).

2 Audit Committee Operations:

The Audit Committee held 2 meetings (A) in the most recent year (2022). The presence and attendance of the independent directors are described below:

Title	Name	Actual number of presence (B)	Number of presence by proxy	Actual presence rate(%) (B/A)(Note)	Remarks
Independent director	Chao-Lai Chen	2	0	100	The current Audit Committee is new (as the Company's directors were fully re-elected on June 21, 2022).
Independent director	Shuang-Hsi Tsou	2	0	100	
Independent director	Tung-Han Yang	2	0	100	

Other items to be stated:

I. Where any of the following circumstances occur to the operation of the Audit Committee, the date, term and proposal of the Board of Directors meeting as well as how the Company manage the Committee's opinions shall be described: The following circumstances did not occur to the Audit Committee in the most recent year.
  (I) Matters referred to in Article 14-5 of the Securities and Exchange Act.
  (II) In addition to the matters mentioned above, any resolution unapproved by the Audit Committee but approved by more than two-thirds of the directors.

II. Regarding the situation of an independent director's recusal of conflict of interest, the name of the independent director, proposal, reasons for the recusal, and participation in the voting shall be described: None.

III. Communication between independent directors and internal chief auditor/CPAs (major matters, methods and results of communication on the Company's financial and business conditions shall be included).

(I) The internal audit is conducted according to the annual audit plan , and the internal audit report is submitted to the independent directors for review before the end of the following month of the audit date. If the independent directors have any question or instruction after review, they shall ask or inform the chief auditor.

(II) The Company's internal control statement is submitted to the Audit Committee.

(III) In every meeting concerning the submission or discussion of financial statements, the independent auditors are invited to explain the audit results and opinions to be provided.

(IV) The independent directors can learn about the Company's operating (including financial business) and audit status through the audit reports provided regularly by the Board of Directors, Audit Committee and audit units. The independent directors can also have good communication with the CPAs through various reports and channels (such as telephone, the Line app and emails).

Matters referred to in Article 14-5 of the Securities and Exchange Act:

Audit Committee Date and term	Proposal	Opinions of all the independent directors and actions taken by the Company on such opinions
July 1, 2022	Changing the use of funds of the follow-on offering in 2021 (second time).	Approved by all independent directors.
November 8, 2022	2023 auditing plan	Approved by all independent directors.
	Endorsement and guarantee for the subsidiary, Sen-Hsin Energy Co., Ltd.(Hualien School Solar Energy Case)	Approved by all independent directors.

Note:

* Where an independent director resigned before the end date of the year, the date of resignation shall be specified in the Remarks column, and the actual presence rate (%) shall be calculated based on the number of the Audit Committee meetings and the actual number of the presence during the period on board.

* Where the independent directors were re-elected before the end date of the year, the new and former independent directors shall both be specified, and the status of independent directors (resigned, newly elected or re-elected) and the date of re-election shall be indicated in the Remarks column. The actual presence rate (%) shall be calculated based on the number of Audit Committee meetings and the actual number of the presence during the period on board.

(3) Status of corporate governance, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such deviations

Evaluation item	Operation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
I. Has the Company established and disclosed the corporate governance best practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established and implemented the "Corporate Governance Best Practice Principles."	No significant deviation.
II. Shareholding structure and shareholder's equity (I) Does the Company have an internal procedure and handle shareholders' suggestions, doubts, disputes, and litigations accordingly?	✓		The Company has not established internal procedures; however, we have appointed a spokesperson and a deputy spokesperson to make public announcements and address matters related to the shareholders' suggestions, doubts and disputes according to relevant procedures. If legal issues are involved, they will be handled by legal personnel.	No significant deviation.
(II) Does the Company have the name list of the major shareholders who actually control the Company and the persons who have the ultimate control of the major shareholders?	✓		The Company has commissioned professional stock service agents to handle the matter and report information on the shareholding of the directors, supervisors, managerial officers and major shareholders monthly. There are also designated personnel responsible for addressing relevant matters, making the Company able to actually control the list of major shareholders.	No significant deviation.
(III) Has the Company established and implemented risk control and firewall mechanisms between the Company and the affiliates?	✓		The Company has established the "Procedures for Trading with Specific Companies, Group Enterprises and Related Parties" and implemented accordingly.	No significant deviation.
(IV) Has the Company established internal regulations to prohibit insiders from using the information not available to the market to trade securities?	✓		The Company has established relevant internal control regulations.	No significant deviation.
III. Composition and responsibility of Board of Directors (I) Does the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	✓		All Board of Directors members of the Company have practical experiences in all aspects of corporate operations.	No significant deviation.
(II) Apart from the Remuneration Committee and Audit Committee, has the Company set up other functional committees at its own discretion?		✓	The Company has set up a Remuneration Committee and an Audit Committee, and will establish other functional committees if needed.	The Company will take actions, if needed, according to relevant laws.
(III) Does the Company have evaluation regulations and methods for the performance of the Board of Directors, and conduct regular performance evaluation every year?	✓		The Company has established and implemented the "Regulations Governing the Performance Evaluation of the Board of Directors."	No significant deviation.
(IV) Does the Company review the independence of the CPAs on a regular basis?	✓		The CPAs of the Company do not belong to any related party, and their employment and dismissal need to be approved by the Board of Directors. The CPAs have also avoided direct or indirect conflict of interests; none of them lack independence.	No significant deviation.
IV. Has the TWSE/TPEx listed Company set up a full-time (or part-time) corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, handling matters relating to Board of Directors meetings and shareholders meetings according to laws, handling corporate registration and amendment registration and producing minutes of Board of Directors meetings and shareholders meetings)?	✓		On February 21, 2023, the Board of Directors approved the establishment of a Corporate Governance Officer to be responsible for corporate governance related matters.	No significant deviation.
V. Has the Company established a communication channel for the stakeholders (including but not limited to shareholders, employees, customers and suppliers), set a shareholder section on the Company's website, and responded to the stakeholders regarding their concerns over the material issues on corporate social responsibilities?	✓		The Company has established a teamwork structure according to different departments and positions, communicated with stakeholders of relevant business (including banks, customers and suppliers), and disclosed the phone numbers of the spokesperson, deputy spokesperson and stock service agents on MOPS as communication channels. We have also established a stakeholder section on the Company's website.	No significant deviation.
VI. Does the Company commission a professional	✓		The Stock Transfer Department Department of the	No significant deviation.

Evaluation item	Operation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
stock service agent to deal with the matters of shareholders' meetings?			President Securities Corporation is the stock service agent of the Company.	
VII. Disclosure of information (I) Has the Company established a website for disclosure of finance, business, and corporate governance information?	✓		The Company has established a website to disclose information related to financial business and corporate governance. The link of the website is: http://luxe.com.tw.	The Company has reconstruct our website and improve the disclosure of related information in near future.
(II) Has the Company adopted other means to disclose information (e.g., English website, designation of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, disclosure of investor conferences on the Company's website)?	✓		The Company has appointed different personnel to collect and disclose our information according to business types. We have also developed a spokesperson system and reported it in compliance with laws, and linked our financial information to MOPS. We will improve disclosures on our English website in consideration of the actual needs in our business operations.	No significant deviation.
(III) Has the Company announced and reported annual financial statements within two months after the end of a fiscal year, and announced and reported Q1, Q2, Q3 financial statements and the operation status of each month in advance of the prescribed deadline?		✓	The Company had announced and reported financial statements for each term within the prescribed period and had not done so in advance as mentioned in the column on the left.	We will assess the possibility of announcing annual financial statements in advance according to future operation status.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education of directors/supervisors, implementation of risk management policies and risk assessment standards, implementation of customer policies, and insuring against liabilities of Company's directors and supervisors)?	✓		(I) The Company has implemented protection of employee rights in line with laws. (II) The Company's Employee Welfare Committee has played its role and implemented employee care. (III) The Company has designated personnel to communicate with investors and announce real-time important information of the Company. By doing so, the Company secures the protection of investor rights. (IV) The Company has developed long-term collaboration with suppliers for mutual benefits; we've maintained close relationship and worked together perfectly. (V) Stakeholders' rights: The Company has ensured the stakeholders' rights and directors' recusal from proposals involving any possible conflict of interest under the laws and regulations. (VI) Continuing education of directors/supervisors: The Company irregularly notifies the directors and supervisors about securities regulation amendments and provides relevant information. We've also conducted continuing education in line with the regulations of the competent authority. (VII) Risk management policies, practices, and risk assessment standards: The Company has established internal policies pursuant to laws, and performs risk management and assessment accordingly. (VIII) Implementation of customer policies: The Company maintains smooth communication channels between ourselves and customers; the implementation status remains well. (IX) The Company has taken out insurance against liabilities for our directors and supervisors to reduce and diversify the risk of material damage to the Company and the shareholders caused by the directors' faulty or careless behavior.	No significant deviation.
IX. Please describe the improvements made based on the latest corporate governance evaluation result announced by the Corporate Governance Center of TWSE in the most recent year, and the prioritized improvements and measures for the areas to be improved. (There is no needed to be described for the companies that are not included in the evaluation): Not applicable.				

Note: The operation status shall be described in the summary column no matter whether "yes" or "no" is selected.

(4) If the Company has a remuneration committee, its formation, responsibilities, and operation shall be disclosed:

The Company has set up the Remuneration Committee to make assessment of the remuneration to directors, supervisors and managerial officers of the Company, and provided the Board of Directors with the assessment result as a reference for evaluating the performance of the above personnel and determining their remuneration.

(A) Information on Remuneration Committee members is listed in the table below:

Member Type	Criteria / Name	Whether this person has more than five years of work experience and the following professional qualifications			Compliance with independence requirements (Note 2)										Number of other public companies where the member also serves in a Remuneration Committee
		Lecturer or higher level instructor at a public or private college or university in business, law, finance, accounting or other fields related to the business of the Company	Judge, public prosecutor, attorney at law, CPA, or other professionals licensed by national exams that are pertinent to the operation of the Company	Work experience in business, law, finance, accounting, or other areas required for the business of the Company	1	2	3	4	5	6	7	8	9	10	
Independent director	Chao-Lai Chen			✓			✓	✓	✓	✓	✓	✓	✓	✓	None
Independent director	Tung-Han Yang		✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	None
Others	Hsien-Chang Lin			✓			✓	✓	✓	✓	✓	✓	✓	✓	None

Note 1: Please fill in "director," "independent director" or "others" for member type.

Note: Place a "✓" in the box below if each member meets the following conditions at any time during active duty and two years prior to the date elected.

(1) Not an employee of the Company or our affiliates.

(2) Not a director or supervisor of the Company or our affiliates (except for an independent director of the Company, or the parent of the Company, or a subsidiary in which the Company directly or indirectly holds more than 50% voting shares).

(3) Not the person, the spouse and minor children (or in the name of others) who hold more than 1% of total issued shares of the Company or one of the Top 10 shareholders who are natural persons.

(4) Not a spouse, a relative within the second degree of kinship, or a relative within the third degree of lineal kinship of any of the parties mentioned in previous three paragraphs.

(5) Not a director, supervisor or employee of an corporate shareholder holding more than 5% of the issued shares of the Company, or of the Top 5 corporate shareholders.

(6) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of the issued shares of a specific company or institution having business or financial transactions with the Company.

(7) Not a professional, proprietor, partner, company or the owner, partner, director, supervisor, managerial officer or spouse of the professional consulting entities providing services or consultation in business, law, finance, accounting and other for the Company or our affiliates.

(8) None of the circumstances under Article 30 of the Company Act applies to the person.

Note 3: If the member is a director, the compliance with Paragraph 5, Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" shall be specified.

(B)The operation of the Remuneration Committee:

I.The Remuneration Committee of the Company is comprised of 3 members.

II.Duration of service for the current (5th) term: The duration of current members' services is from July 1, 2022 to June 20 2025, the Remuneration Committee held 1 meeting (A) in 2023. The qualifications of the members and their attendance to the meetings are as follows: (C) The qualifications of the members and their attendance to the meetings are as follows:

Title	Name	Actual number of presence (B)	Number of presence by proxy	Actual presence rate(%) (B/A)(Note)	Remarks
Convener	Chao-Lai Chen	1	0	100%	Due to the general re-election of directors, the Board of Directors reappointed the current remuneration members on July 1, 2022.
Member	Shuang-Hsi Tsou	0	0	0%	
Member	Hsien-Chang Lin	1	0	100%	
Other items to be stated: None. I. If the Board of Directors does not adopt or revise the suggestions of the Remuneration Committee, the date, term and proposal of the Board of Directors meeting, the Board of Directors resolution and actions taken by the Company on the Remuneration Committee's opinions shall be specified (if the amount of remuneration adopted by the Board of Directors is higher than that suggested by the Remuneration Committee, the differences and reasons must be indicated): None. II. For any resolution of the Remuneration Committee for which dissent or reservation is expressed by any of the members and recorded in the minutes or a written statement, the date, term and proposal of the Remuneration Committee meeting, opinions of all members and actions taken on such opinions shall be specified: None.					

Note: (1) Where a Remuneration Committee member resigned before the end date of the year, the date of resignation shall be specified in the Remarks column, and the actual presence rate (%) shall be calculated based on the number of Remuneration Committee meetings and his/her actual number of presence during the period on board.

(2) Where the Remuneration Committee members were re-elected before the end date of the year, the new and former members shall both be specified, and the status of the members (resigned, newly elected or re-elected) and the date of re-election shall be indicated in the Remarks column. The actual presence rate (%) shall be calculated based on the number of the Remuneration Committee meetings and the actual number of the presence during the period on board.

(VI)The practice of corporate social responsibility

Evaluation item	Operation status (Note1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons therefor
	Yes	No	Summary (Note 2)	
I. Does the Company conduct risk assessment for environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 3)		✓	The Company has not established relevant risk management policies or strategies. However, we have established the CSR best practice principles and been compliant with the corporate governance related laws and regulations. The Company upholds operational safety as a premise, pursues the balance between profits and risks, and protects the rights of all shareholders, creditors and employees. The Company also reviews the effectiveness of implementation appropriately.	The Company will establish relevant risk management policies or strategies appropriately in the future.
II. Does the Company have a dedicated (concurrent) unit that promotes corporate social responsibility? Does the Board of Directors authorize the management to handle relevant matters? Are handling results reported to the Board of Directors?		✓	The Company has not established a dedicated (concurrent) unit for corporate social responsibility.	The Company will establish relevant unit appropriately in the future.
III. Environmental issues (I) Does the Company have an appropriate environmental management system established in accordance with its industrial characteristics?	✓		In recent years, the Company has been dedicated to the green energy industry of solar power generation. In addition to building solar power plants for customers, the Company has also built its own solar power plants to contribute to the environmental protection of the earth.	There is no significant deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that have low impact on the biological material?	✓		The Company has set up resource recycle and waste sorting facilities in all offices and factories to enhance the utilization efficiency of all resources.	There is no significant deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the Company assess the current and future risks and opportunities which climate change potentially brings to the Company,	✓		The Company follows the environmental laws and policies of the government, implements waste sorting to improve recycle and reuse rate, and disseminates energy saving.	There is no significant deviation from Corporate Social Responsibility Best Practice

Evaluation item	Operation status (Note1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons therefor
	Yes	No	Summary (Note 2)	
and adopt climate change related countermeasures?				Principles for TWSE/TPEx Listed Companies.
(IV) Does the Company make statistics of the greenhouse gas emissions, water consumption and total waste weight in the past two years? Does the Company have policies for energy saving and carbon reduction, reduction of greenhouse gas emissions, reduction of water consumption or other waste management policies?		✓	All kinds of waste produced by the Company have been recovered by qualified company in accordance with laws and regulations. Moreover, for many years, the Company has been dedicated to the R&D of products that can improve utilization efficiency of renewable energy, as well as the integration of the system engineering (such as solar power and small wind turbines). These can help save energy, reduce carbon and protect the environment.	The Company will enhance relevant matters and management policies appropriately in the future.
IV. Social issues (I) Does the Company have management policies and procedures in accordance with relevant regulations and international human rights conventions?	✓		The Company has established work rules and management guidelines according to labor related laws and regulations to protect the employees' legal rights. No employee has received differential treatment or discrimination for their race, class, nationality, religion, age, gender, disability, marriage, pregnancy, and sexual and social orientation.	There is no significant deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the Company establish and implement reasonable employee benefit measures (including remuneration, leave and other benefits)? Is the operating performance or results properly reflected in the remuneration for employees?	✓		The Company regulates employee leaves in accordance with the Labor Standards Act. We've set up the Employee Welfare Committee, provided employee welfare, and reflected the operating performance or results properly in the remuneration for employees according to the procedures of internal control system and payroll and personnel cycle.	There is no significant deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the Company provide employee with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		The Company regularly conducts training on fire safety, disseminates knowledge about it, cooperates with medical institutions and provides health check-ups for employees, and forbids smoking to build a healthy environment in the workplace. We also balance the physical and mental development of employees by setting up clubs and organizations, holding club activities on a regular basis, and inviting employees' families to the activities.	There is no significant deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the Company have effective programs for development and training regarding employees' career skills?		✓	The Company has arranged continuing educational or training projects and courses for the personnel (e.g. quality control and accounting managers as well as audit personnel).	There is no significant deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(V) Does the Company conform to the relevant regulations and international standards with respect to customer health and safety, customer privacy, marketing and labeling for products and services? Does the Company establish the relevant consumer rights protection policies and complaint procedures?	✓		In addition to establishing the "Procurement Management Guidelines" and "Supplier Management Guidelines", the Company has obtained the 401 original manufacturer certification from the Ministry of Economic Affairs and has been certified as a qualified supplier of 23KV GIS.	There is no significant deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(VI) Does the Company have a supplier management policy that requires suppliers to comply with the regulations concerning environmental protection, occupational safety and health or labor rights? What's the status of its implementation?	✓		The Company conducts assessment before collaborating with the suppliers according to the supplier management policy, follows relevant laws and regulations with the suppliers, and devotes ourselves to enhancing the corporate social responsibility.	There is no significant deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
V. Does the Company use internationally accepted report preparation standards or guidelines as a reference in compiling the CSR report and other reports disclosing non-financial information of the Company? Are assurance or guarantee opinions acquired from any third-party verifying entity for the aforementioned reports?		✓	The Company has not prepared any corporate social responsibility report; we will prepare it appropriately according to regulations in the future.	The Company will make preparations appropriately according to regulations in the future.
VI. In the event that the Company has established corporate social responsibility best practice principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe the deviations between the current practices and the established principles:				

Evaluation item	Operation status (Note1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons therefor
	Yes	No	Summary (Note 2)	
The Company has established Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", and implemented them gradually and systematically in consideration of the operational needs. There has no significant deviation from the Principles.				
VII. Other information useful for understanding of the implementation of the corporate social responsibility: In recent years, the Company has been dedicated to research and development, and has been contracted to integrate power systems for environmentally friendly renewable energy (e.g., wind power and solar photovoltaic), and has also built its own solar power plant to contribute to the Earth's environmental protection and contribute to social responsibility such as energy conservation and carbon reduction.				

Note 1: The operation status shall be described in the summary column no matter whether "yes" or "no" is selected.

Note 2: If having prepared a corporate social responsibility report, the Company may specify the method and index for query of the report as an alternative for the summary description.

(VI)Implementation of ethical management

Evaluation Items	Operation status (Note)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summary	
I. Development of ethical management policies and programs (I) Does the Company have an honest management policy approved by the Board of Directors, and does it state in its bylaws and external documents its honest management policy and practices, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?	✓		The Company has established the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Code of Ethical Conduct" for the employees to follow.	There is no significant deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the Company established an assessment mechanism for the risk of dishonesty behaviors? Does the Company regularly analyze and assess business activities with a higher risk of dishonesty in the business scope, and formulate a plan to prevent dishonesty conduct, which at least covers the acts specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has established regulations, such as the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Code of Ethical Conduct," and irregularly explained and disseminated them at meetings for employees to follow.	The Company will take actions according to actual needs and relevant laws. There is no significant deviation.
(III) Does the Company specify the operating procedures, conduct guidelines, disciplinary and grievance systems for non-compliance in its dishonesty prevention program, and implement them, and regularly review and revise the previously disclosed program?	✓		In the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Code of Ethical Conduct," the Company has explicitly forbidden behaviors such as bribery and illegal political donations. Punishment will be imposed according to the regulations if any violation is found.	The Company will take actions according to actual needs and relevant laws. There is no significant deviation.
II. Implementation of ethical management (I) Does the Company evaluate the integrity records of its counterparties and specify the integrity terms in the contracts it signs with them?	✓		The Company performs credit checking on counterparties, and fulfills the contracts signed with the counterparties in a business relationship to implement the idea of ethical management.	No significant deviation.
(II) Does the Company have a dedicated unit under the Board of Directors to promote honest corporate management and report regularly (at least once a year) to the Board of Directors on its policies on honest management and plans to prevent dishonest practices and monitor their implementation?		✓	The Company has not set up a dedicated unit in charge of promotion of our corporate ethical management; however, any complaint about violations of the ethical management principles can be filed immediately and directly to the President.	The Company will take actions, if needed, according to relevant laws.
(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for presentation, and implement it?	✓		The Company has established regulations, such as the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Employee Work Rules," "Code of Ethical Conduct" and "Insider Trading Prefention Regulations", and set up opinion mailboxes and other channels.	There is no deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the Company have an effective accounting system and internal control system for the implementation of honest management, and has an internal audit unit prepare an audit plan based on the assessment results of the risk of dishonest acts, and	✓		The Company has established effective accounting and internal control systems, and set up an internal audit unit to prepare relevant audit plans to audit the compliance with the unethical conduct prevention plans.	There is no significant deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Items	Operation status (Note)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summary	
check the compliance of the dishonest act prevention plan accordingly, or has an accountant been appointed to perform the audit?				
(V) Does the Company organize internal or external education and training on a regular basis to maintain ethical management?		✓	The Company has not organized internal or external education and training on a regular basis to maintain ethical management. Since the foundation of the Company, the Board of Directors and the management team have upheld the idea of and followed the principles of honest and robust operation, and further made relevant declaration and implementation at all meetings.	The Company will take actions according to actual needs.
III. Operation of the whistleblower reporting system (I) Does the Company have a specific whistleblower reporting and rewarding system, and has it established a channel to facilitate reporting and assigned appropriate staff to receive reports on the subject?		✓	The Company has not set up a specific whistleblower reporting and rewarding system. However, the employees may report or file a complaint to the President with the help of the department head. The Company will then designate appropriate personnel to deal with the reported matters while ensuring that the whistleblower will not receive inappropriate punishment for whistleblowing.	The Company will take actions according to actual needs.
(II) Does the Company have standard operating procedures for investigation of whistleblowing cases, follow-up measures to be taken after the completion of the investigation and the relevant confidentiality mechanism?		✓	Same as the above.	The Company will take actions according to actual needs.
(III) Has the Company adopted any measures to protect whistleblowers from being improperly treated due to whistleblowing?		✓	Same as the above.	No significant deviation.
IV. Enhancement of information disclosure Has the Company disclosed the Ethical Corporate Management Best Practice Principles and implementation results on the website and MOPS?		✓	The Company has established the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" for the employees to follow.	The Company's website has been redesigned and will be updated with relevant information.
V. If the Company has established ethical corporate management best practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe any difference between the current practices and the established principles: The Company has established the "Ethical Corporate Management Best Practice Principles" and implemented them gradually and systematically in consideration of the operational needs. There has no significant deviation from the Principles.				
VI. Other important information that is helpful to understand the implementation of the ethical corporate management: (e.g. reviews and amendments of the Ethical Corporate Management Best Practice Principles established by the Company) The Company has established the Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, and made amendments appropriately in consideration of operational development.				

Note 1: The operation status shall be described in the summary column no matter whether "yes" or "no" is selected.

(VII) If the Company has established Corporate Governance Best Practice Principles and relevant regulations, the ways through which they can be searched for shall be disclosed:

The Company has established relevant regulations, such as the "Code of Ethical Conduct," "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct." When the reconstruction of the Company's website is completed, the regulations may be searched for and viewed on the website.

(VIII) Summary of resignation and dismissal of personnel related to the financial statements (including the Chairman, Presidents, Chief Accounting Officer and Internal Chief Auditor) in the most recent year up to the publication date of the prospectuses: None.

(IX) Other important information that is helpful to understand the implementation of the corporate governance: None.

IV. Information on CPAs' professional fees

Name of CPA firm	Name of CPA		Audit fee (Unit: NTD thousand)	Non-audit fee (Unit: NTD thousand)					If the CPA's audit period covers the whole fiscal year			Remarks
				System design	Business registration	Human resource	Others (Note)	Subtotal	Yes	No	Audit period	
Baker Tilly Clock & Co	Yin-Lai Chou	Chia-Yu Lai	2,000		40		150	190	V		January 1, 2022 - December 31, 2022	

Breakdown of amount / Fee item		Audit fee	Non-audit fee	Total
1	Less than NT$2,000 thousand		V	V
2	NT$2,000 thousand (inclusive) - NT$4,000 thousand	V		V
3	NT$4,000 thousand (inclusive) - NT$6,000 thousand			
4	NT$6,000 thousand (inclusive) - NT$8,000 thousand			
5	NT$8,000 thousand (inclusive) - NT$10,000 thousand			
6	Over NT$10,000 thousand (inclusive)			

Note:

1. When the percentage of non-audit fees paid to the CPAs, the CPAs' firms and their affiliates is at least one-fourth of the audit fees: None (please refer to the above table).
2. When the Company changes the CPA firm and the amount of the professional fees paid for auditing services during the year in which the change is made is lower than that for the previous year: None.
3. When the amount of the professional fees paid for auditing services is lower than that for the previous year by 15% or more: None.

V. Information on change of CPAs: None.

(I) Former CPA

<table>
<tr><td>Change Date</td><td colspan="3">Not applicable</td></tr>
<tr><td>Reasons and description of change</td><td colspan="3"></td></tr>
<tr><td rowspan="3">Whether the appointment is terminated or not accepted by the client or CPA</td><td>Party / Situation</td><td>CPA</td><td>Client</td></tr>
<tr><td>Voluntary termination of appointment</td><td></td><td></td></tr>
<tr><td>Declination of appointment (renewal)</td><td></td><td></td></tr>
<tr><td>Opinions and reasons for issuance of audit reports in the most recent two years, excluding unqualified opinions</td><td colspan="3">Not applicable</td></tr>
<tr><td rowspan="7">Any differences in opinions between CPA and issuer</td><td rowspan="5">Yes</td><td></td><td>Accounting principle or practice</td></tr>
<tr><td></td><td>Disclosure of financial statements</td></tr>
<tr><td></td><td>Audit scope or step</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>None</td><td colspan="2"></td></tr>
<tr><td colspan="3">Description</td></tr>
<tr><td>Other disclosures</td><td colspan="3">Not applicable</td></tr>
</table>

(II) Succeeding CPA

Name of CPA firm	Not applicable
Name of CPA	
Date of appointment	
Matters and results of the consultation on accounting treatment methods or accounting principles for specific transactions and possible issuance of financial statements prior to the appointment	Not applicable
Written opinions of the succeeding CPA on the matters regarding which the former CPA has expressed dissent	Not applicable

(III) The former CPA's written response to the matters in Article 10(5)(1) and (2)(c) of the Guidelines: Not applicable.

VI. The Company’s Chairman, Presidents, or managerial officers responsible for handling financial or accounting affairs who held a position in a firm of the CPA or any of its affiliates in the most recent year: None.

VII. Transfer of equity and changes in pledge of equity conducted by directors, supervisors, managerial officers, and shareholders holding more than 10% of the shares in the most recent year up to the publication date of this annual report:

I. Details of equities changed by directors, supervisors, managerial officers, or shareholders holding more than 10% of the shares:

Unit: share

Title	Name	FY2021		FY2022		As of March 27, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Corporate director	Quintain Steel Co., Ltd.		-	1,922,688	-	-	-
	Representative: Hsie-Chia Chen	-	-	-	-	-	-
Corporate director	Chia Chi SDRY Enterprise Co., Ltd.	1,046,160	-	395,329	-	-	1,200,000
	Representative: Chieh-Jen Chen)	-	-	-	-	-	-
Corporate director	Pao Li Tou Investment Co., Ltd.			943,738	-	-	-
	Representative: Chin-Lung Liu	-	-	-	-	-	-
Corporate director	Chateau International Development Co.,Ltd.			180,670			
	Representative: Kuo-Fang Yu			-	-	-	-
Director	Pin-Chun Chen			-	-	-	-
Director	Chia-Yung Cheng			39,918	-	-	
Director	Fu-Tsai Liu	-	-	92,400	-	-	-
Director	Ming-Chieh Hsu	-	-	-	-	-	-
Independent director	Chao-Lai Chen	-	-	-	-	-	-
Independent director	Shuang-Hsi Tsou	-	-	-	-	-	-
Independent director	Tung-Han Yang	-	-	-	-	-	-
President	Pang-Kuan Yang (resigned on August 31, 2022)	103,885	-	-	-	-	-
President	Hsie-Chia Chen (new on September 1, 2022)	-	-	-	-	-	-
Vice President	Chun-Hsiang Teng (new on May 9, 2022)	-	-	-	-	-	-
Vice President	Shih-Chang Chien	32,100	-	2,100	-	-	-

Note: The directors and independent directors of the Company were fully re-elected at the annual general meeting of shareholders on June 21, 2022.

II. The counterparties of equity transfers being related parties: None.

III. The counterparties of equity pledges being related parties: None.

VIII. Information on the mutual relationship of the Top 10 shareholders in terms of proportion of shareholding if they are a related party, spouse, or a relative within the second degree of kinship referred to in SFAS No.6

(Shares Unit: Shares) Information Date: March 27, 2023

Name	Shares held		Shareholdings of spouse and minor children		Shareholdings in the name of others		The title or name and relationship of the Top 10 shareholders having a mutual relationship as a related party, spouse or a relative within the second degree of kinship		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Title (or name)	Relationship	
Quintain Steel Co., Ltd.	14,603,953	10.03%	-	-	-	-	Since She Co., Ltd	Subsidiary	-
Responsible person: Chen-Tse Wang	-	-	-	-	-	-	-	-	-
Concord International Securities Co., Ltd.	14,323,009	9.84%	-	-	-	-	Pao Li Tou Investment Co., Ltd.	Corporate director	-
Responsible person: Wen-Tsu Wang	-	-	-	-	-	-	-	-	-
Hsia Ti Investment Co., Ltd.	10,395,959	7.14%	-	-	-	-	-	-	
Responsible person: Chia-Yung Cheng	610,189	0.004%	-	-	-	-	-	-	
Asahi Enterprises Corp.	8,473,450	5.82%	-	-	-	-	-	-	
Responsible person: Chung-Hsien Chen	-	-	-	-	-	-	Mi-Chuan Chen	Second-degree relative	
Pao Li Tou Investment Co., Ltd.	8,301,575	5.70%	-	-	-	-	-	-	-
Responsible person: Mi-Chuan Chen	-	-	-	-	-	-	Chung-Hsien Chen	Second-degree relative	-
Chia Chi SDRY Enterprise Co., Ltd.	6,042,890	4.15%	-	-	-	-	-	-	
Responsible person: Nien-Chen Hsueh	-	-	-	-	-	-	-	-	
Chun-Hao Hu	4,238,270	2.91%	-	-	-	-	-	-	-
CITI PRIVATE BANK Europe S	3,306,760	2.27%	-	-	-	-	-	-	-
Wen-An Chang	3,089,090	2.12%	-	-	-	-	-	-	-
Since She Co., Ltd.	2,943,968	2.02%	-	-	-	-	Quintain Steel Co., Ltd.	Parent company	-
Responsible person:Cheng-Cheng Hsieh	-	-	-	-	-	-	-	-	-

Note 1:The Top 10 major shareholders shall all be specified. For corporate shareholders, their names and the names of their representatives shall be listed separately.

Note 2:The shareholding ratio is calculated based on the shares held by the person and his/her spouse or minor children, or held by the person under others' names.

Note 3:The relationships between the aforementioned shareholders, including juridical and natural persons, shall be disclosed.

IX. The total number of shares held in the same invested business by the Company and the directors, supervisors and managerial officers thereof, and any companies controlled either directly or indirectly by the Company, and the comprehensive shareholding ratio is calculated in a consolidated manner

Unit: thousand shares; % (as of December 31, 2022)

Invested business (Note)	Investment of the Company		Investment of directors, supervisors, managerial officers and directly or indirectly controlled business		Comprehensive Investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Le Hua Investment Co., Ltd.	2,000	100%	0	0%	2,000	100%
Luxe Solar Energy Co., Ltd.	500	100%	0	0%	500	100%
Sen-Hsin Energy Co., Ltd.	66,900	100%	0	0%	66,900	100%
Chin Lai International Development Co., Ltd.	18,000	100%	0	0%	18,000	100%
Kai Shih Energy Co., Ltd.	255	51%	0	0%	255	51%
Wan Chuan Construction Co.,Ltd.	6,300	52.5%	0	0%	6,300	52.5%

Four.Fundraising Status

I. Capital and shares

(I) Capital sources

1. Capitalization process

Year and month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks					
						Capital sources				Invest-ment by property other than cash	Others
							Capitalization of earnings and employee dividend				
		Shares (share)	Amount (NTD)	Shares (share)	Amount (NTD)	Follow-on offering	Earnings	Employee dividend	Capitalization of capital re-serves		
May 1978 Establishment registra-tion	10	300,000	3,000,000	300,000	3,000,000	3,000,000 Fully paid contribution	-	-	-	-	-
January 1981	10	1,200,000	12,000,000	1,200,000	12,000,000	9,000,000	-	-	-	-	-
September 1984	10	1,600,000	16,000,000	1,600,000	16,000,000	4,000,000	-	-	-	-	-
April 1985	10	2,000,000	20,000000	2,000,000	20,000,000	4,000,000	-	-	-	-	-
August 1986	10	3,500,000	35,000,000	3,500,000	35,000,000	15,000,000	-	-	-	-	-
November 1988	10	5,000,000	50,000,000	5,000,000	50,000,000	15,000,000	-	-	-	-	-
November 1989	10	8,000,000	80,000,000	8,000,000	80,000,000	30,000,000	-	-	-	-	-
November 1990	10	12,000,000	120,000,000	12,000,000	120,000,000	16,000,000	16,000,000	-	8,000,000	-	-
September 1993	13	16,200,000	162,000,000	16,200,000	162,000,000	30,000,000	12,000,000	-	-	-	-
October 1994	10	19,440,000	194,400,000	19,440,000	194,400,000	-	22,680,000	-	9,720,000	-	-
June 1997	20	32,000,000	320,000,000	32,000,000	320,000,000	75,162,150	48,600,000	1,837,850	-	-	Note 1
August 1998	10	38,600,000	386,000,000	38,600,000	386,000,000	-	32,000,000	2,000,000	32,000,000	-	Note 2
September 1999	18	55,760,000	557,600,000	55,760,000	557,600,000	130,000,000	38,600,000	3,000,000	-	-	Note 3
October 2000	10	67,272,000	672,720,000	67,272,000	672,720,000	-	55,760,000	3,600,000	55,760,000	-	Note 4
September 2001	10	71,308,320	713,083,200	71,308,320	713,083,200	-	13,454,400	-	26,908,800	-	Note 5
October 2002	10	74,873,736	748,873,736	74,873,736	748,873,736	-	21,392,496	-	14,261,664	-	Note 6
April 2005	10	150,000,000	1,500,000,000	75,461,971	754,619,710	-	-	-	-	-	Note 7
May 2005	10	150,000,000	1,500,000,000	86,132,549	861,325,490	-	-	-	-	-	Note 8
August 2005	10	150,000,000	1,500,000,000	86,156,078	861,560,780	-	-	-	-	-	Note 9
November 2005	10	150,000,000	1,500,000,000	88,909,017	889,090,170	-	-	-	-	-	Note 10
July 2006	10	150,000,000	1,500,000,000	92,214,897	922,148,970	-	-	-	-	-	Note 11
May 2007	10	200,000,000	2,000,000,000	100,485,429	1,004,854,290	-	-	-	-	-	Note 12
August 2007	13.2	200,000,000	2,000,000,000	150,485,429	1,504,854,290	500,000,000					Note 13
September 2007	10	200,000,000	2,000,000,000	159,650,099	1,596,500,990						Note 14
December 2007	10	250,000,000	2,500,000,000	159,708,922	1,597,089,220						Note 15
April 2010	4	250,000,000	2,500,000,000	209,708,922	2,097,089,220	500,000,000					Note 16
November 2011	3.46	350,000,000	3,500,000,000	249,708,922	2,497,089,220	400,000,000					Note 17
November 2014	2.67	350,000,000	3,500,000,000	299,708,922	2,997,089,220	500,000,000					Note 18
February 2017	1.20	600,000,000	6,000,000,000	599,708,922	5,997,089,220	3,000,000,000					Note 19
November 2018	10	600,000,000	6,000,000,000	65,967,982	659,679,820						Note 20
September 2019	11	600,000,000	6,000,000,000	95,967,982	959,679,820	300,000,000	-	-	-		Note 21
September 2021	12.6	600,000,000	6,000,000,000	135,967,982	1,359,679,820	400,000,000	-	-	-		Note 22
October 2022	10	600,000,000	6,000,000,000	145,485,742	1,454,857,420		95,177,600				Note 23

Note 1: Approved by Letter (1997) Tai-Tsai-Cheng (1) No. 46518 of the Securities and Futures Commission, Ministry of Finance on June 13, 1997.
Note 2: Approved by Letter (1998) Tai-Tsai-Cheng (1) No. 67450 of the Securities and Futures Commission, Ministry of Finance on August 3, 1998.
Note 3: Approved by Letter (1999) Tai-Tsai-Cheng (1) No. 77855 of the Securities and Futures Commission, Ministry of Finance on September 7, 1999.
Note 4: Approved by Letter (2000) Tai-Tsai-Cheng (1) No. 73181 of the Securities and Futures Commission, Ministry of Finance on August 28, 2000.
Note 5: Letter (2001)Tai-Tsai-Cheng (1) No. 148017 of the Securities and Futures Commission, Ministry of Finance, dated July 24, 2001.
Note 6: Approved by Letter (1999) Tai-Tsai-Cheng-Yi-Tzu No. 09104007 of the Securities and Futures Commission, Ministry of Finance on July 23, 2002.
Note 7: Approved by Letter Jing-Shou-Shang-Tzu No. 09401057440 of the Ministry of Economic Affairs on April 7, 2005.
Note 8: Approved by Letter Jing-Shou-Shang-Tzu No. 09401091320 of the Ministry of Economic Affairs on May 24, 2005.
Note 9: Approved by Letter Jing-Shou-Shang-Tzu No. 09401150220 of the Ministry of Economic Affairs on August 3, 2005.
Note 10: Approved by Letter Jing-Shou-Shang-Tzu No. 09401241080 of the Ministry of Economic Affairs on November 29, 2005.
Note 11: Approved by Letter Jing-Shou-Shang-Tzu No. 09501168830 of the Ministry of Economic Affairs on August 7, 2006.
Note 12: Approved by Letter Jing-Shou-Shang-Tzu No. 09601096220 of the Ministry of Economic Affairs on May 8, 2007.
Note 13: Approved by Letter Jin-Guan-Zheng-Yi-Tzu No. 0960050268 of the Financial Supervisory Commission, Executive Yuan on May 31, 2007
Note 14: Approved by Letter Jing-Shou-Shang-Tzu No. 09601222720 of the Ministry of Economic Affairs on September 11, 2007.
Note 15: Approved by Letter Jing-Shou-Shang-Tzu No. 09601298270 of the Ministry of Economic Affairs on December 6, 2007.
Note 16: Approved by Letter Jing-Shou-Shang-Tzu No. 099010926000 of the Ministry of Economic Affairs on May 10, 2010.
Note 17: Approved by Letter Jing-Shou-Shang-Tzu No. 10001269960 of the Ministry of Economic Affairs on November 10, 2011.
Note 18: Approved by Letter Jing-Shou-Shang-Tzu No. 10301169920 of the Ministry of Economic Affairs on August 27, 2014.
Note 19: Approved by Letter Jing-Shou-Shang-Tzu No. 10601030360 of the Ministry of Economic Affairs on May 16, 2017.
Note 20: Approved by Letter Jing-Shou-Shang-Tzu No. 10701137840 of the Ministry of Economic Affairs on November 14, 2018; a reduction of NT$5,337,409,400 in capital to make up accumulated losses.

Note 21: Approved by Letter Jing-Shou-Shang-Tzu No. 10801115120 of the Ministry of Economic Affairs on September 12, 2019.
Note 22: Approved by Letter Jing-Shou-Shang-Tzu No. 11001175430 of the Ministry of Economic Affairs on September 17, 2021.
Note 23: Approved by Letter Jing-Shou-Shang-Tzu No. 11101186970 of the Ministry of Economic Affairs on October 3, 2022.

2. Type of share

Unit: share; March 27, 2023

Types of share	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	145,485,742 shares	454,514,258 shares	600 thousand thousand shares	Listed company's stocks

(II) Shareholder structure

March 27, 2023

Shareholder structure / Quantity	Government agency	Financial institution	Other corporate bodies	Individual	Foreign institution and foreigner	Total
Number of people	-	2	50	14,072	24	14,148
Shares held	-	1,306	69,820,377	65,204,134	10,459,925	145,485,742
Shareholding ratio (%)	-	0.001	47.992	44.818	7.189	100

(III) Distribution of equity

Face value per share $10; March 27, 2023

Shareholding range	Number of shareholders	Shares held	Shareholding ratio (%)
1 to 999 shares	5,407	848,066	0.583
1,000 to 5,000 shares	7,115	13,489,814	9.272
5,001 to 10,000 shares	813	6,395,424	4.396
10,001 to 15,000 shares	289	3,534,565	2.429
15,001 to 20,000 shares	142	2,662,302	1.830
20,001 to 30,000 shares	130	3,284,050	2.257
30,001 to 40,000 shares	47	1,673,951	1.151
40,001 to 50,000 shares	44	2,026,09	1.393
50,001 to 100,000 shares	80	5,788,624	3.979
100,001 to 200,000 shares	40	5,712,069	3.926
200,001 to 400,000 shares	12	2,970,232	2.042
400,001 to 600,000 shares	4	1,845,832	1.269
600,001 to 800,000 shares	4	2,792,529	1.919
800,001 to 1,000,000 shares	1	870,980	0.599
Over 1 thousand,001 shares	20	91,591,205	62.955
Total	14,148	145,485,742	100

(IV) List of major shareholders: Top 10 shareholders

March 27, 2023

Shareholdings / Name of major shareholder	Holding shares (shares)	Shareholding ratio (%)
Quintain Steel Co., Ltd.	14,603,953	10.038
Concord International Securities Co., Ltd.	14,323,009	9.845
Hsia Ti Investment Co., Ltd.	10,395,959	7.146
Asahi Enterprises Corp.	8,473,450	5.824
Pao Li Tou Investment Co., Ltd.	8,301,575	5.706
Chia Chi SDRY Enterprise Co., Ltd.	6,042,890	4.154
Chun-Hao Hu	4,238,270	2.913
CITI PRIVATE BANK Europe S	3,306,760	2.273
Wen-An Chang	3,089,090	2.123
Since She Co., Ltd.	2,943,968	2.024

(V) Information on market price, net worth, earnings, and dividend per share and related information in the most recent two years

Unit: NTD; thousand shares

Item / Year		2021	2022
	Highest	24.50	35.50

Unit: NTD; thousand shares

Item \ Year			2021	2022
Market price per share	Lowest		14.85	15.35
	Average		17.11	20.46
Net worth per share	Before allocation		12.08	11.41
	After allocation		11.18	(Note 4)
Earnings per share	Weighted average shares (thousand shares)		109,301	145,553
	Earnings per share	Before adjustment	0.94	0.31
		After adjustment	0.94	0.31
Dividends per share	Cash dividends		0.20	0.25 (Note 4)
	Bonus share	Stock dividend from retained earnings	0.70	0.285 (Note 4)
		Stock dividend from capital reserve	—	0.065 (Note 4)
	Accumulated unpaid dividend		—	—
ROI analysis	P/E ratio (Note 1)		16.61	64.51
	P/D ratio (Note 2)		85.55	81.84 (Note 4)
	Cash dividend yield (Note 3)		1.16%	1.22% (Note 4)

Note 1: P/E ratio = Average closing price per share for the year/Earnings per share.
Note 2: P/D ratio = Average closing price per share for the year/Cash dividend per share.
Note 3: Cash dividend yield = Cash dividend per share/Average closing price per share for the year.
Note 4: Approved by the resolution at the Board of Directors meeting on February 21, 2023; to be determined by the resolution at the shareholders' meeting on May 24, 2023.

(VI) The Company's dividend policy and implementation status

1.Dividend policy of the Company

If having a profit in the final accounting of the year, the Company shall first pay taxes and make up any cumulative losses in accordance with laws, and then set aside 10% of the said earnings as legal reserves, unless such legal reserves reach the amount of the Company's paid-in capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws may require. If there is any residual balance, it shall be, together with the undistributed earnings carried from previous years, used as dividends for shareholders. The Board of Directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting for approval.

2. Implementation status of dividends

For the 2022 earnings distribution, on February 21, 2023, the Board of Directors of the Company determined upon resolution to distribute cash dividend of NT$ 0.25 per share and share dividend of NT$ 0.35 per share.

(VII) The effect of the allocation of bonus shares proposed this year on the Company's operating performance and earnings per share: None.

(VIII)Employee dividend and remuneration to directors and supervisors

1. The scope of employee dividend and remuneration to directors and supervisors as stated in the Articles of Incorporation:

Profits concluded by the Company in a fiscal year are subject to employee remuneration of no less than 1%, which may be distributed in shares or in cash, upon the resolution of the Board of Directors. Such resolution is based on the suggestion of the Remuneration Committee and shall be approved by a majority of the directors present at a Board of Directors meeting attended by over two-thirds of the total number of directors. The employees receiving the remuneration include those of the Company's parents or subsidiaries who meet certain requirements set by the Board of Directors. Up to 1% of the aforementioned profit may be distributed as director remuneration based on the suggestion of the Company's Remuneration Committee and upon the approval of a majority of the directors present at a Board of Directors meeting attended by over two-thirds of the total number of directors. The proposal for distribution of remuneration to employees and directors shall be reported to the shareholders' meeting. However, if the Company has accumulated loss, an amount used to cover the loss shall be set aside before distribution of the remuneration to employees and directors at the percentages mentioned above.

2. The basis for calculation of the remuneration to employee and directors, the calculation of the number of shares for the share-based remuneration to employees, and the accounting treatment of any discrepancies between the actually distributed calculated amounts in the current period

If there is a major change in the distributed amount determined at a Board of Directors meeting upon resolution before the approval and publication date of the annual separate financial statements, the annual expenditure set aside shall be adjusted accordingly. If there are any changes in the amount after the approval and publication date of the annual separate financial statements, it shall be handled as a change in accounting estimates, be adjusted and entered up in accounting of the following year. If employee remuneration is determined to be distributed in shares upon resolution at the shareholders' meeting, the number of share dividends shall be a result of dividing the determined distribution amount by the fair value per share. The fair value per share refers to the closing price (in consideration of the effects of the ex-dividend and ex-rights) on the day immediately before the resolution date of the Board of Directors.

3. The distribution of remuneration approved by the Board of Directors:

(1)The amount of the remuneration to employees, directors and supervisors distributed in cash or share: If there is any discrepancy from the estimated amount of the expenses recognized in the year, the discrepancy, the reason for the discrepancy, and the status of the treatment shall be disclosed:

The remuneration to employees and directors of the Company in 2022 was NT$ 456,105 and NT$0 thousand respectively. There was no discrepancy from the estimated amount.

(2)The amount of the remuneration to the employees in the form of stocks, and share of that amount as a percentage of the sum of the net income after tax for the current period and total employee remuneration: None.

4. Report of the distribution status and result of remuneration at the shareholders' meeting:

The Company's proposal for earnings distribution is to be determined by the resolution at the shareholders' meeting on May 24, 2023.

5. The actual distribution status of remuneration to employees, directors and supervisors in the previous year (including the distributed shares, amount, and stock price), and, if there is any discrepancy from the recognized remuneration to employees, directors and supervisors, the discrepancy, the reason for the discrepancy, and the status of the treatment shall be described;

The proposal for earnings distribution of the Company in 2021 was approved by the Board of Directors on April 22, 2022 with the remuneration distributed to employees and directors was NT$1,145,180 and NT$0 thousand, respectively. There was no discrepancy from the estimated amount.

(VIII)Buyback of the Company's shares: None.

V. Issuance of corporate bonds (including overseas corporate bonds): None.

VI. Issuance of preferred shares: None.

VII. Participation in the issuance of overseas depository receipts: None.

VIII. Issuance of employee stock option certificates: None.

IX. Status of new restricted employee shares: None.

X. Status of mergers and acquisition: None.

XI. Issuance of new shares in connection with succession to shares of other companies: None.

Five.Operation Overview

I. Business content

(I) Business scope

1. Main content of the Company's business

a. Design, manufacturing, installation, and purchase and sales of high and low voltage power receiving and distribution panels, automatic control panels, motor starter panels, and test instruments.
b. Design, manufacturing, installation, and purchase and sales of gas insulated switchgear, gas condensers, and their parts and components.
c. Design, manufacturing, installation, and purchase and sales of all kinds of pollution prevention equipment and their parts and components.
d. All kinds of electrical engineering (including transformers).
e. Design, manufacturing, and purchase and sales of all electric-electronic teaching equipment.
f. Design of and undertaking all electrical engineering and plumbing.
g. Computer programming and software design and data processing.
h. Purchase and sales of computer software and hardware.
i. Manufacturing, purchase and sales of all piping equipment for water supply.
j. Design, manufacturing, installation, and purchase and sales of software and hardware for automation of logistic systems.
k. Design, manufacturing, installation, and purchase and sales of software and hardware related to computer network and communications.
l. Design, manufacturing, installation, and purchase and sales of warehouse system related equipment.
m. Design of remote sensing and control and monitoring systems, as well as installation, manufacturing, purchase and sales of their equipment.
n. Fire Safety Equipment Installation Engineering
o. Wholesale of Refractory Materials
p. Piping Engineering
q. Electric Appliance Construction
r. Refrigeration and air conditioning engineering.
s. Import and export trading of products related to all aforementioned items.
t. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue percentage

Unit: NTD thousand

Year / Major product	FY2022		FY2021	
	Sales amount	Percentage	Sales amount	Percentage
Construction and engineering revenue	83,617	29.70%	93,322	28.76%
Sales revenue	72,165	25.63%	121,433	37.43%
Electricity retailing revenue	1179,012	42.27%	79,993	24.66%
Service revenue	0	0	25,829	7.96%
Others	6,726	2.39%	3,869	1.19%
Total	281,520	100.00%	324,446	100.00%

3. Current products (services) of the Company

The system engineering of the Group includes turnkey construction of substations and for solar power generation and cogeneration, as well as design and construction related to hydropower engineering. The development of green energy, including solar power, is the main business of the Company. We receive commission from customers, build solar power plants for them, and aim to increase the number of related projects. In the most recent two years, the ratio of green energy revenue to total revenue has skyrocketed to 75%. Since 2018, we've constructed our own solar power plants. In 2019, we bought Chin Lai International Development Co., Ltd. to develop solar electricity retailing business, which accounted for more than 10% of the total revenue in 2020 and became one of the main business of the Company. In addition, being one of the largest professional heavy electricity companies in Taiwan, the Group mainly produces electrical engineering products, including distribution panels, transformers, electrical engineering equipment, and network supervising products. Other products and service lines including import, export and trading of goods, authorization agency business, inspection and repairing, testing and maintenance mainly bring non-recurring revenue.

4. New products (services) under planning

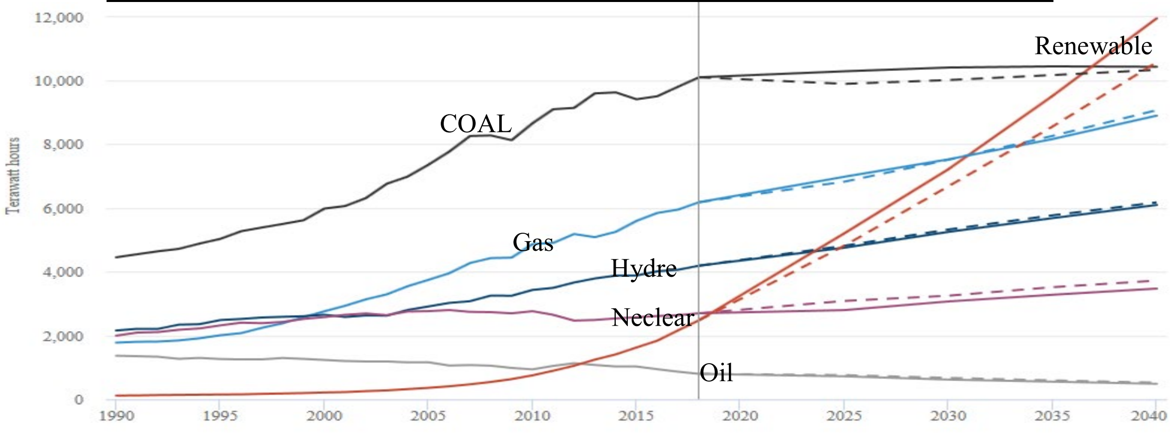
The Group is a qualified original manufacturer of high and low voltage distribution panels and is verified by the Bureau of Energy. The Group used to have many certifications from Taiwan Power Company, but part of them are now invalid or not updated and thus suspended. The Group has been actively regaining relevant rights and certifications currently and enhancing business collaboration between us and Taiwan Power Company. In February 2018, we passed the 23KV GIS certification and obtained the approval document (Taiwan Power Company, Tsai-Tzu No. 1078012609 dated February 13, 2018) to become a qualified supplier. As for the 50KVA and 167KVA pad-mounted transformer certifications for qualified suppliers, the Company has made use of our R&D capacity and skills, integrated relevant departments and performed vertical integration on the upstream and downstream of the supply chain, and adopted lab accreditation and qualification related to the equipment (TAF lab accreditation and qualified original manufacturer certification granted by the Bureau of Energy). On January 2018, we applied for the manufacturing ability certification of 50KVA and 167KVA pad-mounted transformers, and the application has currently entered the Phase-1 document review stage. We expected to receive the certificate from Taiwan Power Company in 2021 Q2. Then, we will resubmit the application to become one of the suppliers in the supply chain of Taiwan Power Company for the manufacturing of the equipment concerned.

(II) Industry overview

1. Current status of the industry and its development

Since 2000, the issues of global climate change and greenhouse effect have been increasingly prominent, and further brought a serious threat to human life and the environment of the Earth. Thus, it is extremely important to take the sustainable development of energy and green technology into consideration. In recent years (2014-2017), to reduce GHG emissions and slow the rate of global climate change, the UN Climate Change Conference took actions and implemented the Paris Agreement that just came into effect. Nearly 200 countries voluntarily took actions to reduce carbon, and the Conference suggested that all countries propose the commitment letter upon agreement "Intended Nationally Determined Contribution (INDC)" to address carbon emission reduction. Since 2020, the United Nations Framework Convention on Climate Change has been put into effect as the basis for climate-related actions. Meanwhile, the costs of renewable energy (mainly solar photovoltaics and wind power) technologies significantly decreased, which facilitated the monumental growth of renewable energy. According to Renewables 2019, the annual report on the global renewable energy market made by the International Energy Agency (IEA), the installed capacity of global renewable energy (solar, wind, geothermal and bioenergy power) had increased from 414GW in 2009 to 1,650GW in 2019. Currently, renewable energy accounts for 12.9% of total power generation around the globe. Over the past 10 years, the installed capacity has increased more than 2,300GW globally. It is estimated that in 2040, renewable power generation will skyrocket to 11,951 TWH, and between 2018 and 2030, the global average costs of solar power will decrease by 50%, while total solar photovoltaics and wind power capacity will increase by 23% and 11%, respectively. Moreover, renewable energy excluding hydropower is expected to increase by 8% and surpass coal-fired power in the late 2030s. In addition, Renewable Energy Policy Network for the 21st Century (REN21) disclosed in their "Renewables 2020 Global Status Report" that the installed capacity of green energy has surpassed the newly-installed capacity of fossil fuel and nuclear power for 5 "consecutive" years. This suggests that we've entered a stable era of the Big Green Bang. Thanks to the cost reductions for solar and winder power, the installed capacity of renewable energy reached 200GW last year. This is an all-time record! Among all kinds of energy, solar photovoltaics had an occupancy of 50% (100GW), followed by wind power (60GW) and hydropower (16GW).

IEA's estimated global power generation between 2020 and 2040, by energy



Source: IEA, "World Energy Outlook 2019."

Major countries around the world have developed energy policies and technologies according to their contexts.They have been dedicated to developing forward-looking energy technologies to reach the goal of energy saving and carbon reduction. Taiwan has rather deficient self-produced energy and highly depends on energy imports, which account for 98% of Taiwan's energy production. Taiwan is also highly dependent on fossil fuel energy and has an isolated electric power system which lacks of back-ups. Under the extreme volatility of international energy prices and quantity, the increasing pressure of reducing global GHG, and the consistent growth of domestic energy needs, Taiwan faces more serious challenges in terms of energy development comparing to other countries. In view of the issue, Taiwan has established the "Guidelines for Sustainable Energy Policy" and promoted energy saving and carbon reduction plans to create a win-win situation for "energy, environmental protection and economy" policies and goals. Facing various kinds of new and renewable energy and considering domestic natural conditions and energy needs, the more potential technologies include wind, solar (thermal and photovoltaic), biomass, geothermal, ocean, hydrogenic energy and fuel cell. With the cooperation of the industry, government, university and institute over the years, Taiwan has established a certain basis for the aforementioned technologies. The Ministry of Economic Affairs announced the implementation of energy transition and electricity market reform in May 2016. Explicitly aiming at the "2025 nuclear-free homeland" target, the Ministry of Economic Affairs has been dedicated to developing new green energy and increasing the percentage of renewable energy in total power generation to 20%. The target of installed solar photovoltaics in 2025 has significantly increased from 8.7GW to 20GW, in which the ground-mounted type and roof type account for 17GW and 3GW respectively.

Taiwan's 2025 target for renewable energy

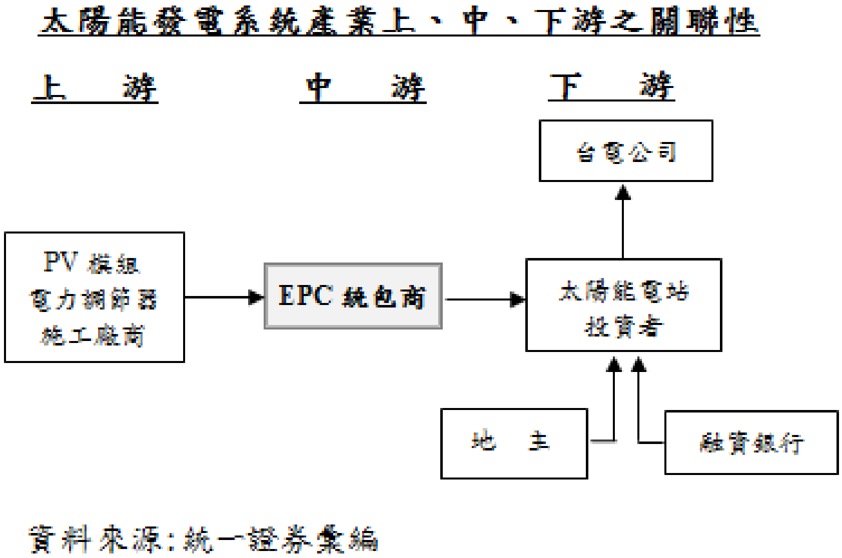
Item	Installed capacity of renewable energy (MW)			Power generation of renewable energy (GWh)		
	2015	2020	2025	2015	2020	2025
Solar photovoltaics	842	6,500	20,000	9	81	250
Land-based wind power	647	814	1,200	15	19	29
Offshore wind power	0	520	3,000	0	19	111
Geothermal energy	0	150	200	0	10	13
Biomass energy	741	768	813	36	56	59
Hydropower	2,089	2,100	2,150	45	47	48
Fuel cell	0	22.5	60	0	2	5
Total	**4,319**	**10,875**	**27,423**	**105**	**272**	**515**

Source: Complied by the Bureau of Energy, Ministry of Economic Affairs and the IEK, Industrial Technology Research Institute (December 2017).

Solar energy is applicable everywhere for free and unlimited in supply, making it the most abundant energy resource that humans can use. In addition, the use of solar power does not cause environmental pollution, as it being a clean energy. Thanks to the improvement of semiconductor technologies, the costs of solar cells have significantly decreased, making governments around the world rushing to support and develop the key industries that transfers solar radiation into energy. However, at the early stage, the costs of generating electricity with solar energy were higher than those of fossil fuel and nuclear power. If the governments want to promote the installation of solar photovoltaic systems successfully, they need compensation and reward schemes. Japan and Germany are the first countries to develop solar photovoltaic systems. Germany has implemented the Renewable Energy Sources Act (German: Erneuerbare-Energien-Gesetz, EEG) since April 2000, which is an important base for renewable energy development. The Act establishes different feed-in tariff (FIT) systems and states that power distribution companies shall purchase electricity at a guaranteed price without upper limit in quantity within 20 years. Due to the success of promoting renewable energy through FITs in Europe, other countries have quickly followed the example. Now, FITs are the most commonly used tool for developing renewable energy around the world. In June 2008, the Executive Yuan established the "Guidelines for Sustainable Energy Policy" in the hope to make the percentage of renewable energy in total power generation 8% or more by 2025. In June 2009, the key parent law, the Renewable Energy Development Act, was approved and the Renewable Energy Development Fund was established. Meanwhile, referring to the foreign feed-in tariff system, Taiwan Power Company is requested to promote the energy transition policy for the development of the green energy and purchase green electricity at a favorable fixed price for 20 years to encourage the private sectors to install renewable power generation equipment. The Bureau of Energy, Ministry of Economic Affairs, also established the "Million Solar Rooftop PVs Project" and the "Thousand Wind Turbines Project" in March 2012 to accelerate the promotion of installation of renewable energy equipment, including solar and wind power. Currently, Taiwan Government sets the goals of an installed capacity up to 20GW solar photovoltaics by 2025 in the hope to generate 2,500GWh of electricity every year, stimulate an investment to a total amount of NT$1.2 trillion, and provide jobs for 100 thousand people. In 2016, the Executive Yuan developed the "Two-year Solar PV Promotion Plan," hoping to pioneer and establish bases within 2 years and take medium to long-term solutions and measures to address the core of the issue. The Plan aimed to install 910MW solar photovoltaics on rooftops, including those of the state-owned public agencies and institutions, factories, agricultural facilities and others. Moreover, 610MW ground-mounted solar photovoltaics was to be installed in the areas including the land of the salt industry, the serious land subsidence areas, waters, mothballed landfill sites, and the land that was polluted. Thus, a total of 1.52GW solar photovoltaic systems were to be installed. By developing the application of solar photovoltaics in Taiwan step by step, the total solar photovoltaic installations could reach 2.460MW, and the annual power generation was estimated to reach 307GWh and 1.6 billion tonnes of carbon could be reduced, which were equivalent to the annual carbon reduction amount of 4300 Daan Parks. As of September 2020, the installed capacity of solar photovoltaics was 4.6240GW, which surpassed that in the full year of 2019. Non-governmental construction and installation accounted for 94.05% of the total capacity, which was 4.349GW. Also, in 2019, the installed capacity of solar photovoltaics was 3.5976GW, and the newly added capacity was 1.2554GW, which increased by 31.41% compared with that in the last year (2018). To reach the 2025 target of 20GW of solar photovoltaic installation set by the government, from 2020 to 2025, 3.2805GW capacity needs to be added each year, and the compound annual growth rate (CAGR) must reach 33.94% yearly. Only by reaching these figures can we achieve the goal of the government. Thus, the installation of solar power systems in the future must surpass that in the past years. As a result, the industry environment is very beneficial for solar power system constructors. In the future, before 2025 or reaching the goal of 20GW of solar photovoltaic installation, the domestic business of solar power engineering, procurement and construction (EPC) will achieve a breakthrough growth.

2. Correlation among upstream, midstream and downstream in the industry

The EPC (Engineering, Procurement, Construction) of solar photovoltaics is mainly an integration of the upstream industries including solar cells and PV modules, power conditioners (including inverters, system controllers, and protective devices for parallel connection), support stands, cables, wire distribution cabinets and electricity meters for the construction of power plants. The development of related upstream sectors has been matured and stable in Taiwan. However, the cost of solar power generation in Taiwan is still higher than the electricity billing standard set by Taiwan Power Company, and the people has less desire for installing solar power systems



and generating electricity by themselves. To encourage the public to do so, the Bureau of Energy, Ministry of Economic Affairs, has establish a feed-in tariff system to require that Taiwan Power Company guarantees to purchase electricity generated from renewable energy at a fixed, preferential electricity price for 20 years to attract people to invest in the installation of renewable energy equipment. Thus, the current solar photovoltaics market in Taiwan is still an “investment type” market, meaning that the investors of the solar power systems aim to sell the electricity generated from the invested power generation systems to Taiwan Power Company and gain profit from the investment in the installation in the 20 years instead of generating electricity for themselves. As a result, the target of the government’s policies and its subsidy plans are the key factors of the rise and fall of the solar photovoltaic installation industry at the current phase. Landlords offer private spaces, such as rooftops, idle farmland, pools, ponds and fish farms to solar photovoltaic EPC operators to install solar power systems. They also submit applications to Taiwan Power Company for the parallel connection to electrical grids, sign wholesale contracts, and sell the whole to solar power station investors. The installation of solar power generation systems costs a fortune at the early stage, so the investors usually use bank loans to pay most of the costs and only contribute a little amount by themselves. In the future, they may use the monthly electricity retailing income to pay off the principal and interest of the bank loans and pay the rent to the landlords.

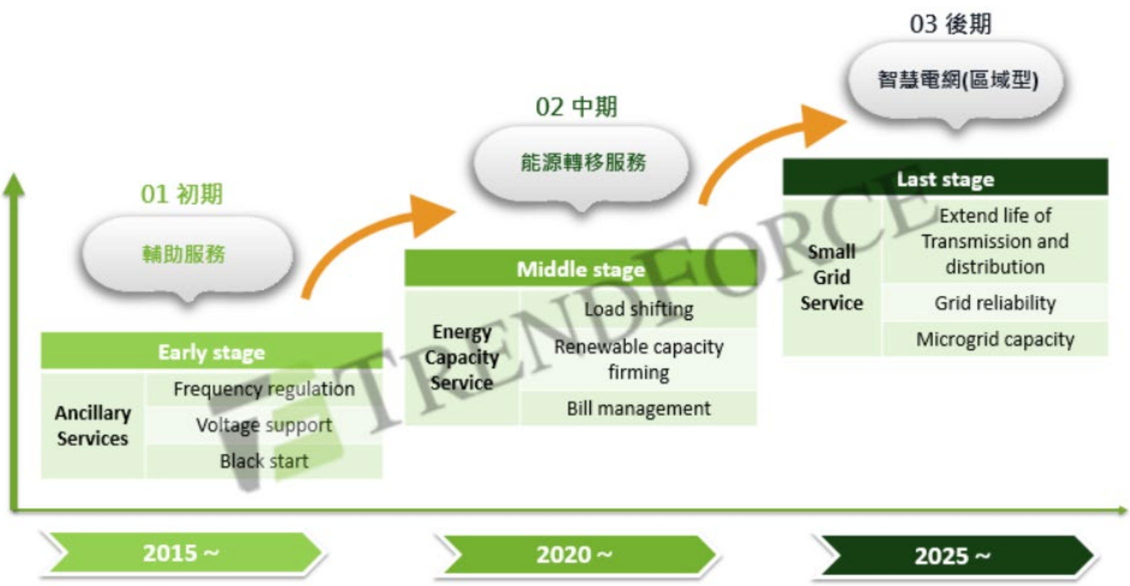
3. Development trend of products and their competition status

A. Development trend of products:

(A) Trend of additional energy storage equipment for renewable energy

The two major items of renewable energy, solar and wind power, have the characteristic of being easily affected by seasons and weather, which can cause instability in power supply. To improve unstable renewable energy supply caused by weather, we need energy storage regardless of the scale of the energy storage equipment. The large-scale equipment can be energy storage plants, and the small ones can be containerized systems established around the renewable energy equipment. This will be an important trend in the future. There are three stages to the purpose of developing an energy storage system. Initially, the system can be applied to the ancillary service market to allocate electricity quality. This is the most common way of applying energy storage, and is widely used in each aspect of power generation, transmission, distribution, and utilization. At the middle stage, there are more energy transfer services, which also involve capacity adjustment from introducing renewable energy, and adjustment of electricity utilization in peak and off-peak hours. At the last stage, the main focus is the smart grid for partial self power generation and storage. If the development of energy storage batteries becomes mature at this stage, when we promote various renewable energy equipment, invest in and build solar photovoltaic or wind turbine sites in the future, we can store the surplus electricity and release it to the electric power system if needed. According to TrendForce's Green Energy Research, the centralized power generation grid becoming distributed is an inevitable trend considering the intellectualization of cities in the future. The capacity of large battery energy storage systems (BESS) around the world will reach 3.2GWh in 2020, and the compound annual growth rate between 2019 and 2024 will reach 22%.

<u>Development of energy storage in the smart grid</u>



Source: TrendForce, Mar., 2020

(B) Mandating large power users to install renewable energy equipment

The revised Renewable Energy Development Act passed its third reading in the Legislative Yuan in 2019, which explicitly regulated that the large power users and enterprises in Taiwan must install renewable energy with a certain occupancy. The notice period of the Act will end on September 26, 2020, and its legislative process will be completed in November. It will come into effect on January 1, 2021. In the past, the large power users were unwilling to install renewable energy due to various factors, such as investment income falling short of expectation, consideration of arrangement for power outage when installing parallel connected renewable energy, and concerns about renewable energy generation equipment affecting internal circuits of factories, causing circuit breakers to trip and affecting production capacity. After passing the revised Act, they will be mandated to create relevant installation. According to the regulations established by the Ministry of Economic Affairs, power users with more than 5,000KW of contract capacity shall install green energy with an occupancy of 10% of the contract capacity, which is about 500KW. Alternatives such as energy storage, purchase of the Renewable Energy Certificate, and payment of monetary substitution are allowed. The Ministry also provides a discount on the compulsory capacity for large power users that had installed green energy before the effective date of the regulations; they may offset 20% of the obligated capacity at most with the capacity of the installed energy. After the offset, they can also enjoy an early bird discount of 20% off within 3 years or 10% off within 4 years. It is estimated that more than 300 enterprises will be affected, especially those in the petrochemical, steel, semiconductor and electronic industry. In the next two years, there will be an expected demand for roof type installations.

(C) Establishment of large ground-mounted power stations

Except for large power users, in terms of roof type solar system, Taiwan has nearly completed the construction on large public and private houses applicable to develop roof type power stations. Thus, we must change our target to ground-mounted power stations. According to the plans of the Bureau of Energy, Ministry of Economic Affairs, lands related to the salt industry, serious land subsidence, waters, unfavorable agriculture conditions, idle industrial park, and lands that are polluted, or idled by the National Property Administration are potential for energy installation. As of the end of 2018, the updated area of these lands reached nearly 5,000 hectares, and the total capacity was expected to surpass 3GW. Since the second half of 2017, many applications for large ground-mounted power stations have been approved in succession, including the installation of a 52.47MW power station in the areas with serious land subsidence and unfavorable agriculture conditions in Xuejia Dist., Tainan City, by the solar power plant system developer, Whole Sun Green Power Co., Ltd., which is a subsidiary of Giga Solar Materials Corp. Also, the subsidiary of the Motech Group, Motech Energy System Co., Ltd., will install a 35MW power station in the serious land subsidence areas in Tainan City. The two large owners of EPC systems have left the price war on the solar power plant market, and reached a higher level and larger scale of construction undertaking.

(D) Solar power plant for fishery and electricity symbiosis

The government has actively promoted energy transition and aimed to increase the share of renewable energy in total power generation to 20% by 2025. To achieve this goal, the government has given every effort to develop ground-mounted solar power generation system, and "fishery and electricity symbiosis" was one of the goals to which the development was accelerated in 2020. The government hoped to develop solar photovoltaics in a "single site, multiple use" manner and improve the environment of fishery by doing so to recreate the magnificence of aquaculture. However, the Council of Agriculture of the Executive Yuan stated that agricultural lands should mainly be used for agricultural production, and the policy of national food safety also relied on it. If Taiwan faces material incidents and is unable to import food from other countries to meet the people's basic needs, we can achieve such goal by producing food by ourselves and domestically. To be in line with the "2025 nuclear-free homeland" policy, we have developed green energy facilities without affecting the original agricultural production, improved the environment of aquaculture production, prevented extreme weather, facilitated industrial upgrading, and increased income from feed-in tariff for aquaculture farmers to create benefits from a "win-win situation for agriculture (aquaculture) and electricity." We've also planned a modular combination of green energy, technology and aquaculture to achieve the aforementioned benefits. In order to reach the target for green energy, the government has been strongly promoting fishery and electricity symbiosis. On October 31, 2020, the government announced the implementation of the "pioneer zones for fishery and electricity symbiosis" in Xuejia, Tainan and Budai, Chiayi. The total area of the fish farms in these zones reached 2,626 hectares.

At the early stage of the policy, aquaculture farmers were worried about the reduction of the production volume, inconvenient operation and pollution caused by the installation and cleaning of the solar panels. However, according to the research made by the Fisheries Research Institute, Council of Agriculture, the aquaculture farmers can still maintain 70% production capacity of clams, tilapia, grouper and sea bass under 40% of coverage. In summer, the production capacity of clams and sea bass may even surpass that in normal fish farms. The coverage of solar panels may reduce the production capacity of some, but it can provide insulations and resist the heat/cold in summer/winter. In the future, there will be hope to maintain 100% production capacity through further management. Photovoltaics operators can also hire aquaculture farmers to clean and maintain photovoltaic panels. By protecting fish farms and photovoltaic systems, there can be an increase in the farmers' income and an actual win-win situation for the fishery and electricity industries. In Taiwan, the total area of fish farms is approximately 44 thousand hectares. Considering the coverage to be retained for fishery and electricity symbiosis, the available installed capacity of solar power plant is forecast to be more than 10GW.

B. Competition status of products

The Luxe Group is positioned as an electricity integration expert. When the Group was established, we mainly designed and manufactured products such as distribution panels, transformers, electrical engineering equipment, and network supervising. After development, now we've been constructing heavy electrical devices, wind turbines and substations, and had actual performance. The integration technologies we use for solar photovoltaic system engineering are developed from the technologies we originally operated. The Group's distribution panels and transformers are especially competitive in the industry. Moreover, a cloud-based supervisory system for solar power developed in 2016 allows the investors to supervise on the efficiency of solar power generation in a more stable and convenient way. The system can be connected to PCs and mobile devices such as cellphones, and it even has an alert function. In 2017, we developed the solar DC distribution boxes as well as step-up equipment systems dedicated to solar power with our own brand, which made our integration technologies of solar photovoltaic system engineering more complete. Later, the ground-mounted solar power stations were strongly promoted by the Taiwan Government and further accounted for more than 60% of total stations. As a result, distribution panels and step-up devices that were connected in parallel with Taiwan Power Company's networks suddenly became the second important materials for solar power systems and accounted for around 10%-15% of total costs. Thus, the Group has soon played an important role in solar power systems, and made the development of solar power and the growth of main business complementary to each other.

(III) Technology and R&D overview

1.Research development and levels of R&D and technology

(1)Source of technology

The Group mainly provides solar system engineering related services. For the construction technologies, we mainly use safe and highly efficient technologies or equipment that have been verified in the industry. These are provided by the construction equipment suppliers; the Group has no dedicated research team or department for them. In terms of the latest technologies, project personnel is appointed to establish projects and do research on them. We've also integrated products and technologies from other industries and developed self-owned technologies. For instance, we've efficiently integrated technologies of solar power systems and Taiwan Power Company's interconnected networks with our dedicated engineering method for step-up substations.

(2)Certification for products in the future

In recent years, the Group has striven for the rights and certifications from Taiwan Power Company and enhanced business collaboration between us. In the recent 4 years, we've submitted proposals and documents for the following certifications:

A. Taiwan Power Company's qualified supplier of 23KV GIS certification.

B. Taiwan Power Company's qualified supplier of 25KVA pad-mounted transformer certification.

C. Taiwan Power Company's qualified supplier of 50KVA pad-mounted transformer certification.

D. Taiwan Power Company's qualified supplier of 100KVA pad-mounted transformer certification.

E. Taiwan Power Company's qualified supplier of 167KVA pad-mounted transformer certification.

(IV) Long and short-term business development plans

(1)Develop light, thin, short and small electrical engineering products (the SF6 series) that are adaptive to high and low voltage as well as a series of underground oil type transformers.

(2)Combine the SCADA systems for electricity supervising and electrical engineering integration as well as supervisory networks such as CCTV to increase the benefits from electricity operation and improve the efficiency of human resource management.

(3)Increase the ratio of the products developed in Taiwan and use them as substitutions of the imports to combine the products with the market.

(4)Improve electrostatic precipitators and their derivative products; enhance our technologies to meet with the demands of the broad domestic market in the future.

(5)Equipment for improving harmonics in electric power systems.

(6)R&D of product series related to the electrical equipment on the electricity market in mainland China (110KV ~ 35KV ~ 10KV ~ 400V).

(7)R&D of PT/CT 35KV 0.5CL.

(8)Apply for the TAF accreditation and 401 distribution panel certification.

(9)Cooperate with Taiwan Power Company in the underground cables construction and develop pad-mounted transformers.

II. Market and production/sales overview

(I) Market analysis

1.Regions of distribution (provision) for the Company's major products (services):

The Company's major products can be divided into five main categories: system engineering, distribution panels, transformers, supervisory networks, and electrical engineering equipment. System engineering includes turnkey construction of substations and for wind power and cogeneration, as well as design and construction related to hydropower engineering. Distribution panels include high and low voltage power distribution panels, closed type metal-clad switchgears, motor control centers, and gas insulated switchgears. Transformers include potential, current, dry-type and molded transformers. For supervisory networks, we mainly work on the integration of supervisory systems, including remote terminal equipment for computers, software design and programming. We also provide services with respect to repair and maintenance of the aforementioned equipment. There are also nonwoven products and air purifiers.

The sales regions for major products are listed in the table below:

Unit: NTD thousand

Year Sales region	FY2022		FY2021	
	Sales amount	Sales amount	Sales amount	Percentage of sales
Taiwan	281,520	100%	324,446	100.00%
Mainland China	—	—	—	—
Total	281,520	100%	324,446	100.00%

2. Share of major products

In recent years, with the global trend of energy saving and carbon reduction, the government has been actively promoting green energy and electricity policies, and domestic manufacturers have been making efforts to deploy power stations and energy storage stations in addition to solar energy. In recent years, the Group's business development is divided into three major segments: electrical engineering, renewable energy (solar photovoltaic and energy storage) and engineering. The main client of electrical engineering is Taiwan Power Company; The renewable energy segment includes solar photovoltaic and energy storage (including investment in self-built, maintenance and EPC services), and currently owns about 31,300KW of solar photovoltaic installations, with about 9,400KW still under construction.

3. Future supply and demand in this market and growing potential

A. Trend of market supply

The government has strongly promoted green energy policies, took various subsidization measures to encourage the locals to participate in the investment and construction, and attracted investors for the installation of solar power systems with the 20-year feed-in tariff. The current internal rate of return (IRR) of investments in solar power plants can be maintained at around 6% to 7%, and the guaranteed income can attract financial institutions, insurers and large enterprises to invest more than 100 billion NT dollars in consideration of the low interest rate in Taiwan. This has further started a trend of investing in domestic solar power plants. According the statistics of Taiwan Photovoltaic Industry Association, there are a total of 40 system engineering members and about 20 of them are TWSE/TPEx listed companies or have their subsidiaries running business related to solar system engineering. In addition to the large business opportunities in the domestic solar power plants, solar renewable energy has entered the stage of ground-mounted stations and fishery and electricity symbiosis, resulting in billions of investment in solar power plants. If the small and medium system suppliers do not have enough capital, they will face the crisis of being eliminated. Thus, they form strategic alliances or are acquired by other companies to enhance their capital structure and ability to assume risks. Moreover, 25 domestic financial institutions, including Cathay Financial Holdings Co., Ltd. and Chailease Finance Co., Ltd., have actively invested in solar power plants. 9 of the institutions have established financing plans for solar photovoltaic installation, while 6 leasing companies and 3 farmers' associations, including Chailease Finance Co., Ltd. and Cathay Financial Holdings, have provided different financing plans. Cathay Life Insurance Company, Ltd. under Cathay Financial Holdings has announced that they will invest hundreds of billions in solar power plants, while Chailease Finance has invested in and constructed its own plants. As of the end of May 2020, investment had been made in up to 1,903 plants to a total installed capacity of 550MW and more than 110GWh of electricity had been generated, making Chailease Finance the largest electricity supplier in the private sector in Taiwan. The financial companies not only play an important role of a major investor, but also take actions to make the investment in solar power plants through the 5 major venture funds in Taiwan. It is estimated that the venture funds can invest up to tens of billions in power plants. The Financial Supervisory Commission has also actively introduced funds from banks and life insurance companies to the renewable energy industry through "financing facilities", "guiding investment," and "issuance of green bonds". As for the banks' loans to the green energy industry, issuance of the green bonds started from May 2017 and there were 56 green bonds issued up to the end of 2020 to the amount of NT$160,700,000 thousand. To sum up, there's no need to worry about funds in terms of investments in domestic solar power installations in the future, and the investment will surely facilitate the prosperous development of the solar photovoltaics market.

B. Growth trend of demands on the market

The government has actively promoted energy transition and aimed to increase the share of renewable energy in total power generation to 20% by 2025. After many years of effort, Taiwan reached 1GW of newly added capacity for the first time in 2018, which made it officially one of the Top 10 GW solar markets around the world. The outstanding performance in 2018 was mainly a result of the "Two-year Solar PV Promotion Plan" developed by the Bureau of Energy in 2016. The plan helped removing many obstacles to installation, but the trend in 2018 did not reappear in Q2 2019. There was not much existing roof type building volume; if Taiwan was to reach the 1.5GW target, it needed to rely on the development of ground-mounted plants to rapidly increase installed capacity. Nonetheless, Taiwan's issues on ground-mounted plants had been none other than difficulties with land integration and the lack of feeder lines for interconnected networks. These were also the difficulties that large constructors faced when they deployed EPC systems as well as the main reasons for the sharp fall in installed capacity in H1. Consequently, the Executive Yuan made a decision on the Phase-2 construction of the "Two-year Solar PV Promotion Plan" in September 2019, aiming to add a total of 3.7GW capacity in 2019 and 2020 (1.5GW and 2.2GW respectively). They also aimed to increase the accumulated installed solar power capacity to 6.5GW in 2020, earn benefits that worth 222 billion from investments, and create 22 thousand work opportunities. There were three focuses in the plan. The first was industrial parks (including the Industrial Development Bureau, export processing zones, and science parks under the National Science and Technology Council), in which 479MW capacity would be installed. In addition to the new parks where solar photovoltaics facilities were installed on their roofs, the large power users should have these installations. The second was the agriculture, fishery, animal husbandry and electricity symbiosis. The government encouraged compound usage of animal barns to add 120MW capacity each year expectedly. The government also established dedicated agriculture and fishery demonstration areas. One of the areas, the agrivoltaic farm operated by Taiwan Sugar Corporation, had installed 163MW capacity. Another fishery and electricity area had installed 64MW capacity in Tainan and Chiayi. Finally, the central and local governments promoted green energy. For instance, Pingtung Government made a 2-year plan of installing 800MW capacity in the areas with serious land subsidence in 4 townships: Donggang, Linbian, Jiadong, and Fangliao. Tainan City Government also planned to install 150MW capacity each year on rooftops and lands that were available for the change of use.

In the past, when the government established energy policies and guidelines, it failed to request the power users to share the obligation of energy transition. According to Greenpeace's estimation, there are more than 14 million power users in Taiwan, but 5,000 or more of them consume up to 50% of the electricity, making the electricity consumption ratio imbalanced. However, the responsibility for the development of the energy falls upon the public sector and the whole people. This makes the development of the renewable energy even slower. As a result, the Ministry of Economic Affairs amended the "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" (known as the "Large Power User Regulations"), one of the subordinate law of the "Renewable Energy Development Act", in 2019. The amendment came into effect in January 2021. According to the Regulations, 10% of the compulsory green energy installations shall be completed within a 5-year grace period. Large power users that signed an contract of over 5,000KW capacity with Taiwan Power Company shall install 10% green energy capacity and at least 500KW compulsory capacity. A total of 508 customer numbers and over 300 enterprises are affected. The large power users may perform the obligation of renewable energy in 3 ways: either installing 10% contract capacity of renewable energy for "self-generation and self-use", installing energy storage equipment for self-use, or purchasing renewable energy electricity and certificate and paying monetary substitution. If large power users are to save money, the best way would be installing capacity by themselves, followed by the purchase of green electricity or certificate or energy storage equipment. Paying monetary substitution is the most expensive method. According to the Bureau of Energy's estimation, if all large power users install green electricity equipment, an investment of NT$ 60 billion in green electricity will be made to create 1.05GW (1GW) installed capacity.

To sum up, in response to the trend of global renewable energy development and the government's implementation of the plan of reaching 20GW solar capacity in 2025, the domestic constructors of solar plant systems have actively promoted ground-mounted solar plants, fishery and electricity symbiosis plants, and the "regulations for large power users." As a result, the system engineering have been significantly growing, and the development of the industry remains robust.

4. Competitive niche, favorable and unfavorable factors for future development and the countermeasures

A. Competitive niche and favorable factors

a. Recognized product quality and positive reputation in business

Heavy electrical products costs more and the technologies are more complicated, making the development of new products difficult. Once the customers select a specific brand, it will not be changed easily due to the limitation in system specifications. Thus, a stable customer base is favorable for future market expansion and maintenance. The distribution panels and other products that are manufactured by the Company in Taiwan have been approved by Taiwan Power Company. Especially, our 480V power centers and 6.9KV metal-clad switchgears are the models that make us the first approved and qualified manufacturer. In addition to being used by Taiwan Power Company, the products that are approved may increase the reputation of their own and further facilitate future competition on the market.

b. Being a technique and capital intensive industry and having greater obstacles for newcomers

The heavy electrical industries needs a larger amount of investments in equipment. Moreover, domestic manufacturers have developed technical collaboration with foreign companies for some time, accumulated techniques and experiences to a certain level, and earned a considerably high position in the manufacturing of all types of heavy electrical products. As a result, if new companies are to join the industry, they will most definitely face the issues of the high-cost investments in equipment and the shortage in technical talents. This industry have greater obstacles for new competitors; however, the Company has worked with well-known companies in Europe and obtained the sources of technologies, which makes us extremely competitive on the market.

c. Undertaking electric power system engineering and improvement of product related technologies and quality

The Group have undertaken overall electric power system engineering and been responsible for their design, planning, manufacturing and construction. We've accumulated certain abilities and skills for construction, and cultivated the capability to undertake foreign system engineering. Our construction of supervisory network for computers has been recognized by government-operated enterprises, such as Taiwan Power Company and the Directorate General of Telecommunications. This can facilitate the development of relevant products and markets.

(2) Disadvantages and countermeasures

a. Labor shortage and increase of labor costs

The rising labor costs and skilled manpower shortage result in the increase of the production costs. Heavy manual jobs assigned to the employees at the lower level, such as sheet metal working, coating, resin infusion, and welding, have run into a situation of labor shortage due to worse work conditions and the production capacity cannot be increased as a result.

Countermeasures:

· Install automated equipment for powder coating production, punch and die work, winding, etc., and establish semi-automated infusion equipment to significantly increase the percentage of the automation, reduce labor costs, and improve the production quality and efficiency.

· Introduce foreign workers via legal application procedures to overcome the difficulty in the shortage of labor needed in the worse work conditions.

· Enhance internal in-service training to improve employees' techniques and productivity.

· Improve our technical capability and seek capable subcontractors to increase added-value.

b. Impact of the internationalization and liberalization of the industries

It is the established policy of the government to open the market after economic liberalization and internationalization. Especially, since joining the WTO, tariff reduction and cancellation of the internal purchase ratio applicable to the government-operated enterprises have become inevitable. In this condition, domestic companies are in a situation where foreign companies are striving for the domestic market, and must think how to expand overseas markets.

Countermeasures:

· Actively collaborate with well-known foreign companies, such as SIEMENS AG, General Electric Company and Merlin Gerin to improve our technical skills.

· Improve the ability of self-production in Taiwan, localize the parts and components, and enhance our services to improve our competitiveness.

· Enhance our collaboration with the Industrial Technology Research Institute to improve R&D capabilities in Taiwan and establish self-owned technologies.

c. Low capital and risk capacity

The method of outsourcing in the heavy electrical engineering industry has changed to turnkey contracts. In addition to negotiating with banks for loans and asking them to support the working capital turnover, we should also increase the ratio of self-owned funds to make ourselves robust in the finance.

(II) Key applications and production processes of major products

1. Key application of major products

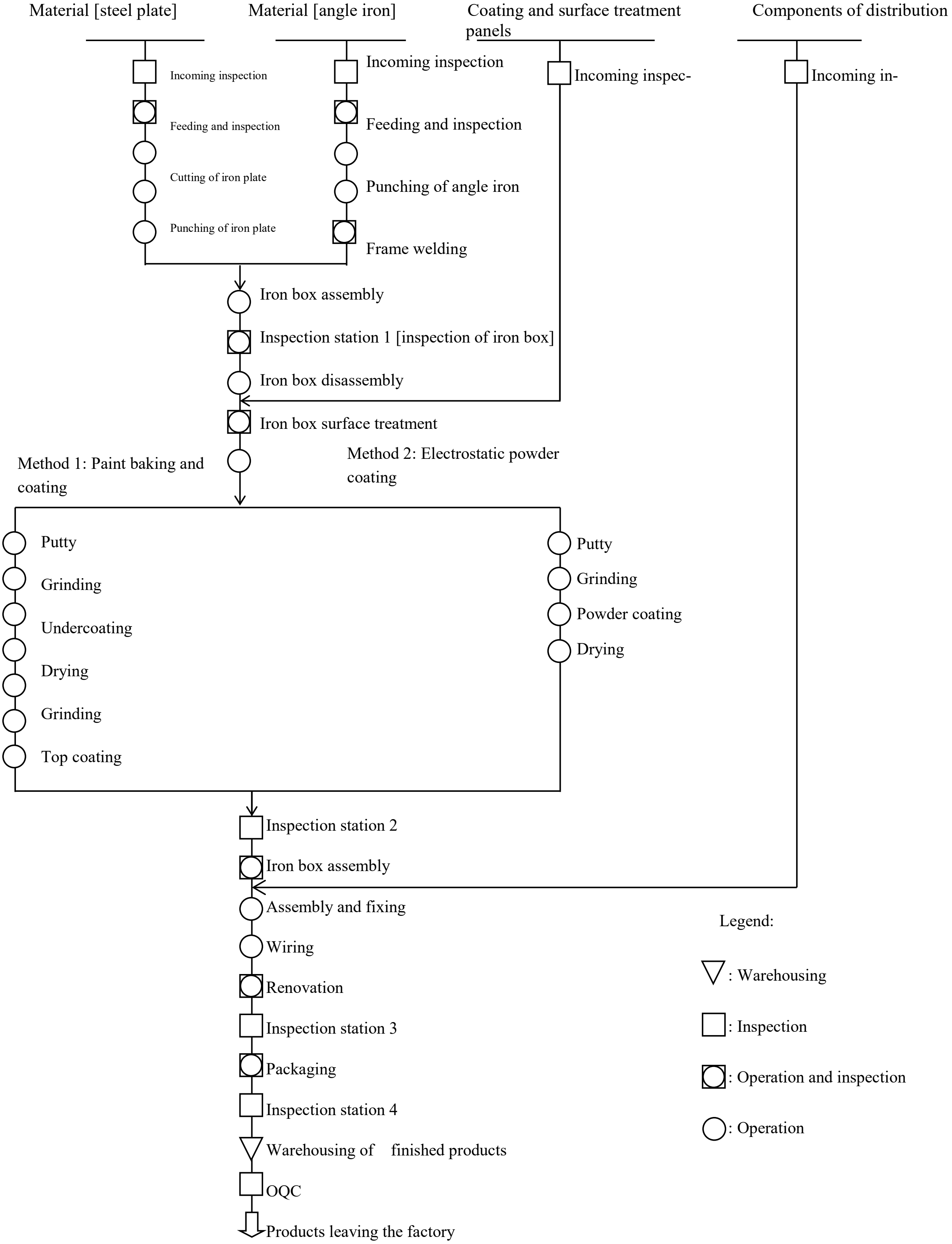
Product		Major application
System engineering		Turnkey construction of substations and for solar power generation and cogeneration; design and construction related to hydropower engineering.
Electro-mechanical equipment	Distribution panels	161KV and 23KV gas insulated switchgears; 23KV, 13.8KV, and 6.9KV metal-clad switchgears (MCSG); 480V power centers; 480V motor control centers; all types of high and low voltage distribution panels, starter panels and control panels, power generation, energy storage.
	Transformer	24KV molded voltage transformers; Pad-mounted transformers; pole type, sealed transformers; high and low voltage charging type potential transformers; current transformers; high and low voltage distribution panels; transformers; reactors; High voltage, direct current transformer/rectifier set (TR-SET) for electrostatic precipitation.
	Supervisory network	Unmanned substation construction; remote terminal unit (RTU); supervisory control and data acquisition (SCADA); management information system (MIS).
Solar Energy Engineering EPC		Power generation and retail business in solar plants
Other products		Product import, export and authorization agency business.

2. Manufacturing process of major products

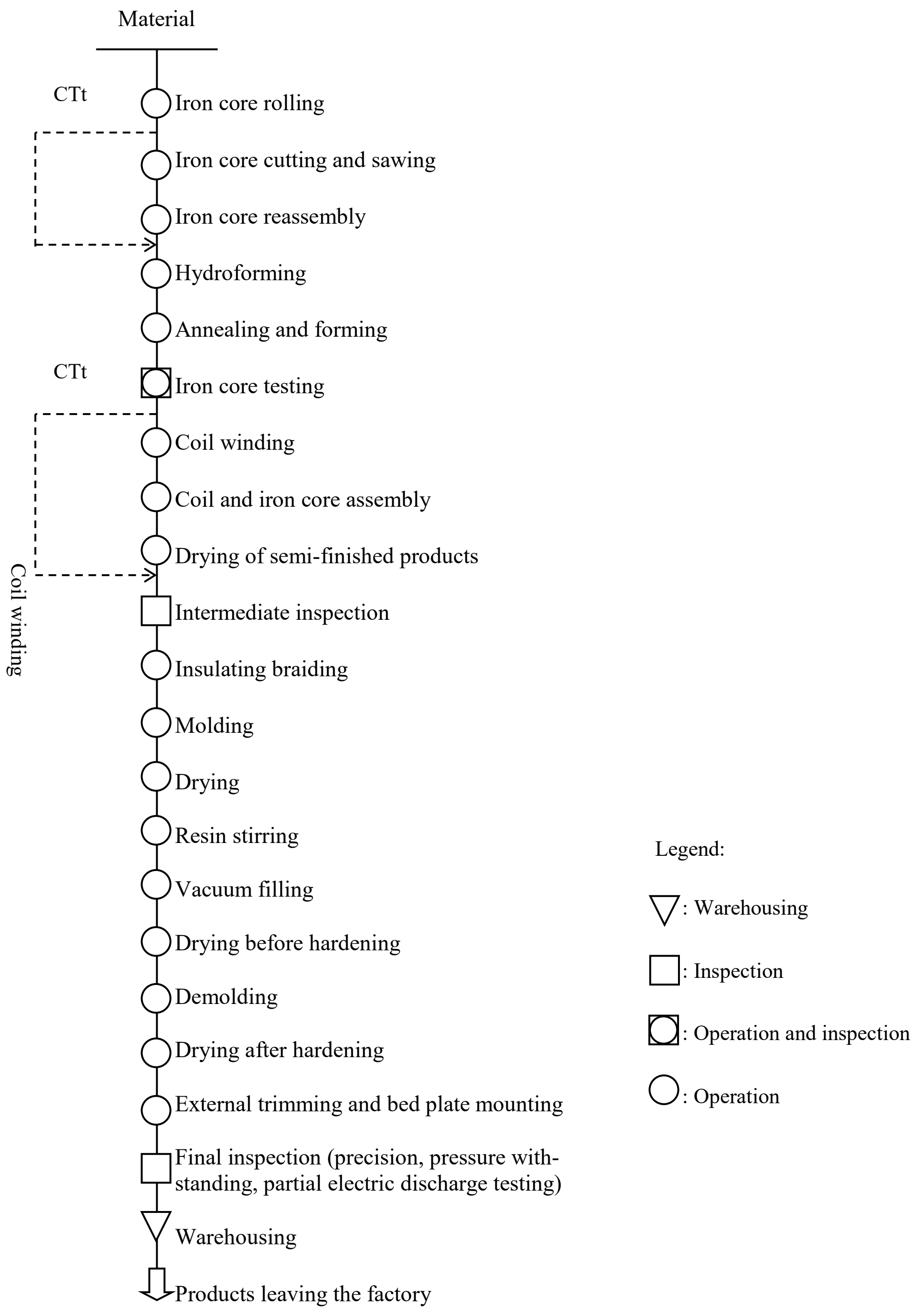
A.System engineering

The full designation of the system engineering is EPC ((Engineering, Procurement, Construction) of solar photovoltaic systems. It is mainly a form of service business that includes engineering, procurement and construction related to solar power plants. It mainly integrates civil engineering and electricity subcontractors to install PV modules, power conditioners (including inverters, system controllers, and protective devices for parallel connection), support stands, cables, wire distribution cabinets and electricity meters, and further reaches the efficiency needed for solar photovoltaic plants.

Manufacturing process of distribution panels



Manufacturing process of transformers



(III) Supply of major materials

<table>
<tr><th colspan="2">Name pf major product</th><th>Major material</th><th>Major source</th><th>Supply status</th></tr>
<tr><td colspan="2">System engineering</td><td>PV module, inverter, electric wire, cable, fire safety equipment, distribution panel and pipe fitting.</td><td>Self-manufacturing, self-import, agent and supplier</td><td>Good</td></tr>
<tr><td rowspan="4">Electro-mechanical equipment</td><td>Distribution panels</td><td>Switchgear, meter, relay, iron plate, electric wire, CT, PT circuit breaker, and copper bar</td><td>Self-manufacturing, self-import, agent and supplier</td><td>Good</td></tr>
<tr><td>Transformer</td><td>Stranded copper conductor, silicon steel sheet, insulating oil, resin, enameled wire, coil</td><td>Agent, self-importing and supplier</td><td>Good</td></tr>
<tr><td>Electrical engineering equipment</td><td>Stranded copper conductors, silicon steel sheet, insulating oil, resin, copper wire, resistor, iron core</td><td>Agent, self-importing and supplier</td><td>Good</td></tr>
<tr><td>Supervisory network</td><td>Computer, application software, peripheral equipment, electronic component</td><td>Agent, self-importing and supplier</td><td>Good</td></tr>
<tr><td colspan="2">Solar electricity retail</td><td>Sunshine</td><td>-</td><td>Good</td></tr>
</table>

(IV) Description of major changes in gross margin of each major products and department in the most recent two years (When the variation of the gross margin reaches 20% compared with the previous year, key factors that caused changes in the price and quantity and their impact on the gross margin shall be analyzed)

(1) Gross margin status of each major product and department in the most recent two years

Year	2022	2021	Remarks
System engineering	10%	28.86%	
Electromechanical equipment	15%	10.29%	
Solar electricity retail	30%	30.76%	
Others	15%	40.60%	
Total	43.00%	46.00%	

(2) If a construction company or a construction department, an analysis of the estimated operating income and gross profit to be recognized in the reporting year and the previous year for construction cases, indicating whether there are any abnormalities in the gross profit margin of each case and the estimated sales of completed projects that have not yet been sold: Not applicable.

(V) The name of the supplier (customer) that accounted for more than 10% of the total purchase (sales) amount in any of the most recent two years, the proportion of the purchase (sales) amount, and the reason for the changes

1 Information on major suppliers

Unit: NTD thousand

<table>
<tr><th rowspan="2">Item</th><th colspan="4">FY2022</th><th colspan="4">FY2021</th></tr>
<tr><th>Name of customer</th><th>Amount</th><th>Percentage in annual net purchase</th><th>Relationship with the issuer</th><th>Name of customer</th><th>Amount</th><th>Percentage in annual net purchase</th><th>Relationship with the issuer</th></tr>
<tr><td>1</td><td>Sel Tech Co., Ltd.</td><td>156,757</td><td>42.13</td><td>None</td><td>Sel Tech Co., Ltd.</td><td>99,160</td><td>69.97</td><td>None</td></tr>
<tr><td>2</td><td>Tongcheng Motor</td><td>26,675</td><td>7.17</td><td>None</td><td>Yi Solar Energy Technology Co., Ltd.</td><td>20,417</td><td>11.13</td><td>None</td></tr>
<tr><td>3</td><td>I Yuan</td><td>21,896</td><td>5.88</td><td>None</td><td>Dong Yang Mechanical and Electrical Engineering Co., Ltd.</td><td>17,097</td><td>0.60</td><td>None</td></tr>
<tr><td>4</td><td>Others</td><td>166,750</td><td>44.8</td><td>-</td><td>Others</td><td>74,079</td><td>18.30</td><td>-</td></tr>
<tr><td></td><td>Net purchase</td><td>372,082</td><td>100.00</td><td>-</td><td>Net purchase</td><td>210,753</td><td>100.00</td><td>-</td></tr>
</table>

In terms of the Company's purchases, procurement items and specifications in each construction project can be different, and the suppliers or subcontractors appointed by the constructors also varies. As a result, some of the subcontractors or PV module suppliers are of a single year, including Sel Tech Co., Ltd., Solargo Tech Co., Ltd., and Ejectt Inc. However, the Company has been collaborating with multiple major material suppliers and subcontractors, avoiding purchasing from a single supplier and further reducing the interference of sudden accidents. There has been no shortage in or suspension of supply that could affect our production. Thus, the sources of supply still remain stable.

2 Information on major customer of sales

Unit: NTD thousand

Item	FY2022				FY2021			
	Name of customer	Amount	Percentage in annual net purchase	Relationship with the issuer	Name of customer	Amount	Percentage in annual net purchase	Relationship with the issuer
1	Taiwan Power Company	80,431	54.8	None	Taiwan Power Company	136,535	42.08	None
2	Ching Tien Energy	28,679	19.54	None	Solargo Tech Co., Ltd.	95,130	29.32	None
3	Chao Hsing Energy Co., Ltd.	8,240	5.61	None	Chao Hsing Energy Co., Ltd.	41,070	12.66	None
4	YUAN-RON CO., LTD	4,572	3.12	None	En Chun Corp.	22,192	6.84	None
5	Others	24,859	16.97	-	Others	29,519	9.10	-
	Net sales	146,785	100	-	Net sales	32,446	100	-

The Luxe Green Energy Technology Group deals with the construction-service relationship between us and the owners in the form of a project. In contrast to the stable customer bases of the manufacturing industries, we have no fixed customer. When we undertake construction in any year, the income would mostly come from specific customers. This is the characteristic of the solar photovoltaic system engineering industry. We have undertaken construction projects for many years and the largest owner in each year was different. The sales is currently diversified and stable in structure, and there is no risk of concentration.

(V) Production volume and value in the most recent two years

Production value unit: NTD thousand

Year	FY2022			FY2021		
Production volume and value / Major product	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
System engineering (by project)	-	47	212,624	-	40	221,200
Electromechanical equipment (by set)	-	46	104,057	14,200	12,700	60,200
Solar electricity retailing (by GWh)	-	23,895	119,007	18,200	7,500	78,500
Others	-	0.99	11,136	-	45	6,000
Total	-	23,990	446,825	-	-	365,900

System engineering is one of the comprehensive turnkey construction services. There is no need for production capacity. There are various types of electromechanical equipment and transformer related products make the most contribution in percentage, followed by distribution panels and electrical engineering equipment. In recent years, the manufacturing of minor products has been outsourced. Other products are provided in the form of purchase, sales, maintenance or testing on behalf of others. There is no need for production capacity.

(VI) Sales volume and value in the most recent two years

Unit: NTD thousand

Year	FY2022				FY2021			
Sales volume and value	Domestic sale		International sale		Domestic sale		International sale	
Major product	Volume	Value	Volume	Value	Volume	Value	Volume	Value
System engineering (by project)	61	83,616	-	-	40	221,200	-	-
Electromechanical equipment (by set)	14	72,164	-	-	12,500	60,150	-	-
Solar electricity retailing (by GWh)	23,785	119,011	-	-	17,400	78,250	-	-
Others	51	6,725	-	-	42	5,800	-	
Total	23,911	281,519	-	-	-	365,400	-	-

III. Information on employees

Unit: person; year; age; %

FY		FY2022	FY2021	As of March 31, 2023 for the current year
Number of employees	Direct personnel	31	17	30
	Indirect personnel	30	28	33
	Total	61	45	63
Average age		42.15	40.58	42.45
Average years of service		3.78	4.68	3.9
Educational background	PhD	0%	0%	0%
	Master	5%	2%	3%
	Bachelor	67%	56%	67%
	Senior high school	28%	42%	30%
	Below senior high school	0%	0%	0%

IV. Information on environmental protection expenditure:

1. According to laws and regulations, if it is required to apply for a permit for installing pollution facilities or pollutant drainage, or to pay pollution prevention fees, or set up a dedicated unit or person for environmental issues, the description of the status of such application, payment or establishment shall be made:

   The business of the Group is mostly EPC of solar photovoltaics, and the Taoyuan Plant is currently engaged in the assembly of electromechanical equipment. None of our equipment is a stationary pollution source. Thus, the Company doesn't need to apply for a permit for installing pollution facilities or pollutant drainage, or to pay pollution prevention fees, or set up a dedicated unit or person for environmental issues.

2. The Company's investment in the major pollution prevention facilities, the purpose of such facilities, and the possible benefits to be generated: Not applicable.

3. The process in which the Group improved the environmental pollution in the most recent two years and up to the publication date of this annual report; if there have been any pollution disputes, the handling process shall also be described:

   The Group did not incurred any disputes due to environmental pollution in the most recent two years up to the publication date of this annual report.

4. The total losses and fines suffered by the Company due to environmental pollution (including any damages) in the most recent two years and up to the publication date, the countermeasures to be taken in the future (including improvement measures), and an estimate of possible expenses that could occur (including an estimated amount of possible losses, fines and damages for not taking any countermeasure; if a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided):

   The Group did not cause environmental pollution in the most recent two years up to the publication date of this annual report. So, this is not applicable.

5. The current condition of pollution and the impact of its improvement on the earnings, competitive position and capital expenditure of the Company, as well as the projected major environment-related capital expenditure for the next two years:

   The Group did not cause pollution issues and, thus, there was no major capital expenditure related to environmental protection.

V. Labor-management relations

1. The Company's employee welfare measures, continuing education, training, retirement systems and implementation status thereof, as well as labor-management agreements and employee rights protection measures

   Since the Company's establishment in 1978, we have upheld the principles of being "honest, faithful, diligent and harmonious" as our business philosophies. In addition to pursuing excellence and growth of the Company, we have made every effort to protect employees' rights, promote employee welfare, improve productivity, enhance services provided to employees, and facilitate labor-management harmony. Through all kinds of entertainment and leisure facilities and activities planned by the Employee Welfare Committee, the employees are able to relax physically and mentally at their spare time, and further make their life and work rich and comfortable. The directions are respectively described below:

(1) Employee welfare measures, training and continuing education:

A. The Company establishes the Employee Welfare Committee; Moreover, the welfare funds allocated in line with laws are managed by the Employee Welfare Committee under the government's supervision.

B. We organize large traveling activities for all employees and their families annually.

C. We arrange factory tours for the employees' families, make the Company a large family for employees and their families, promote the relationships and understanding between one another, and make them proud as one of the Company's members.

D. We take out group insurance to enhance the protection of the employees' life and leave them no worries at the workplace. In addition to labor and health insurance, we even take out accident insurance for employees.

E. Bonus: In recent years, the Company has faced difficulties in operation. As a result, there was less amount in the year-end bonus. As for individual projects, the bonus was only granted to the personnel making outstanding contribution.

F. Dividend: A certain ratio of earnings after tax was set aside as employee dividends.

G. Stock ownership of employees: We encourage the employees to become the boss of themselves in order to increase their involvement and sense of accomplishment. We share operating results with the employees.

H. Educational bonus for employees and their children: We encourage the employees and their children to make effort and achievement in their self-learning.

I. Employee training system: In response to the rapid change of technologies in the industry and the development of employees' personal capabilities, the Company continuously provides employees with various training of professional skills, knowledge, and attitude management to improve their professional skills, enhance their management abilities, and further achieve the mutual goals with the Company. At the same time, through the work and training, we combine the employees' personal career planning with the Company's goals to grow together.

J. Club activities: To encourage the employees to participate in appropriate leisure activities, the Company drives the employees to organize clubs of different kinds. The Employee Welfare Committee also provides subsidies and holds different club activities, competitions, and sessions related to art and life. In addition, the employees also participate in community activities to show their friendliness to the neighbors.

K. Dormitories and restaurants for employees: The Company provides accommodations for employees who live far from the Company to solve their accommodation problems. We also offer subsidies for most of the relevant expenses as a favor to employees.

L. Health care plans for employees: The Company has signed an employee health care contract with the Yeezen General Hospital to provide employees with health care consultations and regular free check-ups.

(2) Retirement system

A. To settle down the employees' life after retirement, the Company has established employee retirement guidelines in accordance with the requirements in the Labor Standards Act. For the allocation of pension for employees, the Company follows Article 2 of the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds. CTBC Bank Co., Ltd. is commissioned to make actuarial calculations according to SFAS No.18, "Accounting for Pensions." After calculation, the Company allocates pensions according to the amount stated in the actuarial report, hands the amount to the Labor Pension Fund Supervisory Committee, and put the amount into the dedicated account at Bank of Taiwan under the Committee's name. By doing so, the Company is able to protect the employees' rights.

B. The Company has established specific pension allocation guidelines that have been applicable to Taiwanese employees since July 1, 2005 in line with the "Labor Pension Act." We look into the labor pension system stated in the "Labor Pension Act" and choose the parts that are applicable to the employees. Every month, we allocate no less than 6% of total wages as employee pension, and contribute the amount to their personal accounts at the Bureau of Labor Insurance. As for the payment of employee pension, the employees may choose monthly or lump-sum payment according to the amount and accrued return in their personal pension accounts.

(3) Labor-management agreement

The Company highly values the employees' opinions and provides multiple channels for their reflections in order to promote labor-management communications and negotiations. For instance, we hold monthly meetings at each department and set up employee opinion boxes. Also, our managerial officers visit the employees' families irregularly to solve public and private issues for the employees. Not only that, we conduct opinion surveys on a regular basis to understand the employees' requirements on welfare and the Company's management. By doing so, the Company maintains good labor-management relations together with the employees.

2. Losses arising from labor-management disputes in the most recent years and up to the publication date of this annual report, disclosure of the estimated amount likely to be incurred currently and in the future, and countermeasures

   The Company has a harmonious labor-management relation.We exist alongside the employees,share our benefits with them, and treat them like CEOs. Since the Company's establishment in 1978, we have not suffered any losses due to labor-management disputes. The possibility of suffering any losses due to labor-management disputes in the future is expected to be extremely low.

VI. Important contracts:

Company name	Nature of contract	Party	Contract start/end date	Main content	Restrictive clauses
Luxe Electric Co., Ltd.	Procurement contract	Taiwan Power Company	From February 18, 2022 (period of 2 years)	Pavilion mounted voltage transformer	None
	Engineering contract	Star Energy Corporation	From the establishment date to the end of the warranty period	"Taiwan Power Company's new solar photovoltaic construction in the salt fields in Tainan" - Installation and performance testing of the solar photovoltaic systems in Area B and C. The total contract price agreed was NT$271,693 thousand.	(Note 1)
	Lease by tender agreement	Water Resources Bureau, Tainan City Government	9 years and 11 months since the date on which we first made parallel connection for distribution of electricity from Taiwan Power Company	Plan for solar power systems in the environment (waters and land) around the Kuan Shan detention basin in Tainan City. A minimum of NT$310 thousand as annual return (rent).	None
	Loan agreement	Kaohsiung Bank	September 12, 2022 - September 11, 2023	Banking facility: NT$450,000 thousand. Purpose: Operational Turnaround	(Note 2)
Sen-Hsin Energy Co., Ltd.	Power purchase (sale) agreement - Dasiangying 2.3.4	Taiwan Power Company - Pingtung Branch	July 17, 2019 - July 16, 2039	Purchase (sale) of 1,497.6KW capacity at NT$4.2802 per kWh.	None
	Loan agreement	Taiwan Cooperative Bank	November 17, 2019 - November 17, 2028	A long-term guaranteed loan of NT$15 million	None
			July 23, 2019 - July 23, 2033	A long-term guaranteed loan of NT$56.5 million loan	
			April 14, 2021 - April 14, 2035	A long-term guaranteed loan of NT$12.5 million loan	
			June 1, 2022 - June 1, 2037	A long-term guaranteed loan of NT$11.4 million loan	
	Loan agreement	Kaohsiung Bank	June 1, 2022 - June 1, 2034	A mid-term mortgage loan of NT$4,171,000 loan	(Note 3)
			February 15, 2022 - February 15, 2023	A short-term guaranteed loan of NT$15 million loan	
	Loan agreement	Bank SinoPac	Drawdown tenor: To October 31, 2019 Agreement period: Up to 15 years.	A long-term guaranteed loan of NT$43.65 million	
			From the activation date, agreement period: Up to 15 years.	A long-term guaranteed loan of NT$553,748 thousand	
			From the activation date to June 30, 2023	Performance guarantee of NT$23,004 thousand	
			From the activation date to March 19, 2031	Performance guarantee of NT$23,004 thousand	
			1 year from the date of activation	A short-term guaranteed loan of NT$192,000 thousand	
Chin Lai International Development Co., Ltd.	Loan agreement	Bank SinoPac	June 21, 2019 - June 21, 2034	A long-term guaranteed loan of NT$15.15 million	
			July 9, 2019 - July 9, 2034	A long-term guaranteed loan of NT$1,982 thousand	
			August 18, 2016 - February 18, 2029	A long-term guaranteed loan of NT$56.33 million	
		Kaohsiung Bank	111.06.01-118.02.28	A mid-term mortgage loan of NT$49,802,000 loan	None
			February 15, 2022 - February 15, 2024	A short-term guaranteed loan of NT$20 million loan	None

(Note 1) The contract between the Company and Xinneng has been completed and is pending acceptance by its owner, Taiwan Power Company.

(Note 2) Every site shall look into the DSCR (Debt Service Coverage Ratio) after officially generating electricity for a year. If the DSCR is less than 1.3 times, an additional reserve equal to the sum of the principal and interest shall be collected in the impound account; if it is less than 1.2 times, the contracting party may not draw any of the balance in the deposit account with the Bank, distribute cash dividend, or repay the debts for transactions with shareholders.

(Note 3) Every site shall look into the DSCR (Debt Service Coverage Ratio) after officially generating electricity for a year. If the DSCR is less than 1.1 times, the whole project shall be deemed as default and the Bank may require the borrower to pay off all or part of the loan at once.

Six.Overview of Finance

I. Condensed financial information for the most recent five years

(I) Condensed balance sheet and comprehensive income statement

Consolidated statement:

1. Condensed balance sheet - IFRS (Unit: NTD thousand)

Unit: NTD thousand

Item / Year		Financial information for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		467,944	881,543	579,466	987,251	1,016,402
Property, plant and equipment		198,746	647,934	631,046	604,868	701,749
Intangible assets		-	31,697	30,090	27,796	27,268
Other assets		277,726	314,905	386,984		1,253,709
Total assets		944,416	1,876,079	1,627,586	2,547,046	2,999,128
Current liabilities	Before distribution	203,266	517,080	243,589	439,301	455,473
	After distribution	190,072	469,096	195,605	439,301	455,473
Non-current liabilities		38,989	299,011	309,906	461,064	823,422
Total liabilities	Before distribution	242,255	816,081	553,495	900,365	1,278,895
	After distribution	229,061	768,097	505,511	900,365	1278,895
Attributable to the shareholder's equity of the parent company		702,161	1,059,998	1,074,091	1,642,314	1,660,020
Capital stock (Note 2)		659,680	959,680	959,680	1,359,680	1,454,858
Capital reserve		-	29,054	29,054	133,054	133,054
Retained earnings (to be used to make up losses)	Before distribution	42,481	71,264	85,357	149,593	72,302
	After distribution	29,287	23,280	37,373	1,262	NA
Other equity		-	-	-	(13)-	(194)
Treasury stock		-	-	-	-	-
Non-controlling equity		-	-	-	4,367-	60,213
Total equity	Before distribution	702,161	1,059,998	1,074,091	1,646,681	1,720,233
	After distribution	688,967	1,012,014	1,026,107	1,619,487	NA

Note 1: The above financial data for each period have been audited and certified by CPAs.

Note 2: The Company implemented a follow-on offering in cash and issued common shares that worth NT$400,000 thousand in 2021.

2. Comprehensive income - IFRS (Unit: NTD thousand)

Unit: NTD for earnings per share; NTD thousand for the rest

Year / Item	Financial information for the most recent five years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	412,573	793,729	609,148	324,446	281,520
Operating gross profit	76,447	77,831	108,771	149,189	119,722
Operating profit (loss)	38,589	40,710	64,350	106,434	74,992
Non-operating revenue and expenses	9,317	5,975	(3,014)	10,278	(18,733)
Net (loss) income before income tax	47,906	46,685	61,336	116,712	56,259
Net profit of continuing operations in current period	46,943	41,977	62,077	11,2783	46,434
Loss from discontinued operation	-	-	-	-	-
Net income (loss) in current period	46,943	41,977	62,077	112,783	46,434
Other current comprehensive income or loss (net amount after tax)	46,943	41,977	62,077	112,757	46,090
Total current comprehensive income or loss	46,943	41,977	62,077	112,757	46,090
Net profit attributable to owners of the parent	46,943	41,977	62,077	112,220	45,080
Net profit attributable to non-controlling equity	-	-	-	563	1354
Total comprehensive income attributable to owners of the parent	46,943	41,977	62,077	112,207	44,899
Total comprehensive income attributable to non-controlling equity	-	-	-	550	1,191
Earnings (losses) per share	0.71	0.53	0.65	1.03	0.31

Note 1: The year for which CPAs did not conduct audit or certification must be indicated.

Separate statement:

1. Condensed balance sheet - IFRS (Unit: NTD thousand)

Unit: NT$ '000

Item		Year: Financial information for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		349,135	682,832	340,258	747,846	628,590
Property, plant and equipment		101,651	128,977	123,354	129,178	149,590
Intangible assets		-	-	-	-	-
Other assets		438,410	776,117	840,301	1,074,411	1,354,449
Total assets		889,196	1,587,926	1,303,913	1,951,435	2,132,629
Current liabilities	Before distribution	185,452	516,414	204,046	286,551	294,784
	After distribution	172,258	468,430	156,062	286,551	NA
Non-current liabilities		1,583	11,514	25,776	22,570	177,825
Total liabilities	Before distribution	187,035	527,928	229,822	309,121	472,609
	After distribution	173,841	479,944	181,838	309,121	NA
Capital stock (Note 2)		659,680	959,680	959,680	1,359,680	1,454,858
Capital reserve		-	29,054	29,054	133,054	133,054
Retained earnings (to be used to make up losses)	Before distribution	42,481	71,264	85,357	149,593	72,302
	After distribution	29,287	23,280	37,373	27,222	NA
Other equity		-	-	-	(13)	(194)
Treasury stock		-	-	-	-	-
Non-controlling equity		-	-	-	-	-
Total equity	Before distribution	702,161	1,059,998	1,074,091	1,642,314	1,660,020
	After distribution	688,967	1,012,014	1,074,091	1,615,121	NA

Note 1: The above financial data for each period have been audited by CPAs.

Note 2: The Company implemented a follow-on offering in cash and issued common shares that worth NT$400,000 thousand in 2021.

2. Comprehensive income - IFRS (Unit: NTD thousand)

Unit: NTD for earnings per share; NTD thousand for the rest

Item \ Year	Financial information for the most recent five years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	350,413	743,575	546,409	253,508	146,785
Operating gross profit	68,792	60,676	82,919	122,142	48,298
Operating profit (loss)	33,267	27,686	51,710	88,857	12,074
Non-operating revenue and expenses	13,676	15,543	9,186	24,175	33,080
Net loss before tax	46,943	43,229	60,896	113,374	45,154
Net profit of continuing operations in current period	46,943	41,977	62,077	112,220	45,080
Loss from discontinued operation	-	-	-	-	-
Net income (loss) in current period	46,943	41,977	62,077	112,220	45,080
Other current comprehensive income or loss (net amount after tax)	46,943	41,977	62,077	112,220	45,080
Total current comprehensive income or loss	46,943	41,977	62,077	112,220	45,080
Earnings (losses) per share	0.71	0.53	0.65	1.03	0.31

Note 1: The above financial data for each period have been audited by CPAs.

(III) Matters of significance which affected the comparability of the above-mentioned financial statements, and the impact of these matters on the financial statements of the current year: None.

(IV) Names and audit opinions of CPAs for the most recent five years

1. Names and audit opinions of CPAs

Year	Name of CPA firm	Name of CPA	Reason of change	Audit opinions
2018	Deloitte Taiwan	Chi-Chen Li, Hung-Ju Liao	-	Unqualified opinion
2019	Deloitte Taiwan	Chi-Chen Li, Hung-Ju Liao	-	Unqualified opinion
2020	Deloitte Taiwan	Chi-Chen Li, Hung-Ju Liao	-	Unqualified opinion
2021	Baker Tilly Clock & Co	Yin-Lai Chou, Chia-Yu Lai	Operating needs	Unqualified opinion
2022	Baker Tilly Clock & Co	Yin-Lai Chou, Chia-Yu Lai	-	Unqualified opinion

II. Financial analysis for the most recent five years

IFRS (consolidated)

Analysis item (Note 3) \ Year			Financial analysis for the most recent five years (Note 1)				
			2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio		25.65	43.48	34.01	35.35	42.64
	Ratio of long-term capital to property, plant and equipment		371.35	202.22	219.32	348.46	362.47
Solvency	Current ratio (%)		230.21	170.48	237.89	224.73	223.15
	Quick ratio (%)		117.13	85.5	228.77	218.65	181.31
	Interest coverage ratio (time)		331.39	1,050.04	691.99	1243.34	642.21
Operating capacity	Receivables turnover (times)		5.00	4.21	2.60	1.72	2.12
	Average collection days		74	87	141	212.20	172.16
	Inventory turnover rate (times)		14.70	32.14	33.62	8.34	1.8
	Average inventory turnover days		25	12	11	43.76	202.77
	Property, plant and equipment turnover (times)		3	1.87	0.95	0.53	0.43
	Total assets turnover (times)		0.44	0.56	0.37	0.16	0.10
Profitability	Return on assets (%)		5.41	3.31	4.02	5.79	1.99
	Return on shareholders' equity (%)		6.92	4.84	5.82	8.29	2.76
	Percentage in paid-in capital (%)	Operating income	5.85	4.24	6.71	8.58	3.19
		Income before tax	7.26	4.94	6.39	34.76	3.87
	Net profit margin (%)		11.38	5.38	10.19	34.76	16.49
	Earnings per share (NTD)		0.71	0.54	0.65	1.03	0.31
Cash flow	Cash flow ratio (%)		6.08	(30.77)	112	54.42	(16.03)
	Cash flow adequacy ratio (%)		(87.74)	(97.95)	6.34	55.70	47.56
	Cash reinvestment ratio (%)		1.42	(10.79)	20.67	8.05	(3.39)
Leverage	Operating leverage		1.08	1.63	1.69	1.30	1.44
	Financial leverage		1.01	1.13	1.19	1.11	1.31
Reasons of the variation of more than 20% in the financial ratio in the most recent two years are explained below: The net cash outflow from operating activities in 2022 was lower than in recent years due to poorer operating capacity and profitability, mainly due to the fact that the solar project and the project of Taiwan Power Company were both under construction and ready for production, so profitability indicators were not as good as in the same period last year.							

IFRS (separate)

Analysis item (Note 3) \ Year		Financial analysis for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio	21.03	33	17.63	16	22
	Ratio of long-term capital to property, plant and equipment	690.76	822.41	881.85	1281	1217
Solvency	Current ratio (%)	188.26	132.23	166.76	260	213
	Quick ratio (%)	180.24	129.94	157.48	252	160
	Interest coverage ratio (time)	324.74	39.42	26.99	4038	377
Operating capacity	Receivables turnover (times)	2.06	4.07	2.60	2.27	1.31
	Average collection days	178	90	141	160	278
	Inventory turnover rate (times)	22.84	58.2	31.12	6.26	1.11
	Average inventory turnover days	16	7	12	58	328
	Property, plant and equipment turnover (times)	3.3	5.77	4.43	0.98	1.96
	Total assets turnover (times)	0.39	0.47	0.42	0.13	0.07

Profitability	Return on assets (%)		5.63	3.52	4.42	0.058	0.022
	Return on shareholders' equity (%)		6.92	4.84	5.82	0.068	0.027
	Percentage in paid-in capital (%)	Operating income	5.04	5.39	6.47	6.54	0.83
		Income before tax	7.12	6.35	6.35	8.34	3.10
	Net profit margin (%)		13.40	5.74	11.36	44	31
	Earnings per share (NTD) (Note 2)		0.71	0.53	0.65	0.94	0.31
Cash flow	Cash flow ratio (%)		(2.10)	(30.53)	89.40	75.62	(6.70)
	Cash flow adequacy ratio (%)		(62.90)	(50.86)	(57.99)	51.20	42.25
	Cash reinvestment ratio (%)		(0.47)	(14.13)	15.37	0.128	(0.31)
Leverage	Operating leverage		2.02	1.30	1.17	1.28	3.75
	Financial leverage		1.00	1.13	1.05	1.02	1.36
Reasons of the variation of more than 20% in the financial ratio in the most recent two years are explained below: The net cash outflow from operating activities in 2022 was lower than in recent years due to poorer operating capacity and profitability, mainly due to the fact that the solar project and the project of Taiwan Power Company were both under construction and ready for production, so profitability indicators were not as good as in the same period last year.							

Note 1: The financial data for the most recent five years have been audited by CPAs.

Note: The calculation formula for the financial analysis is described below:

1. Financial structure
   (1) Debt to asset ratio = total liabilities / total assets.
   (2) Long-term capital to fixed assets ratio = (net shareholders' equity + long-term liabilities) / net fixed assets.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period
3. Operating capacity
   (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
   (2) Average collection period = 365 / receivables turnover.
   (3) Inventory turnover = sales cost / average inventory amount.
   (4) Payables (include payable amounts and payable bills from operation) turnover = sales cost / average accounts payable in each period (include payable amounts and payable bills from operation) balance.
   (5) Average days in sales＝365 / inventory turnover.
   (6) Fixed assets turnover = net sales / net fixed assets.
   (7) Total assets turnover = net sales / total assets.
4. Profitability
   (1) Return on assets = [net profit (loss) after tax + interest expense x (1 - tax rate)] / average total assets.
   (2) Return on shareholders' equity = net profit (loss) after tax / average net shareholders' equity.
   (3) Net profit margin = net profit (loss) after tax / net sales.
   (4) Earnings per share = (net income - preferred dividends) / weighted average number of shares issued.
5. Cash flow
   (1) Cash flow ratio = cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operating activities in the most recent five years / (capital expenditure + inventory increase + cash dividends) in the most recent five years.
   (3) Cash flow reinvestment ratio = (cash flow from operating activities - cash dividends) / (gross fixed asset + long-term investments + other assets + operating capital).
6. Degree of leverage
   (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating income.
   (2) Degree of financial leverage = operating income / (operating income - interest expense).

III. The Audit Committee' Review Report on the financial statement of the most recent year

Audit Committee's Audit Report

The Board of Directors of the Company has prepared the FY2022 business report, financial statements, and earning distribution proposal, etc. The financial statements (balance sheet, statement of comprehensive income, statement of changes in shareholder's equity, and statement of cash flow) and the consolidated financial statements have been duly audited by the CPAs Yin-Lai Chou and Chia-Yu Lai of Baker Tilly Clock & Co authorized by the Board of Directors, and the audit report has been issued. We hereby further declare and confirm that the aforementioned business report, financial statements (including the consolidated statements), and proposed distribution of earnings have been further duly audited by us, the Audit Committee, and no nonconformities were found. We hereby issue this Report in accordance with Article 219 of the Company Act. Please review and approve.

Submitted to

FY2023 Shareholders' Meeting of the Company

Luxe Green Energy Technology Co.,Ltd.

Audit Committee Convener: Chen Chao-Lai

February 21, 2023

IV. Financial statement of the most recent year

Auditor's Report

NO.23861110A

LUXE GREEN ENERGY TECHNOLOGY CO., LTD.:

Audit Opinions

We have duly audited the parent company only accompanying parent company only balance sheets of Luxe Green Energy Technology Co., Ltd. (originally: Luxe Electric Co., Ltd) as of December 31, 2022 and 2021, as well as the accompanying parent company only statements of income, changes in equity and cash flows from January 1 to December 31, 2022 and 2021, and provided the related notes to the parent company only financial statements (including the summary of significant accounting policies).

In our opinion, the financial statements referred to above present fairly, in all material respects, the parent company only financial position of Luxe Green Energy Technology Co., Ltd. as of December 31, 2022 and 2021, and the results of its operations and its cash flows from January 1 to December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of audit opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the prevailing Generally Accepted Auditing Standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of financial statements" section in this report. We are independent of Luxe Green Energy Technology Co., Ltd., and our conduct our affairs is in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all other responsibilities thereunder. We believe that we have acquired sufficient and appropriate audit evidence to base our audit opinions.

Key audit matters

A key audit matter is one that, in our professional judgment, is most significant in relation to our audit of the parent company only financial statements of Luxe Green Energy Technology Co.,Ltd for FY2022. Such matters were addressed during the overall audit of the parent company only financial statements and the process of forming the audit opinions, and thus we did not provide opinions separately towards such matters.

The following is a summary of the key audit matters of the parent company only financial statements of Luxe Green Energy Technology Co.,Ltd in FY2022:

Construction contracts

As stated in Notes 4(13) and 6(18) to the parent company only financial statements, the Company's construction revenue for FY2022 amounted to NT$64,704 thousand, which accounted for 44% of the total net operating revenue and had a significant impact on the parent company only financial statements. The construction revenue of Luxe Green Energy Technology Co., Ltd. is recognized through the cost input ratio of project cost, based on the gradual satisfaction of performance obligations over time. In view of the fact that the estimated total cost of uncompleted construction projects and the construction cost invested will impact the accuracy of the recognition of construction revenue, we have included the area in the key audit matters of the year.

The major audit procedures we conducted for this key audit matter include:

I. Understanding and examining the effectiveness of the design and implementation of the internal control system related to the estimated total construction cost and the recognition of relevant construction revenue.

II. Sampling the construction project progress schedule, construction contracts and construction cost invested in the current period, and re-calculating the percentage of the completed construction, in order to verify the accuracy of the recognition of construction revenue.

Long-term construction work receivables involving any unsettled litigation

As disclosed in Notes 5, 6(11) and 9(3) to the parent company only financial statements, as of December 31, 2022, the long-term project receivables of Luxe Green Energy Technology Co.,Ltd amounted to NT$207,991 thousand (net of allowance for losses of NT$178,575 thousand and estimated late penalties). Because of the uncertain outcome of pending litigation, the recoverable amount of the long-term project receivables involves management's assumptions about the final judgment of the court. Accordingly, we have considered the above long-term receivables as a key audit matter.

The major audit procedures we conducted for this key audit matter include:

I. Review the recent verdict documents of the litigation and obtaining the legal confirmation of the appointed lawyer of the litigation to evaluate the reasonableness of the management's assumption.

II. Evaluate the completeness of the disclosure of this lawsuit by Luxe Green Energy Technology Co., Ltd.

Responsibility of the management and governance unit for the parent company only financial statements

The management was responsible for preparation of the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining the necessary internal control related to the preparation of the parent company only financial statements to ensure that the parent company only financial statements were free of material misstatements due to fraud or errors.

In preparing the parent company only financial statements, management's responsibility also includes evaluating the ability of Luxe Green Energy Technology, Co., Ltd. to continue as a going concern, the related disclosures, and the basis of accounting for going concern, unless management intends to liquidate Luxe Green Energy Technology, Co., Ltd. or to cease operations, or there is no practical alternative to liquidation or cessation of operations.

The governance unit (including the Audit Committee) of Luxe Green Energy Technology, Co., Ltd. assumes the responsibility of overseeing the financial reporting process.

CPA's responsibility for the audit of the parent company only financial statements

We audited the parent company only financial statements for the purpose of obtaining reasonable assurance about whether the parent company only financial statements were free of material misstatements due to fraud or errors and issuing an audit report. However, an audit performed in accordance with generally accepted auditing standards does not provide assurance that material misstatements in parent company only financial statements can be detected. The misstatements might be due to fraud or errors. If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the parent company only financial statements, the misstatements were deemed as material.

We conducted our audit in accordance with generally accepted auditing standards and applied our professional judgment and professional skepticism. We also performed the following works:

I. Identify and assess the risks of material misstatement of parent company only financial statements, whether due to fraud or error; design and implement appropriate policy responses to those risks; and obtain sufficient and appropriate evidence to form the basis of an opinion. Since fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, we did not find that the risk of misstatements due to fraud was higher than the same due to errors.

II. We obtained an understanding of the internal control relevant to our 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 internal control of Luxe Green Energy Technology Co., Ltd.

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

IV. Based on the evidence obtained, we have reached a conclusion as to the appropriateness of management's adoption of the going concern basis of accounting and whether there is any material uncertainty about events or circumstances that may cast significant doubt about the ability of Luxe Green Energy Technology Co., Ltd. to continue as a going concern. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the parent company only financial statements for the users to pay attention to relevant disclosure therein, or amend our audit opinions when such disclosure was inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where Luxe Green Energy Technology Co., Ltd. would no longer have the ability to function as a going concern.

V. We evaluated the overall presentation, structure and contents of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements presented relevant transactions and events fairly.

VI. We acquired sufficient and appropriate audit evidence with respect to the parent company only financial information of the entities comprising Luxe Green Energy Technology Co., Ltd. to provide opinions regarding the parent company only financial statements. We were responsible for instruction, supervision and implementation of the audit cases, as well as formation of the audit opinions on Luxe Green Energy Technology Co., Ltd.

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

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

We determined the key audit matters to be audited in the FY2022 parent company only financial statements of Luxe Green Energy Technology Co., Ltd. based on the matters communicated with the governance unit. Unless public disclosure of certain matters was prohibited by related laws or regulations or if, in very exceptional circumstances, we determined not to cover such matters in the audit report, as we could reasonably expect that the negative impact of the coverage was greater than the public interest brought thereby, we specified such matters in the audit report.

Baker Tilly Clock & Co

CPA:____________________

Yin-Lai Chou

CPA:____________________

Chia-Yu Lai

Approval No.: (1991) Tai-Tsai-Cheng (6) No. 53585

Jin-Guan-Zheng-Shen-Zi No. 1050043092

February 21, 2023

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Parent Company Only Balance Sheet

December 31, 2022 and 2021

Unit: NT$ '000

Assets		Notes	December 31, 2022		December 31, 2021	
Code	Accounting Item		Amount	%	Amount	%
11xx	Current assets					
1100	Cash	6(1)	$ 216,378	10	$ 504,942	26
1110	Financial assets measured at fair value through profit or loss - current	6(2) 6(25)	53,752	2	—	—
1136	Financial assets measured at amortized cost - current	6(3)	100,000	5	—	—
1140	Contract assets - current	6(18), 7	42,400	2	22,032	1
1150	Notes receivable	6(4)	1,310	—	7,256	—
1170	Accounts receivable	6(4)	28,752	1	12,584	1
1180	Accounts receivable - related parties	6(4), 7	—	—	172,979	9
1200	Other receivables		1,734	—	449	—
1210	Other receivables - related parties	7	168	—	208	—
1220	Income tax assets in current period	6 (23)	46	—	—	—
1310	Inventory	6(5)	155,415	7	24,041	1
1410	Prepayment	6(6)	23,756	1	799	—
1470	Other current assets	6(10)	4,879	—	2,556	—
11xx	Total current assets		628,590	28	747,846	38
15xx	Non-current assets					
1535	Financial assets measured at amortized cost - non-current	6(3)	55,643	3	72,854	4
1550	Investment under the equity method	6(7)	999,783	47	717,744	37
1600	Property, plant and equipment	6(8)	149,590	7	129,178	7
1755	Right-of-use assets	6(9)	15,924	1	8,484	—
1915	Prepayment for equipment purchase	6(6)	57,239	3	56,522	3
1920	Refundable deposit		17,869	1	8,607	—
1930	Long-term notes and accounts receivable	6(11)	207,991	10	207,991	11
1990	Other non-current assets		—	—	2,209	—
15xx	Total non-current assets		1,504,039	72	1,203,589	62
1xxx	Total assets		$ 2,132,629	100	$ 1,951,435	100

(Please refer to the notes to the parent company only financial statements)

(Continued on next page)

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Parent Company Only Balance Sheet (continued)

December 31, 2022 and 2021

Unit: NT$ '000

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
Code	Accounting Item		Amount	%	Amount	%
21xx	Current liabilities					
2100	short-term borrowings	6(12)	$ 182,840	9	$ 149,709	8
2130	Contract liabilities - current	6(17)	5,144	—	396	—
2150	Notes payable	6(14)	—	—	331	—
2170	Accounts payable	6(14)	70,632	3	15,518	1
2180	Accounts payable - related parties	6(14) and 7	19,554	1	103,852	5
2220	Other payables		11,095	1	12,509	1
2220	Other payables - related parties	7	52	—	—	—
2230	Income tax liabilities in current period	6 (23)	257	—	1,072	—
2250	Liability reserve - current		617	—	133	—
2280	Lease liabilities - current	6(9)	2,959	—	1,489	—
2270	Long-term borrowings maturing within one year	6(13)	1,182	—	1,104	—
2300	Other current liabilities		452	—	438	—
21xx	Total current liabilities		294,784	14	286,551	15
25xx	Non-current liabilities					
2540	Long-term borrowings	6(13)	161,523	8	12,604	1
2550	Liability reserve - non-current		2,151	—	2,546	—
2570	Deferred income tax liabilities	6 (23)	—	—	134	—
2580	Lease liabilities - non-current	6(9)	13,205	1	7,169	—
2645	Deposit received		946	—	117	—
25xx	Total non-current liabilities		177,825	9	22,570	1
2xxx	Total liabilities		472,609	23	309,121	16
3xxx	Equity	6(16)				
3110	Common share capital		1,454,858	68	1,359,680	69
3200	Capital reserve		133,054	6	133,054	7
3300	Retained earnings					
3310	Legal reserve		25,948	1	14,726	1
3320	Special reserve		13	—	—	—
3350	Undistributed earnings		46,341	2	134,867	7
3400	Other equity		(194)	—	(13)	—
3xxx	Total equity		1,660,020	77	1,642,314	84
	Total Liabilities and Equity		$ 2,132,629	100	$ 1,951,435	100

(Please refer to the notes to the parent company only financial statements)

Chairman: Chen Chien-JenPresident: Chen Lien-TsungChief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Parent Company Only Statement of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: NT$ ‘000

Code	Item	Notes	FY2022			FY2021		
			Amount		%	Amount		%
4100	Net operating revenue	6(18)	$	146,785	100	$	253,508	100
5000	Operating costs			(98,487)	(67)		(131,323)	(52)
5900	Operating gross profit			48,298	33		122,185	48
5910	Unrealized sales profit			—	—		(43)	—
5920	Realized sales profit			37	—		—	—
5950	Gross profit (net)			48,335	33		122,142	48
6000	Operating expenses							
6100	Marketing expense			(7,704)	(5)		(5,955)	(2)
6200	Administrative expense			(25,805)	(18)		(23,631)	(9)
6300	R&D expense			(2,752)	(2)		(3,890)	(2)
6450	Profit from reversal of expected credit impairment			—	—		191	—
6000	Total operating expense			(36,261)	(25)		(33,285)	(13)
6900	Net operating profit			12,074	8		88,857	35
7000	Non-operating revenue and expenses	6(19)						
7100	Interest income			840	1		357	—
7010	Other revenue			3,769	2		9,477	4
7020	Other profits and losses			(562)	—		3,103	1
7050	Financial cost			(3,220)	(2)		(2,229)	(1)
7070	Share of profit/loss of subsidiaries under the equity method			32,253	22		13,809	5
7000	Total non-operating revenue and expense			33,080	23		24,517	9
7900	Net profit before tax			45,154	31		113,374	44
7950	Income tax expense	6 (23)		(74)	—		(1,154)	—
8200	in current period			45,080	31		112,220	44
8300	Other comprehensive income							
8310	Items not reclassified to profit or loss							
8316	Unrealized valuation loss on investments in equity instruments measured at fair value through other comprehensive income			(194)	—		—	—
8360	Items able to be reclassified as profit or loss in the future							
8361	Exchange difference from conversion of financial statements of foreign operations			13	—		(13)	—
8399	Income tax related to titles potentially being reclassified			—	—		—	—
8500	Total current comprehensive income or loss		$	44,899	31	$	112,207	44
	Earnings per share (NT$)	6(17)						
9750	Basic		$	0.31		$	0.94	
9850	Diluted		$	0.31		$	0.94	

(Please refer to the notes to the parent company only financial statements)

Chairman: Chen Chien-JenPresident: Chen Lien-TsungChief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Parent Company Only Statement of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: NT$ ‘000

Code	Item	Common share capital	Capital reserve	Retained earnings			Other equity items		Total equity
				Legal reserve	Special reserve	Undistributed earnings	Exchange difference from conversion of financial statements of foreign operations	Unrealized valuation loss on financial assets measured at fair value through other comprehensive income	
A1	Balance as of January 1, 2021	$ 959,680	$ 29,054	$ 8,518	$ –	$ 76,839	$ –	$ –	$ 1,074,091
B1	Legal reserve	–	–	6,208	–	(6,208)	–	–	–
B5	Cash dividend for shareholders	–	–		–	(47,984)	–	–	(47,984)
D1	in current period	–	–	–	–	112,220	–	–	112,220
D3	Other comprehensive income in current period	–	–	–	–	–	(13)	–	(13)
D5	Total current comprehensive income or loss	–	–	–	–	112,220	(13)	–	112,207
E1	Follow-on offering	400,000	104,000	–	–	–	–	–	504,000
Z1	Balance on December 31, 2021	1,359,680	133,054	14,726	–	134,867	(13)	–	1,642,314
B1	Provision for legal reserve	–	–	11,222	–	(11,222)	–	–	–
B3	Provision for special reserve	–	–		13	(13)	–	–	–
B5	Cash dividend for shareholders	–	–	–	–	(27,193)	–	–	(27,193)
B9	Common stock dividends	95,178	–	–	–	(95,178)	–	–	–
D1	in current period	–	–	–	–	45,080	–	–	45,080
D3	Other comprehensive income in current period	–	–	–	–	–	13	(194)	(181)
D5	Total current comprehensive income or loss	–	–	–	–	45,080	13	(194)	44,899
Z1	Balance as of December 31, 2022	$ 1,454,858	$ 133,054	$ 25,948	$ 13	$ 46,341	$ –	$ (194)	$ 1,660,020

(Please refer to the notes to the parent company only financial statements)

Chairman: Chen Chien-JenPresident: Chen Lien-TsungChief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Parent Company Only Cash Flow Statement

January 1 to December 31, 2022 and 2021

Unit: NT$ '000

Code	Item	FY2022	FY2021
AAAA	Cash flow from operating activities:		
A10000	Pre-tax net profit in current period	$ 45,154	$ 113,374
A20010	Income and expense items:		
A20100	Depreciation expense	10,208	8,592
A20300	Loss (profit) from expected credit impairment	—	(191)
A20900	Financial cost	3,220	2,229
A21200	Interest income	(840)	(357)
A22400	Share of profit/loss of subsidiaries under the equity method	(32,253)	(13,809)
A22500	Loss (profit) from disposal of property, plant, and equipment	21	(342)
A23100	Disposal of investment interests	(250)	—
A23900	Unrealized sales profit	—	43
A24000	Realized sales profit	(37)	—
A29900	Profit from lease changes	(12)	—
A30000	Changes in assets/liabilities related to operating activities		
A31125	Contract assets	(20,368)	88,542
A31130	Notes receivable	5,946	58,949
A31150	Accounts receivable	(16,168)	95,101
A31160	Accounts receivable - related parties	172,979	(172,537)
A31180	Other receivables	(1,345)	(300)
A31190	Other receivables - related parties	40	2
A31200	Inventory	(131,374)	(6,058)
A31230	Prepayment	(22,957)	137
A31240	Other current assets	(2,323)	(2,341)
A32125	Contract liabilities	4,748	19
A32130	Notes payable	(331)	331
A32150	Accounts payable	55,114	(56,175)
A32160	Accounts payable - related parties	(84,298)	103,818
A32180	Other payables	(1,714)	2,852
A32190	Other payables - related parties	52	—
A32200	Liability reserve	89	(722)
A32230	Other current liabilities	14	22
AAAA	Cash inflow (outflow) from operations	(16,685)	221,179
A33100	Interest received	900	293
A33300	Interest paid	(2,920)	(4,832)
A33500	Income tax returned	(1,069)	52
AAAA	Net cash inflow (outflow) from operating activities	(19,774)	216,692

(Continued on next page)

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Parent Company Only Cash Flow Statement (continued)

January 1 to December 31, 2022 and 2021

Unit: NT$ ‘000

Code	Item	FY2022	FY2021
BBBB	Cash flow from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	$ (82,789)	$ –
B00050	Disposal of financial assets measured at amortized cost	–	7,438
B00100	Acquisition of financial assets at fair value through profit or loss	(53,752)	–
B01800	Acquisition of investment under the equity method	(230,000)	–
B02200	Acquisition of subsidiaries	(63,000)	(183,972)
B02300	Disposal of subsidiaries	1,500	–
B02400	Capital reduction of investee company and return of share capital recognized under the equity method	30,000	–
B02700	Acquisition of property, plant, and equipment	(18,821)	(11,838)
B02800	Disposal of property, plant, and equipment	45	355
B03700	Increase in refundable deposit	–	(1,502)
B03800	Decrease in refundable deposit	(9,262)	–
B07100	Increase in prepayment for equipment	(7,674)	(49,870)
B07600	Dividend received	11,820	9,560
BBBB	Net cash outflow from investing activities	(421,933)	(229,829)
CCCC	Cash flow from financing activities		
C00100	Increase in short-term borrowings	33,131	30,000
C01600	Borrowing of long-term borrowings	148,997	–
C01700	Repayment of long-term borrowings	–	(1,104)
C03000	Increase in deposit received	829	–
C03100	Decrease in deposits received	–	(400)
C04020	Repayment of principal for lease liabilities	(2,621)	(2,547)
C04500	Allocation of cash dividends	(27,193)	(47,984)
C04600	Follow-on offering	–	504,000
CCCC	Net cash inflows from financing activities	153,143	481,965
EEEE	(Decrease) increase in cash and cash equivalents for the period	(288,564)	468,828
E00100	Cash balance at beginning of period	504,942	36,114
E00200	Cash balance at ending of period	$ 216,378	$ 504,942

(Please refer to the notes to the parent company only financial statements)

Chairman: Chen Chien-JenPresident: Chen Lien-TsungChief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Notes to the Parent Company Only Financial Statements

December 31, 2022 and 2021

(Amounts in NT$'000 unless otherwise specified)

I. Corporate history

Luxe Green Energy Technology Co., Ltd.(Originally: Luxe Electric Co., Ltd), hereinafter referred to as the "Company", was established on April 22, 1978, and is engaged in the design, manufacture, installation and sale of high and low voltage distribution panels, various electrical and electronic equipment (including transformers), and various electrical and photovoltaic plant engineering contracts.

The Company's stock was listed for trading on the Taiwan Stock Exchange on September 11, 2000.

The parent company only financial statements are presented with the functional currency (NT$) of the Company.

II. Date and Procedure for Approval of Financial Statements

This parent company only financial report was issued on February 21, 2023, after being presented to the Board of Directors.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) First-time application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) (hereinafter referred to as "IFRSs") endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC") and issued into effect.

The application of the amended IFRSs approved and issued by the FSC has no significant impact on the Company's financial position and financial performance.

(II) IFRSs recognized by the FSC in 2023

Newly Announced/Amendments/Revised Standards and Interpretations	Effective Date of IASB Pronouncements
Amendments to IAS 1, "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12, "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction".	January 1, 2023 (Note 3)

Note 1: The application of this amendment is applicable to deferments for annual reporting periods beginning after January 1, 2023.

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

Note 3: This amendment applies to transactions occurring after January 1, 2022 (the beginning of the earliest period presented), except for the recognition of deferred income taxes on temporary differences for lease and decommissioning obligations as of January 1, 2022 (the beginning of the earliest period presented).

As of the date of adoption of this parent company only financial report, the Company is continuing to evaluate the impact of the above amendments on its financial position and financial performance of the Company. The related impacts will be disclosed upon completion of the evaluation.

(III) IFRSs issued by the IASB but not yet endorsed by the FSC and therefore not yet effective

Newly Announced/Amendments/Revised Standards and Interpretations	Effective Date of IASB Pronouncements (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Not yet determined
Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback Transactions".	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current".	January 1, 2024
Amendments to IAS 1, “Non-current Liabilities with Contractual Terms".	January 1, 2024

Note 1: Unless otherwise specified, the above new/amended/revised standards or interpretations are effective for annual periods beginning after the respective dates.

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

As of the date of adoption of this parent company only financial report, the Company is continuing to evaluate the impact of the above amendments on its financial position and financial performance of the Company. The related impacts will be disclosed upon completion of the evaluation.

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

The financial statements have been prepared on the historical cost basis, except for financial instruments carried at fair value.

Fair value measurements are classified into Level 1 to Level 3 based on the degree of observability and significance of the relevant inputs:

1. Level 1 inputs: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
2. Level 2 inputs: Inputs other than those quoted in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs: Unobservable inputs for assets or liabilities.

When preparing its parent company only financial statements, the Company prepares its financial statements using the equity method for its investments in subsidiaries. In order to make the current income, other comprehensive income and equity in the parent company only financial statements consistent with the current income, other comprehensive income and equity attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the parent company only basis and the consolidated basis are adjusted for "investments accounted for under the equity method", "share of profit or loss of subsidiaries, affiliates and joint ventures accounted for under the equity method", "share of other comprehensive income and loss of subsidiaries, affiliates and joint ventures accounted for under the equity method" and related equity items.

(III) Criteria for distinguishing current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash (excluding those restricted for exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months of the balance sheet date, and
3. Liabilities for which the maturity date cannot be unconditionally extended to at least 12 months after the balance sheet date.

Liabilities that are not current assets or current liabilities are classified as noncurrent assets or noncurrent liabilities.

The Company engages in construction projects with a business cycle longer than one year. Therefore, assets and liabilities related to construction projects are classified as current or noncurrent based on the normal business cycle.

(IV) Foreign Currency

When preparing the Company's parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currency at the exchange rates prevailing on the transaction dates.

Monetary items denominated in foreign currencies are retranslated at the end of each reporting period at the spot rate on that date, with the exchange differences recognized in profit or loss in the period in which they occur.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are recognized in profit or loss of the current period, except for those changes in fair value that are recognized in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

During preparation of the parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT$ at the exchange rate on the end date of the reporting period. Income and expense items are translated at average exchange rates for the period, and the resulting exchange differences are included in other comprehensive income and accrued in the financial statements of foreign operating companies translated under the equity method.

(V) Inventory

Inventories consist of raw materials, finished goods and work-in-process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances less estimated costs to complete and estimated costs to complete the sale. The cost of inventories is calculated using the weighted-average cost (WAC) method.

(VI) Investments Accounted For Using the Equity Method

The Company adopts the equity method to account for its investments in subsidiaries, which are entities over which the Company has control.

Under the equity method, investments are recognized initially at cost and the carrying amount of the investment after acquisition is adjusted for any increase or decrease in the Company's share of the profit or loss of the subsidiary and other comprehensive income or loss and profit distribution. In addition, changes in the Company's other equity interests in subsidiaries are recognized in proportion to the Company's ownership interest.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

The Company assesses impairment by comparing the recoverable amount of a cash-generating unit with its carrying amount using the financial statements as a whole. If the recoverable amount of an asset subsequently increases, the reversal of the impairment loss is recognized as a gain, provided that the carrying amount of the asset after the reversal of the impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, less amortization.

Unrealized gains or losses on downstream transactions with subsidiaries are eliminated in the parent company only financial statements.

(VII) Property, Plant and Equipment

The property, plant, and equipment are recognized on the basis of the cost and subsequently measured based on the cost net of accumulated depreciations and accumulated impairment losses.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss when the property, plant and equipment is derecognized, except for the land owned, which is not depreciated.

(VIII) Impairment of Property, Plant and Equipment and Right-of-Use Assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, and right-of-use assets may be impaired. If there is any indications of such impairments, the recoverable amount of the assets is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of depreciation) that would have been determined had the impairment loss not been recognized in prior years. Reversals of impairment losses recognized in profit or loss.

(IX) Financial Instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheets when the Company becomes a party to the contractual provisions of the instrument.

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

(X) Financial Assets

Regular transactions of financial assets are recognized and derecognized using trade date accounting.

1. Types of measurements

The types of financial assets held by the Company are financial assets measured at fair value through profit or loss and financial assets measured at amortized cost.

(1) Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are measured at fair value with dividends, interest and gains or losses from remeasurements recognized in other gains and losses. Please refer to Note 6(25) for the determination of fair value.

(2) Financial assets carried at amortized cost

The Company's investment in financial assets is classified as financial assets carried at amortized cost if both of the following conditions are met:

A. The financial assets are held under an operating model whose objective is to hold financial assets for contractual cash flows; and

B. The contractual terms result in cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortized cost (including cash, accounts receivable at amortized cost, notes receivable, other receivables, long-term notes and accounts receivable, and refundable deposits) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

2. Impairment of Financial Assets and Contract Assets

The Company assesses impairment losses on financial assets (including accounts receivable) and contract assets measured at amortized cost at each balance sheet date based on expected credit losses.

An allowance for impairment is recognized for accounts receivable and contract assets based on the expected credit loss over the life of the asset. Other financial assets are evaluated to determine whether there has been a significant increase in credit risk since initial recognition. If there is no significant increase in credit risk, an allowance for loss is recognized based on the expected credit loss over 12 months, and if there is a significant increase in credit risk, an allowance for loss is recognized based on the expected credit loss over the expected lifetime of the asset.

Expected credit losses are the weighted-average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date, while the expected credit loss over the life of the financial instrument represents the expected credit loss arising from all possible defaults during the expected life of the instrument.

For internal credit risk management purposes, the Company determines, without considering the collaterals held, that a default on a financial asset has occurred under the following circumstances:

(1) Any internal or external information indicating that it is impossible for a debtor to pay off the debts.

(2) Debts are overdue for more than 180 days unless there is reasonable and supportable information indicating that a delayed default basis is more appropriate.

The carrying amount of all financial assets is reduced by an allowance account.

3. Derecognition of Financial Assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises. When a financial asset is derecognized, the difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss.

(XI) Financial Liabilities and Equity Instruments

1. Classification of financial liabilities or equity instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

2. Equity instruments

An equity instrument is a contract that recognizes the Company's remaining interest in an asset less all of its liabilities. Equity instruments issued by the Company are recognized at the acquisition price less direct issuance costs.

3. Subsequent measurement of financial liabilities

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

4. Derecognition of financial liabilities

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

(XII) Provisions

The amount recognized as a provision is the best estimate of the amount required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties of the obligation.

Warranty provisions under the construction contract is the best assessment with respect to the obligations of the management in the reimbursement to the Company. It is recognized when an income is recognized.

(XIII)Revenue Recognition

After the Company identifies performance obligations under customer contracts, the transaction price is apportioned to each performance obligation and revenue is recognized when each performance obligation is satisfied.

1. Merchandise sales revenue

Revenue from merchandise sales is derived from the sale of electrical equipment. When the electrical equipment is inspected and delivered to the designated location, the customer has the right to set the price and use the product and has the primary responsibility for reselling it, and assumes the risk of obsolescence of the merchandise. The Company recognizes revenue and accounts receivable at that point in time.

2. Construction revenue

For construction contracts that are under the control of the customer during the construction process, the Company recognizes revenue using the percentage of completion method. The Company measures the percentage of completion based on actual construction progress. The Company recognizes contract assets over time during the construction process and reclassifies them as accounts receivable upon billing. If the amount received exceeds the amount of revenue recognized, the difference is recognized as a contract liability.

3. Electricity sales revenue

Revenues from electricity sales are based on the actual kilowatt hours generated and the rates agreed with Taiwan Power Company.

4. Service revenue

The service revenue is derived from the subcontracting services of power plant works. Since the performance obligation and risk related to the power plant works have been transferred to the subcontractors, the Company provides subcontracting services as an agent and recognizes the revenue based on the actual progress of the works carried out by the subcontractors.

(XIV) Leases

The Company assesses whether a contract is (or contains) a lease at the inception date of the contract.

For contracts with lease and non-lease components, the Company apportions the consideration in the contracts on the basis of separate prices and treats them separately.

1. Where the Company is the lessor

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

Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred to acquire an operating lease is added to the carrying amount of the underlying asset and recognized as an expense over the lease term on a straight-line basis.

2. Where the Company is the lessee

Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases except for leases of low-value subject assets to which recognition exemptions apply and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost (including the original measurement of the lease liability, lease payments made prior to the lease commencement date less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with adjustments for remeasurement of the lease liability. Right-of-use assets are presented separately in the parent company only balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life or the end of the lease term.

Lease liabilities are measured initially at the present value of the lease payments. If the interest rate implied by the lease is readily determinable, lease payments are discounted using that rate. If the interest rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is allocated over the lease term. Lease liabilities are presented separately on parent company only balance sheets.

Rentals under leases that do not depend on changes in indices or rates are recognized as expenses in the period in which they are incurred.

(XV) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are included as part of the cost of that asset until substantially all of the activities necessary to bring the asset to its intended use or sale have been completed.

Investment income earned on specific borrowings that are temporarily invested prior to the incurrence of qualifying capital expenditures is deducted from the cost of borrowings eligible for capitalization.

Except for the above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(XVI)Employee Benefits

1. Short-term employee benefits

   Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Postemployment benefits

   Defined contribution pension plan benefits are recognized as an expense over the period of service rendered by employees.

(XVII)Income Taxes

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

   The Company determines the current income (loss) based on the regulations of each jurisdiction in which the Company files income tax returns and calculates the amount of income tax payable (recoverable).

   Income tax on undistributed earnings is recognized in the year when the shareholders' meeting is held.

   Adjustments to prior years' income tax payable are included in the current period's income tax.

2. Deferred income tax

   Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.

   Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the temporary differences and loss carryforwards can be utilized.

   The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets are reviewed at each balance sheet date and the carrying amount is increased to the extent that it is more likely than not that sufficient tax assets will be available to allow recovery of all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income taxes

Current and deferred income taxes are recognized in profit or loss.

V. Significant Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty

In applying accounting policies, the Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other relevant factors when the information is not readily available from other sources. Actual results may differ from those estimates.

Management reviews estimates and underlying assumptions on an ongoing basis. Revisions to estimates are recognized in the period in which they are made if they affect only the current period, or in the period in which they are made if they affect both the current and future periods.

Key sources of estimation and assumption uncertainty:

Long-term construction work receivables involving any unsettled litigation

As of December 31, 2022 and 2021, the Company had uncollected long-term construction receivables of NT$207,991 thousand (net of allowance for losses of NT$178,575 thousand and estimated overdue penalties) in prior years. Due to the pending litigation with Taiwan Power Company, the recovery of the project amount is subject to future court decisions. If the outcome of a future court judgment differs materially from the estimated amount of the impairment loss, the amount of the difference is recognized in profit or loss in the year of the judgment.

VI. Description of significant accounting items

(I) Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 138	$ 138
Bank deposits	216,240	504,804
Total	$ 216,378	$ 504,942

(II) Financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets - current		
Non-derivative financial assets		
Domestic listed (Over-the-Counter) stocks	$ 53,752	$ –

(III) Financial assets measured at amortized cost

		December 31, 2022		December 31, 2021
Current				
Pledged time deposits with an original maturity of more than 3 months	$	100,000	$	—
Non-current				
Pledged time deposits with an original maturity of more than 3 months	$	55,643	$	70,574
Reserve Account		—		2,280
Total	$	55,643	$	72,854

As of December 31, 2022 and 2021, the interest rate range of the time deposit with an initial maturity date over 3 months was 0.34% to 0.88% and 0.06% to 1.09%, respectively.

For information on pledges of financial assets measured at amortized cost, see Note 8.

(IV) Notes receivable, accounts receivable and overdue receivables.

		December 31, 2022		December 31, 2021
Notes receivable				
Measured at post-amortized cost	$	1,310	$	7,256
Accounts payable (including to related parties)				
Measured at post-amortized cost				
Total carrying amount	$	28,791	$	185,602
Less: Allowance for losses		(39)		(39)
Total	$	28,752	$	185,563
Overdue receivables				
Due to business operations	$	10,552	$	10,552
Less: Allowance for losses		(10,552)		(10,552)
Total	$	—	$	—

1. The average credit period for merchandise sales ranges from 30 to 180 days, and accounts receivable are non-interest-bearing. The Company's policy is to deal only with creditworthy customers.

The Company recognizes an allowance for losses on accounts receivable on the basis of expected credit losses over the life of the receivable. The expected credit losses for the duration of the period are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition and industry outlook. Because the Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the allowance matrix does not further differentiate between customer groups and only uses the number of days of aging on the accounts receivable establishment date to determine the expected credit impairment rate.

If there is evidence that the counter-party is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, for example, if the counter-party is in liquidation or the debt has been outstanding for more than 720 days, the Company reclassifies the amount as an overdue receivable and recognizes an allowance for loss, but continues its collection activities and recognizes the amount recovered in profit or loss.

2 The Company measures the allowance for losses on notes and accounts receivable based on the allowance matrix as follows

December 31, 2022

	Less than 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 days or more	Total
Loss from expected credit impairment	－%	－%	1.79%	2%	50%	
Total carrying amount	$ 20,574	$ 7,353	$ 2,174	$ －	$ －	$ 30,101
Allowance for losses (expected credit losses over the life of the Company)	－	－	(39)		－	(39)
Cost after amortization	$ 20,574	$ 7,353	$ 2,135	$ －	$ －	$ 30,062

December 31, 2021

	Less than 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 days or more	Total
Loss from expected credit impairment	－%	－%	－%	2%	50%	
Total carrying amount	$ 139,492	$ 667	$ 50,735	$ 1,964	$ －	$ 192,858
Allowance for losses (expected credit losses over the life of the Company)	－	－	－	(39)	－	(39)
Cost after amortization	$ 139,492	$ 667	$ 50,735	$ 1,925	$ －	$ 192,819

Information on the changes in the allowance for losses on accounts receivable is as follows

	FY2022	FY2021
Balance at the beginning of period	$ 39	$ 230
Add: Provision (Reversal) of impairment loss for the year	－	(191)
Balance at the end of period	$ 39	$ 39

(V) Inventory

	December 31, 2022	December 31, 2021
Finished goods	$ 37,197	$ 9,307
Work in process	106,483	8,880
Raw materials	11,735	5,854
Total	$ 155,415	$ 24,041

1. Operating costs related to inventories were NT$96,701 thousand and NT$87,307 thousand FY2022 and FY2021, respectively. The cost of goods sold for FY2022 and FY2021 included NT$1,863 thousand and NT$1,093 thousand, respectively, for the decline in value of inventories and losses on doubtful accounts.

(VI) Prepayment

	December 31, 2022		December 31, 2021	
Prepayment	$	19,665	$	—
Prepaid insurance fees		183		—
Prepaid pensions		570		570
Others		3,338		229
Total	$	23,756	$	799
Prepayment for equipment purchase	$	81,157	$	80,440
Less: Accumulated impairment		(23,918)		(23,918)
Total	$	57,239	$	56,522
Current	$	23,756	$	799
Non-current	$	57,239	$	56,522

For the assessment of the accumulated impairment on prepayment for equipment, please refer to Note 9 (II).

(VII) Investments accounted for using the equity method

1. Investment in subsidiaries

Investees	December 31, 2022			December 31, 2021		
	Total carrying amount		Shareholding %	Total carrying amount		Shareholding %
Le Hua Investment Co., Ltd.	$	13,803	100	$	48,963	100
Luxe Solar Energy Co., Ltd.		3,537	100		13,563	100
Sen-Hsin Energy Co., Ltd.		692,680	100		437,850	100
Chin Lai International Development Co., Ltd.		222,149	100		212,823	100
Wan Chuan Construction Co., Ltd.		64,364	52.5		—	—
Kai Shih Energy Co., Ltd.		3,250	51		2,467	51
Joy Ribbon Limited		—	—		2,078	51
Total	$	999,783		$	717,744	

2. On July 15, 2022, Le Hua Investment Co., Ltd. reduced its capital and returned NT$20,000 thousand in share subscriptions.
3. On July 15, 2022,Luxe Solar Energy Co., Ltd. reduced its capital and returned NT$10,000 thousand in share subscriptions.
4. On May 31, 2022, June 23, 2022 and July 11, 2022, the Company participated in a follow-on offering amounting to NT$230,000 thousand for Sen-Hsin Energy Co., Ltd.
5. On November 28, 2022, the Company participated a follow-on offering amounting to NT$63,000 thousand for Wan Chuan Construction Co., Ltd, and obtained a controlling interest in the investee company. Please refer to Note 6(26) of the Company's Annual Consolidated Financial Report for details.
6. Kai Shih Energy Co., Ltd. was established in September 2021.
7. The Company subscribed to the follow-on offering of Joy Ribbon Limited for its cash capital increase in October 2021. On April 22, 2022, the Board of Directors resolved to dispose of all the shares of Joy Ribbon Limited and Kai Shih Energy Co., Ltd. for the original invested amount in order to focus on the core business of the Company. Among them, the Company's shareholdings of Joy Ribbon Limited was disposed of in May 2022, please refer to Note 6(29) of the Company's Annual Consolidated Report for details.

(VIII) Property, Plant, and Equipment

Item	FY2022 Balance at the beginning of period		Acquired		Disposed		Balance at the end of period	
Cost								
Land	$	45,719	$	1,250	$	–	$	46,969
Buildings		99,502		270		–		99,772
Machinery Equipment		18,348		16,670		(3,082)		31,936
Office Equipment		2,560		559		(560)		2,559
Power Generation Equipment		25,263		–		–		25,263
Other Equipment		39,401		4,129		(120)		43,410
Leasehold improvements		3,348		5,109		–		8,457
Subtotal		234,141		27,987		(3,762)		258,366
Accumulated Depreciation and Impairment								
Buildings		47,186		2,761		–		49,947
Machinery Equipment		16,832		1,234		(3,073)		14,993
Office Equipment		1,608		215		(513)		1,310
Power Generation Equipment		3,764		1,329		–		5,093
Other Equipment		34,988		1,375		(110)		36,253
Leasehold improvements		585		595		–		1,180
Subtotal		104,963		7,509		(3,696)		108,776
Net amount	$	129,178	$	20,478	$	(66)	$	149,590

Item	FY2021 Balance at the beginning of period		Acquired		Disposed		Balance at the end of period	
Cost								
Land	$	45,719	$	–	$	–	$	45,719
Buildings		90,044		9,458		–		99,502
Machinery Equipment		43,327		932		25,911		18,348
Office Equipment		2,774		800		1,014		2,560
Power Generation Equipment		25,263		–		–		25,263
Other Equipment		47,114		648		8,361		39,401
Leasehold improvements		3,348		–		–		3,348
Subtotal		257,589		11,838		35,286		234,141
Accumulated Depreciation and Impairment								
Buildings		44,685		2,501		–		47,186
Machinery Equipment		42,570		160		25,898		16,832
Office Equipment		2,445		177		1,014		1,608
Power Generation Equipment		2,434		1,330		–		3,764
Other Equipment		41,850		1,499		8,361		34,988
Leasehold improvements		251		334		–		585
Subtotal		134,235		6,001		35,273		104,963
Net amount	$	123,354	$	5,837	$	13	$	129,178

1. The Company depreciates each component item on a straight-line basis over its useful life as follows:

Item	Useful Life
Buildings	35 years
Machinery Equipment	2 to 14 years
Office Equipment	2 to 7 years
Power Generation Equipment	18 years
Other Equipment	2 to 20 years
Leasehold improvements	9 years

2. The Company's property, plant and equipment are pledged as collaterals for long-term and short-term loans. Please refer to Note 8 for details.

(IX) Lease Agreements

1. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-to-use assets		
Buildings	$ 14,724	$ 7,822
Transport Equipment	1,200	662
Total	$ 15,924	$ 8,484

	FY2022	FY2021
Newly acquired right-of-use assets	$ 13,306	$ 493
Lease modification (lease cancellation)	$ 3,167	$ —
Depreciation expense of right-of-use assets		
Buildings	$ 2,140	$ 1,937
Transport Equipment	559	654
Total	$ 2,699	$ 2,591

Other than the above additions and depreciation expense recognized, there were no significant subleases or impairments of right-of-use assets in FY2022 and FY2021.

2. Leasing liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 2,959	$ 1,489
Non-current	$ 13,205	$ 7,169

The discount rate range for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Buildings	1.60%～2.47%	1.6%～2.71%
Transport Equipment	1.88%～2.13%	1.88%

3. Significant leasing activities and terms

The Company leases the above transportation equipment for a period of 3 years.

The Company also leases the building for office and solar farm for power generation for a period of 10 and 20 years.

4. Other Lease Information

	FY2022		FY2021	
Short-term lease expenses	$	–	$	48
Low-value asset lease expenses	$	151	$	128
Variable lease expenses not included in the measurement of lease liabilities	$	275	$	301
Total cash expenditure for leases (outflow)	$	(3,283)	$	(3,207)

(X) Other Current Assets

	December 31, 2022		December 31, 2021	
Current				
Input tax	$	–	$	749
Tax overpaid retained for offsetting future tax payable		4,879		–
Others		–		1,807
Total	$	4,879	$	2,556

(XI) Long-term notes and accounts receivable

	December 31, 2022		December 31, 2021	
Accounts receivable - Taiwan Power Company (Taichung Power Plant)	$	355,600	$	355,600
Accounts receivable - Taiwan Power Company (Offshore Wind Power Development In Taichung Port)		17,226		17,226
Estimated additional receivables from construction work		13,740		13,740
Less: Estimated overdue fines		(141,000)		(141,000)
Less: Allowance for losses		(37,575)		(37,575)
Subtotal of construction and engineering receivables	$	207,991	$	207,991
Other receivables - Chou, Hsiu-Mei	$	25,583	$	25,583
Less: Allowance for losses		(25,583)		(25,583)
Subtotal	$	–	$	–

1. The Company filed an arbitration case for the delayed completion of the Taichung Power Plant and Offshore Wind Power Development In Taichung Port of Taiwan Power Company (Taipower). The arbitration judgment was issued by the Chinese Construction Industry Arbitration Association(CCIAA) on January 19, 2010 (2008 Gong-Zhong-Xie-Jing-Zi No. 019) and a judgement was issued by the High Court on May 31, 2011 (2010 Zhong-Shang-Zi No. 501). The Company recorded NT$141,000 thousand in overdue penalties and NT$13,740 thousand in additional receivables due for construction work based on the arbitration judgement. However, the parties did not reach a consensus on the settlement amount, which resulted in the delay in payment by Taipower, so the accounts were reclassified as long-term accounts receivable. Please refer to Note 9(3) for details.

2. In August 2012, the Company sold 800,000 shares of its equity-method investment in Dakang Insurance Brokerage Co., Ltd. at NT$48 per share, for a total consideration of NT$38,400 thousand. The transferee of the above shares, Chou, Hsiu-Mei, had issued a promissory note and pledged the shares to the Company upon signing the equity transfer deed. However, subsequently, the transferee failed to repay the loan on time. On March 25, 2013 and August 12, 2013, the Company entered into new agreement with Chou, including accrued interest at a rate of 6% per annum until March 25, 2014. As of December 31, 2022 and 2021, NT$25,583 thousand

(including NT$24,180 thousand of principal and NT$1,403 thousand of interest receivable) remained uncollected, which was reclassified as long-term receivables and recorded as a 100% allowance for losses. On February 26, 2015, the Company filed a lawsuit with the guarantor of the note issued by Chou, Hsiu-Mei - Dah Sing Network Technology Co., Ltd. to fulfill payment obligations. On February 3, 2016, the Court dismissed the case and the Company filed an appeal on March 4, 2016. The High Court ruled in favor of the Company (No. 325 of 105). On May 9, 2017, the High Court ruled in favor of the Company (2016 Zhong-Shang-Zi No. 325). However, Dah Sing Network Technology Co., Ltd. appealed the decision to the Supreme Court. On February 27, 2020, the Supreme Court ruled (2019 Tai-Shang-Zi No. 1237) that the original judgment, with the exception of the provisional execution, was abrogated and remanded the case to the Taiwan High Court for retrial. On December 22, 2020, the High Court ruled in favor of the Company (2020 Zhong-Shang-Geng-Yi-Zi No. 38). While Dah Sing Network Technology Co., Ltd. did not file an appeal, the Company has assessed that the possibility of debt recovery was low, henceforth the Company did not reverse the recognized allowance for loss.

3. The Company considers the customer's past default record and current financial condition, as well as the possible outcome of future court decisions. If there is evidence that the counter-party is facing severe financial difficulties or the judgment may be unfavorable to the Company, and the Company cannot reasonably expect to recover the amount, the Company will directly write off the related receivables, but shall continue to pursue debt recovery activities and recognize the amount recovered in profit or loss.

(XII) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured loans	$ 130,000	$ 113,500
Credit loans	52,840	36,500
Less: Unamortized bank borrowing costs	－	291
Total	$ 182,840	$ 149,709
Interest Rate Range	1.9%～2.3%	1.6%

For the pledges provided by the Company for short-term loans, please refer to Note 8.

(XIII) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured loans	$ 162,705	$ 13,708
Less: Loan maturity classified as due within one year	(1,182)	(1,104)
Long-term borrowings	$ 161,523	$ 12,604
Interest Rate Range	2.25%	2.22%

The above-mentioned bank loans shall mature successively before September 2029. Please refer to Note 8 for information on assets pledged as collateral for long-term loans.

(XIV) Notes and accounts payable

	December 31, 2022	December 31, 2021
Notes payable	$ －	$ 331
Accounts receivable - related parties	90,186	119,370
Total	$ 90,186	$ 119,701

1. The average credit period for accounts payable is generally 30 to 60 days for customers, and for outsourced projects, payment is made according to the contract period agreed to between the two parties. The Company upholds a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit terms.

2. Please refer to Note 6(25) for disclosures of payables and other payables that are exposed to liquidity risk.

(XV) Post-employment benefit plans

Defined Contribution Plan

The Company's pension plan under the Labor Pension Act is a government-administered defined contribution plan that contributes 6% of employees' monthly salaries to the individual accounts under the Bureau of Labor Insurance. The pension cost recognized as expense in the parent company only comprehensive statements of income was NT$1,495 thousand and NT$1,264 thousand for FY2022 and FY2021, respectively.

(XVI) Equity

1. Common share capital

	December 31, 2022	December 31, 2021
Number of shares (in thousands)	600,000	600,000
Authorized share capital	$ 6,000,000	$ 6,000,000
Number of issued and fully paid shares (in thousands)	145,486	135,968
Publicly traded common stock	$ 1,454,858	$ 1,359,680

The issued common stock has a par value of $10 per share and each share has one vote and the right to receive dividends.

On March 5, 2021, the Board of Directors adopted a follow-on offering to issue 40,000 thousand shares at a par value of NT$10. The stocks were issued at a premium of NT$ 12.6 per share. The paid-in capital was NT$1,359,680 after the execution of the offering. The base day for the offering was September 2, 2021. The relevant change registration procedures have been duly completed.

At the annual general shareholders' meeting held on June 21, 2022, for the dividend distribution for FY2021, the shareholders resolved to distribute NT$95,178 thousand in stock dividends at NT$0.7 per share, resulting in a capital stock of NT$1,454,858 thousand after the distribution.

2. Capital reserve

	December 31, 2022	December 31, 2021
May be used to make up losses, to distribute cash or to increase capital		
Shares issued at premium	$ 133,054	$ 133,054

In September 2021, the Company issued 40,000 thousand shares at a par value of NT$10 per share, at a premium of NT$12.6 per share, resulting in an increase in capital surplus of NT$104,000 thousand.

The capital surplus from the stock issuance premium may be used to offset losses or, when the Company has no losses, to distribute cash or to increase capital, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

3. Policy on retained earnings and dividends

In accordance with the provisions of the Company's Articles of Incorporation on the earnings distribution policy, if having a profit in the final accounting of the year, the Company shall first pay taxes and make up any cumulative losses in accordance with laws, and then set aside 10% of the said earnings as legal reserves, unless such legal reserves reach the amount of the Company's paid-in capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws may require. If there is any residual balance, it shall be, together with the undistributed earnings carried from previous years, used as dividends for shareholders. The Board of Directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting for approval. Please refer to Note 6(22), "Remuneration to Employees and Directors", for the policy on the distribution of employees and directors' remuneration under the amended Articles of Incorporation.

Legal reserve may be used to make up losses. If the Company has no deficit, the excess of legal reserve over 25% of the paid-in capital may be distributed in cash in addition to increasing capitalization.

At the annual general shareholders' meetings held on June 21, 2022 and May 7, 2021, the Company approved the following distribution of earnings for the FY2021 and FY2020, respectively:

	FY2021	FY2020
Legal reserve	$ 11,222	$ 6,208
Cash dividend (NT$0.2 and NT$0.5 per share respectively)	$ 27,193	$ 47,984
Stock dividends (NT$0.7 per share)	$ 95,178	$ —

4. Other equity items

	FY2022	FY2021
Balance on January 1, 2022	$ (13)	$ —
Exchange difference from conversion of financial statements of foreign operations	13	(13)
Balance as of December 31, 2022	$ —	$ (13)

(XVII)Earnings Per Share

1. Basic earnings per share

The weighted-average number of shares of common stock and earnings per share used in the calculation of earnings per share were as follows:

	FY2022	FY2021
Net income attributable to owners	$ 45,080	$ 112,220
Weighted-average number of common shares for basic earnings per share calculation (in thousands)	145,486	118,819
Basic earnings per share (NT$)	$ 0.31	$ 0.94

Earnings per share have been retroactively adjusted for the effect of stock grants, the base date of which was set on September 16, 2022. The basic earnings per share was retroactively adjusted from NT$1.03 to NT$0.94.

The weighted-average number of shares of common stock and earnings used to calculate diluted earnings per share were as follows:

	FY2022	FY2021
Net income attributable to owners	$ 45,080	$ 112,220
Weighted-average number of common shares for basic earnings	145,486	118,819

per share calculation (in thousands)		
Impact of common stock with potential dilutive effects		
Employee remuneration	67	54
Weighted-average number of common shares for the purpose of calculating diluted earnings per share	145,553	118,873
Diluted earnings per share (NT$)	$ 0.31	$ 0.94

If the Company has the option to pay employees in stock or cash, the calculation of diluted earnings per share assumes that employee remuneration will be paid in stock and is included in the weighted-average number of common shares outstanding for the purpose of calculating diluted earnings per share when the potential common shares have a dilutive effect. The dilutive effect of these potential common shares will continue to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees is determined in the following year's shareholders' resolution.

As a result of the retroactive adjustment, the diluted earnings per share was retroactively adjusted from NT$1.03 to NT$0.94 for FY2021.

(XVIII)Revenue from Customer Contracts

	FY2022	FY2021
Construction revenue	$ 64,704	$ 93,322
Sales revenue	72,165	128,854
Electricity sales revenue	3,191	3,214
Service revenue	—	25,829
Others	6,725	2,289
Total	$ 146,785	$ 253,508

1. Contract balance

	December 31, 2022	December 31, 2021
Accounts receivable and notes receivable	$ 30,062	$ 192,819
Contract assets - current		
Construction of photovoltaic power station and booster station	$ 41,990	$ 21,587
Sales of electrical equipment	410	236
Electricity sales revenue	—	209
Total	$ 42,400	$ 22,032
Contract liabilities - current		
Construction of photovoltaic power station and booster station	$ 5,144	$ 396

The variation of the contract assets and liabilities is the result of the difference in the time point when fulfilling the obligations and the time the customer makes the payment.

2. Breakdown of revenue from customer contracts

FY2022

	Reportable segments		
	Energy Business Group	Electrical Engineering Business Group	Total
Contract revenue type			
Construction revenue	$ 39,525	$ 25,179	$ 64,704
Sales revenue	—	72,165	72,165
Electricity sales revenue	3,191	—	3,191
Others	453	6,272	6,725
Total	$ 43,169	$ 103,616	$ 146,785
Point in time for revenue recognition:			
At a certain point in time	$ 3,644	$ 78,437	$ 82,081
To be satisfied over time	39,525	25,179	64,704
Total	$ 43,169	$ 103,616	$ 146,785

FY2021

	Reportable segments		
	Energy Business Group	Electrical Engineering Business Group	Total
Contract revenue type			
Construction revenue	$ 22,612	$ 70,710	$ 93,322
Sales revenue	7,068	121,786	128,854
Electricity sales revenue	3,214	—	3,214
Service revenue	25,829	—	25,829
Others	675	1,614	2,289
Total	$ 59,398	$ 194,110	$ 253,508
Point in time for revenue recognition:			
At a certain point in time	$ 36,786	$ 123,400	$ 160,186
To be satisfied over time	22,612	70,710	93,322
Total	$ 59,398	$ 194,110	$ 253,508

(XIX) Total Non-operating Revenue and Expense

1. Interest income

	FY2022	FY2021
Bank deposits	$ 840	$ 357

2. Other revenue

	FY2022	FY2021
Rental revenue	$ 504	$ 292
Offset against benefits from overdue payables	—	9,185
Others	3,265	—
Total	$ 3,769	$ 9,477

3. Other profits and losses

FY2022	FY2021

Profit from lease changes	$ 12	$ —
Gains (losses) from disposal of property, plant and equipment	(21)	342
Disposal of investment interests	250	—
Others	(803)	2,761
Total	$ (562)	$ 3,103

4. Financial cost

	FY2022	FY2021
Interest on bank loans	$ 3,465	$ 2,307
Interest on lease liabilities	236	183
Less: Amount of interest capitalized	(481)	(261)
Net amount	$ 3,220	$ 2,229
Rate of capitalized interest	1.86%	1.41%

(XX) A Summary of the Depreciation and Amortization Expense Function Is Presented Below:

	FY2022	FY2021
Property, Plant and Equipment	$ 7,509	$ 6,001
Right-of-use assets	2,699	2,591
Total	$ 10,208	$ 8,592
Summary of depreciation expense function		
Operating costs	$ 6,584	$ 5,236
Operating expenses	3,624	3,356
Total	$ 10,208	$ 8,592

(XXI) Employee Benefit Expenses

	FY2022	FY2021
Salary	$ 30,205	$ 23,765
Labor and National Health Insurance	3,215	2,538
Defined contribution plan	1,495	1,264
Remuneration to directors	665	750
Others	2,146	2,204
Total	$ 37,726	$ 30,521
Summary by function		
Operating costs	$ 18,082	$ 13,598
Operating expenses	19,644	16,923
Total	$ 37,726	$ 30,521

(1) The number of employees of the Company for FY2022 and FY2021 were 61 and 57, respectively , of which the number of directors who were not also employees was 9 and 10.

(2) For companies whose shares are listed on the TWSE or TPEx, the following information should be disclosed additionally:

A. The average employee benefit expense for the year is NT$713 thousand. The average employee benefit expense for the previous year was NT$633 thousand.

B. The average employee salary expense for the year was NT$581 thousand. The average salary cost of the previous year was NT$506 thousand.

C. 15% change in average employee salary cost adjustment.

(3) Remuneration policy for directors, independent directors, managers and employees of the Company

A. The remuneration of directors includes compensation, retirement pensions, directors' remuneration and business execution expenses, of which the compensation and business execution expenses are authorized by the Company's Articles of Incorporation to be considered by the Board of Directors and the Compensation Committee based on the value of their participation and contribution to the Company's operations and with reference to the usual standards in the industry.

B. The Company has established an Audit Committee with no remuneration for supervisors.

C. The remuneration of the President and Vice President includes salary and bonus, which are determined by the position held, the responsibility assumed and the contribution to the Company with reference to the general market rate.

D. The remuneration of employees includes salary and bonus, and the salary of new employees is approved by the supervisor of the employing unit and submitted to the supervisor of authority and responsibility. In the future, employees with excellent performance may be reviewed by the supervisor of the unit and proposed for salary adjustment or promotion.

E. The main remuneration principles of the Company are linked to the performance of duties and performance results, and have a positive correlation with the operating performance, and the amount of payment is disclosed in accordance with the law.

(XXII)Remuneration to Employees and Directors

In accordance with the Company's Articles of Incorporation, the Company contributes no less than 1% and no more than 1% of the pre-tax benefit to employees' and directors' remuneration, respectively, for the year before the distribution of employees' and directors' remuneration. The estimated remuneration to employees for FY2022 and FY2021 were as follows:

	FY2022	FY2021
Employee remuneration	1%	1%
Remuneration to directors	0%	0%

	FY2022	FY2021
Cash		
Employee remuneration	$ 456	$ 1,146

If there is a change in the amount of the annual parent company only financial report after the date of its issuance, the change in accounting estimate is treated as an adjustment in the following year.

There was no difference between the actual amount of employees' remuneration and the amount recognized in the parent company only financial statements for FY2021.

For additional information on the remunerations to the employees and directors approved by the Board, visit the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(XXIII)Income Taxes

1. The major components of income tax expense (benefit) recognized in profit or loss:

	FY2022	FY2021

Income tax for the current year		
Income tax generated in the current year	$ —	$ —
Additional taxes levied on undistributed earnings	208	276
Deferred income tax		
Income tax generated in the current year	(134)	134
Adjusted from the previous year	—	744
Income tax expense (benefit) recognized in profit or loss	$ 74	$ 1,154

2. The reconciliation of accounting income and income tax expense (benefit) is as follows:

	FY2022	FY2021
Income tax expense on net income before income tax at statutory tax rate	$ 9,031	$ 22,675
Non-deductible expenses for tax purposes	117	40
Net domestic investments recognized under the equity method	(6,619)	(2,628)
Additional taxes levied on undistributed earnings	208	276
Unrecognized temporary differences	1,175	(4,395)
Unrecognized losses offset against current period	(3,838)	(15,558)
Adjustment in the current year for the income tax expenses of the previous year	—	744
Income tax expense (benefit) included in profit or loss	$ 74	$ 1,154

3.Income taxes recognized in other comprehensive income

	FY2022	FY2021
Deferred income tax		
Generated in the current period		
Exchange difference from conversion of financial statements of foreign operations	$ (2)	$ 2

4. Income tax assets and liabilities in the current period

	December 31, 2022	December 31, 2021
Income tax assets in current period		
Tax refund receivable	$ 46	$ —
Income tax liabilities in current period		
Income taxes payable	$ 257	$ 1,072

5. Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

	FY2022			
	Balance at the beginning of period	Recognized in gain (loss)	Recognized in other compre-	Balance at the end of period

			hensive in-come	
Deferred income tax liabilities				
Investment income from subsidiaries accounted for under the equity method	$ 134	$ (134)	$ —	$ —

	FY2021			
	Balance at the beginning of period	Recognized in gain (loss)	Recognized in other comprehensive income	Balance at the end of period
Deferred income tax liabilities				
Investment income from subsidiaries accounted for under the equity method	$ —	$ 134	$ —	$ 134

6. Deferred income tax assets not recognized in parent company only balance sheets

	December 31, 2022	December 31, 2021
Loss deductions	$ 150,435	$ 242,159
Temporary differences that can be deducted	81,525	231,490
Total	$ 231,960	$ 473,649

7. As of December 31, 2022, information on unused tax losses and approved cases for income tax returns is summarized as follows:

Year of occurrence	Deductible amount	Final deduction year
FY2013 (authorized)	24,709	FY2023
FY2014 (authorized)	14,378	2024
FY2015 (authorized)	86,597	2025
FY2017 (authorized)	24,752	2027
Total	$ 150,436	

8. Status of approved Income taxes

The Company's income tax returns for FY2020 have been duly examined and cleared by the tax authorities.

(XXIV)Capital Risk Management

The Company is required to maintain sufficient capital to meet the doubtful assumptions as a going concern. Therefore, the Company manages its capital to ensure that it has the necessary financial resources and operating plans to meet its future needs for working capital, capital expenditures and debt repayment.

(XXV)Financial Instruments

1. Fair value information - financial instruments not measured at fair value

The carrying amounts of financial instruments not carried at fair value, such as cash, financial assets carried at amortized cost, accounts receivable, other receivables, refundable deposits, long-term and short-term loans (including long-term loans due within one year), accounts payable, other payables and guarantee deposits received, are a reasonable approximation of fair value.

2. Fair value information - financial instruments measured at fair value on a recurring basis

(1)Fair value hierarchy

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed (Over-the-Counter) stocks	$ 53,752	$ –	$ –	$ 53,752

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed (Over-the-Counter) stocks	$ –	$ –	$ –	$ –

There were no transfers between Level 1 and Level 2 fair value measurements from January 1 to December 31 2022 and 2011.

3. Types of financial instruments

	December 31, 2022	December 31, 2021
Financial Assets		
Financial assets at fair value through profit or loss	$ 53,752	$ –
Financial assets carried at amortized cost (Note 1)	629,845	987,870
Total	$ 683,597	$ 987,870
Financial liabilities		
Measured at amortized cost (Note 2)	$ 447,824	$ 295,744
Lease liabilities	16,164	8,658
Total	$ 463,988	$ 304,402

Note 1: The balance includes cash, financial assets carried at amortized cost, notes receivable, accounts receivable, other receivables, long-term notes and accounts receivable and refundable deposits, and other financial assets carried at amortized cost.

Note 2: The balance includes financial liabilities measured at amortized cost, such as long-term and short-term loans (including long-term loans due within one year), notes payable, accounts payable, dividends payable, other payables and guarantee deposits received.

4. financial risk management objectives and policies

The Company's major financial instruments include accounts receivable, accounts payable and borrowings. The Company's financial management department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages the financial risks associated with the Company's operations through internal risk reports that analyze risk exposures based on the level and breadth of risk. These risks include market risk (including interest rate risk and other price risks), credit risk and liquidity risk.

(1) Market risk

A.Interest rate risk

The carrying amounts of the Company's financial assets and liabilities exposed to interest rate risk as of the balance sheet date were as follows

	December 31, 2022	December 31, 2021
Fair value interest rate risk		

Financial Assets	$	155,643	$	72,854
Financial liabilities		199,004		158,367
Cash flow rate risk				
Financial Assets	$	215,946	$	504,510
Financial liabilities		162,705		13,708

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding for the period reported. The rate of change used in reporting interest rates internally to key management is a one-dollar increase or decrease in interest rates, which represents management's assessment of the reasonably possible range of interest rate changes.

If interest rates were to increase or decrease by 0.25%, with all other variables held constant, the Company's pre-tax income would increase/decrease by NT$324 thousand and NT$853 thousand for FY2022 and FY2021 respectively, due to the Company's exposure to interest rate risk on cash flows from variable rate deposits and borrowings.

B.Other price risk

The Company has equity price risk due to its investment in domestic listed securities. The management of the Consolidated Company manages the risk by holding different risky investment portfolios.

Sensitivity analysis

The following sensitivity analysis was performed based on the equity price risk at the balance sheet date.

If equity prices increased/decreased by 1%, net income before income tax would have increased/decreased by NT$538 thousand and NT$0 for FY2022 and FY2021 respectively, due to the increase/decrease in the fair value of financial assets at fair value through profit or loss.

The increase in sensitivity to price risk during the year was mainly due to the increase in equity investments.

(2) Credit risk

Credit risk refers to the risk of financial loss due to default on contractual obligations by counter-parties. As of the balance sheet date, the Company's maximum exposure to credit risk due to non-performance by counter-parties is mainly due to non-collection of customer accounts.

As of December 31, 2022 and 2021, the percentages of accounts receivable from the top ten customers to the Company's accounts receivable were 93.85% and 99.77%, respectively, and the credit concentration risk of the remaining accounts receivable was relatively insignificant.

(3) Liquidity risk

A. Liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities is based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Company could be required to make repayment. Accordingly, the Company's bank loans that are repayable on demand are listed in the table below at the earliest possible date, without regard to the probability that the banks will enforce the rights immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the borrowing rate at the balance sheet date.

	December 31, 2022				
	Less than 6 months	6 months to 1 year	1 to 2 years	More than 2 years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 95,805	$ —	$ —	$ —	$ 95,805
Floating rate instruments	186,272	2,243	5,463	168,583	362,561
Lease liabilities	1,597	1,628	3,103	11,045	17,373
Total	$ 283,674	$ 3,871	$ 8,566	$ 179,628	$ 475,739

More information on the analysis of lease liabilities due:

	Less than 1 year	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years
Lease liabilities	$ 3,225	$ 10,701	$ 2,342	$ 947	$ 158

	December 31, 2021				
	Less than 6 months	6 months to 1 year	1 to 2 years	More than 2 years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 132,210	$ —	$ —	$ 117	$ 132,327
Floating rate instruments	1,887	151,699	1,371	12,819	167,776
Lease liabilities	1,035	600	1,028	6,917	9,580
Financial guarantee liabilities	—	—	—	552,470	552,470
Total	$ 135,132	$ 152,299	$ 2,399	$ 572,323	$ 862,153

More information on the analysis of lease liabilities due:

	Less than 1 year	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years
Lease liabilities	$ 1,635	$ 4,498	$ 2,342	$ 947	$ 158

B. Financing amount

	December 31, 2022	December 31, 2021
Unsecured bank loan limit		
-Amount utilized	$ 52,840	$ 36,500
-Unutilized amount	137,160	—
Total	$ 190,000	$ 36,500
Guaranteed Bank credit line		
-Amount utilized	$ 292,705	$ 127,208
-Unutilized amount	100,295	1,217,292
Total	$ 393,000	$ 1,344,500

VII. Related Party Transactions

The transactions between the Company and its related parties were as follows

(1) Names of related parties and their relationships

Name of related party	Relationship with the Company
Sen-Hsin Energy Co., Ltd. (hereinafter referred to as "Sen-Hsin")	Subsidiary

Luxe Solar Energy Co., Ltd. (hereinafter referred to as "Luxe Solar")	Subsidiary
Chin Lai International Development Co., Ltd. (hereinafter referred to as "Chin Lai")	Subsidiary
Wan Chuan Construction Co., Ltd. (hereinafter referred to as "Wan Chuan Construction")	Subsidiary
Qun Li Energy Co., Ltd. (hereinafter referred to as "Qun Li")	Subsidiary
Le Hua Investment Co., Ltd. (hereinafter referred to as "Le Hua")	Subsidiary
Kai Shih Energy Co., Ltd. (hereinafter referred to as "Kai Shih")	Subsidiary
Ching Tien Energy and System Co., Ltd. ((hereinafter referred to as "Ching Tien Energy"))	Other related party
Chao Hsing Energy Co., Ltd. (hereinafter referred to as "Chao Hsing Energy")	Other related party
Sel Tech Co., Ltd. (hereinafter referred to as "SEL Tech")	Other related party
Solargo Tech Co., Ltd. (hereinafter referred to as "Solargo")	Other related party
Quintain Steel Co., Ltd. (hereinafter referred to as "Quintain")	Other related party
Chateau Rich Hotel Co., Ltd. (hereinafter referred to as "Chateau Rich")	Other related party

(II) Operating revenue

	FY2022	FY2021
Subsidiary	$ —	$ 7,421
Ching Tien Energy and System Co., Ltd.	28,679	16,669
Solargo Tech Co., Ltd.	—	127,040
Other related party	8,240	9,160
Total	$ 36,919	$ 160,290

1. The subsidiary mainly receives revenue from maintenance of photovoltaic equipment. The collection period is based on mutual agreement and is not materially different from that of non-affiliated parties.

2. Ching Tien Energy and System Co., Ltd. and Chao Hsing Energy Co., Ltd. subcontract photovoltaic equipment projects including installation services. These projects are subcontracted to Sel Tech Co., Ltd. The financial statements of the Company present the construction revenue after deducting the cost of the outsourcing.

	Construction revenue		Construction cost		Net amount	
FY2022						
Ching Tien Energy and System Co., Ltd.	NT$	156,143	NT$	127,464	NT$	28,679
Other related party		37,534		29,294		8,240
Total	NT$	193,677	NT$	156,758	NT$	36,919
FY2021						
Ching Tien Energy and System Co., Ltd.	$	83,919	$	67,250	$	16,669
Other related party		41,070		31,910		9,160
Total	$	124,989	$	99,160	$	25,829

3. Solargo Tech Co., Ltd. generates operating income from equipment and installation of booster stations, and the prices and terms of payment are based on individual agreements between the two parties for each project.

(III) Purchases

	FY2022		FY2021	
Sel Tech Co., Ltd.	$	156,758	$	99,160

(IV) Contract Assets

	December 31, 2022		December 31, 2021	
Ching Tien Energy and System Co., Ltd.	$	24,914	$	5,540
Other related party		2,982		1,953
Total	$	27,896	$	7,493

(V) Accounts Receivables From Related Parties

	December 31, 2022		December 31, 2021	
Accounts receivable				
Subsidiary	$	–	$	545
Ching Tien Energy and System Co., Ltd.		–		82,298
Chao Hsing Energy Co., Ltd.		–		41,073
Solargo Tech Co., Ltd.		–		49,063
Total	$	–	$	172,979
Other receivables				
Subsidiary	$	168	$	208

No guarantee is received for amounts outstanding from related parties.

(VI) Accounts Payable to Related Parties

	December 31, 2022		December 31, 2021	
Accounts payable				
Sel Tech Co., Ltd.	$	19,554	$	103,852
Other payables				
Subsidiary	$	26	$	–
Other related party		26		–
	$	52	$	–

(VII)Endorsements and Guarantees

See Schedule I for endorsement guarantees for subsidiaries.

(VIII)Prepayment for Equipment

	December 31, 2022	December 31, 2021
Sel Tech Co., Ltd.	$ 50,906	$ 50,906

The total purchase price of NT$1,018,116 thousand as of December 31, 2022 and 2021 was for the purchase of solar power equipment and installation, which will be paid according to the progress of the project. Prices and payment terms are based on individual agreements between the parties for each project.

(IX) Lease Agreements

	December 31, 2022	December 31, 2021
Right-of-use assets		
Other related party	$ 6,192	$ 6,192
Lease liabilities - current		
Other related party	$ 603	$ 594
Lease liabilities - non-current		
Other related party	$ 3,884	$ 4,487
Interest expense		
Other related party	$ 76	$ 85

The Company leases office space from a related party, and the terms of the transaction are monthly lease payments.

(X) Transactions with other related parties

	FY2022	FY2021
Rental revenue		
Subsidiary	$ 306	$ 249
Miscellaneous income		
Subsidiary	$ 1,920	$ 1,320

(XI) Remuneration for senior management

	FY2022	FY2021
Short-term employee benefits	$ 7,452	$ 4,009
Postemployment benefits	189	191
Total	$ 7,641	$ 4,200

The remuneration of directors and other key managerial officers is determined by the Remuneration Committee based on individual performance and market trends.

VIII. Assets Pledged as Collateral

The following assets are secured as follows:

	December 31, 2022	December 31, 2021
Financial assets measured at amortized cost - current and non-current (reserve account)	$ —	$ 2,280
Financial assets measured at amortized cost - non-current (pledged time deposits)	55,643	70,574
Property, Plant and Equipment	116,963	119,534
Total	$ 172,606	$ 192,388

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

In addition to those described in other notes, the Company's material commitments and contingencies as of the balance sheet date are as follows:

(I) The details of the Company's guaranteed notes payable and bank guarantee letters are as follows:

	December 31, 2022		December 31, 2021	
Deposit received	$	55,643	$	72,854
Guarantee notes for construction projects		19,915		19,915
Total	$	75,558	$	92,769

(II) The Company and Aircom Pacific Inc. jointly developed an in-flight connection system for use in the passenger cabin of an aircraft for a total contract price of NT$28,750 thousand (US$909,000), of which NT$23,918 thousand (US$762,000) had been paid as of December 31, 2022. The Company has no plan to continue the operation of the business, and no manpower is currently committed to the venture; therefore, a total impairment loss of NT$23,918 thousand was recorded in 2015 for the prepaid equipment.

(III) As for the wind power projects contracted by the Company for Taiwan Power Company (Taipower) in its Taichung Power Plant and Taichung Port area. Many factors that were beyond the control of the Company, such as delayed provision of land, frequent change of the wind turbine sites, and changes in design and construction methods on the side of Taipower as well as the bankruptcy of a subcontractor, the Dutch wind generator supplier, typhoons and severe weather, occurred after the commencement of the works and resulted in a significant increase of the required construction period for the project. For this, the Company asked for extension of the construction period according to the contract and, thus, run into contractual disputes with Taipower. The Chinese Construction Industry Arbitration Association made the arbitral award (Gong-Zhong-Xie-(Jing)-Zi No. 019, 2008) on January 19, 2010 with the text described below:

1. Taipower shall extend the construction period for each wind turbine (#1, #2, #3 and #4 turbines) of Taichung Power Plant by 290 calendar days.
2. Taipower shall extend the work period of 563 calendar days for each wind turbine (#1-#4) of the first group of wind turbines in the Taichung Harbor Area; 756 calendar days for each wind turbine (#5-#8) of the second group; 773 calendar days for each wind turbine (#9-#12) of the third group; 663 calendar days for each wind turbine (#13-#18) of the fourth group.
3. Taipower shall calculate the completion date of the sub-projects of Taichung Power Plant and Taichung Harbor Area by adding 120 calendar days to the last date of completion of the commercial transfer of each site (#3 wind turbine of Taichung Power Plant; #11 wind turbine of Taichung Port Area) as the last completion date of the site.
4. Taipower shall pay the Company NT$13,740 thousand and interest at 5% per annum from September 28, 2007 to the date of settlement.

Taipower filed an action against the arbitral award and requested for its revocation. For this, Taiwan Taipei District Court made a decision to dismiss the action (Zhong-Su-Zi No. 11, 2010) and Taipower filed an appeal against the decision. On May 31, 2011, the high court delivered its decision (Chong-Shang-Zi No. 501, 2010) to reserve the dismissal of Taipower's action and the determination on the litigation expenses as declared in the original judgment. As for the text of the arbitral award (Gong-Zhong-Xie-(Jing)-Zi No. 019, 2008) made by the Chinese Construction Industry Arbitration Association, the decision of the high court found that Point (3) exceeded the scope of the arbitration agreement and should be revoked, and the appeal should be dismissed with regard to Points (1), (2) and (4). The two parties had negotiated on the settlement amount, but they could not reach a consensus. As a result, Taipower has still not paid the Company the amount due.

The Company filed a lawsuit with the Taipei District Court on September 5, 2013, requesting Taipower to pay the Company NT$401,631 thousand and on August 25, 2016, the Taipei District Court ruled (2013 Jian-Zi No. 274) that Taipower should pay the Company NT$309,690,000, plus interest at 5% per annum from April 14, 2012 to the date of full settlement. Taipower appealed against the judgment and filed an appeal. On May 29, 2020, the Taiwan High Court ruled in (2016 Jian-Shang-Zi No.74) that Taipower should pay the Company NT$301,955 thousand, including NT$250,070 thousand from April 14, 2012, and the remaining NT$51,885 thousand with interest at 5% per annum from the day after the judgment was finalized until the date of settlement. Based on the above judgement, the Company filed an appeal with the Supreme Court in which Taipower was required to pay the Company NT$16,045 thousand and interest at 5% per annum from April 14, 2012 to the date of settlement. Taipower subsequently filed an appeal to the Supreme Court on June 29, 2020.

In addition, in February 2015, the Company obtained an execution decree from the Taipei District Court of Taiwan in accordance with the above-mentioned arbitration judgment on Item 4 seeking NT$13,740 thousand in outstanding payments due. Taipower filed a debtor's dispute lawsuit seeking a stay of execution. On December 9, 2016, the Taipei District Court ruled against Taipower (2015 Zhong-Shu-Zi No.195). Taipower has filed an appeal, which is currently pending before the Taiwan High Court, and the verdict has not yet been determined.

(IV) The Company placed an order of 54 blades to Umoe (a Dutch company) on June 22, 2005 and authorized it to deal with their transport. Umoe (a Dutch company) authorized another company for this transport matter. A batch of the blades was affected by severe weather during the transport and 15 blades were damaged as a result. Umoe (a Dutch company) found that the procurement agreement was entered into based on the FOB conditions and, thus, asked the Company to reimburse the freight paid on behalf of the Company. On August 16, 2010, the Company received a notice from Taiwan Banqiao District Court about the suit at Oslo District Court, Norway. The JuridiskByra law firm in Norway was authorized for the suit. Oslo District Court made a decision against the Company on April 11, 2011 and required that the Company should pay a compensation of EUR 222 thousand (ca. NT$7,359 thousand) and a sum of legal expenses of NOK 404 thousand (ca. NT$1,258 thousand) with delay interest. As there is no mutual recognition of judicial decisions based on treaties or agreements between Taiwan and Norway, the Company has not received any notice from the court to enforce the above compensation as of December 31, 2022.

(V) As of December 31, 2022 and 2021, the Company had entered into contracts for solar power generation equipment, and the total amount due, less the amount paid, was NT$976,397 thousand.

X. Catastrophic Losses: None.

XI. Significant Post-Term Events: None.

XII. Other Matters: None.

XIII. Notes for Disclosures

(I) Information on Material Transactions:

1. Loan of funds to others: None.

2. Endorsement and guarantees for others: see Schedule 1.

3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): see Schedule 2.
4. Cumulative purchases or sales of marketable securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase from or sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital: see Schedule 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Derivative transactions: None.

(II) Information on investment in other businesses: see Schedule 4.

(III) Information on investment in Mainland China: None.

(IV) Information on major shareholders: Name, amount and percentage of shares held by shareholders with a 5% or more ownership: see Schedule 5.

XIV. Operating Segment Information

Please refer to the consolidated financial statements for FY2022.

Schedule 1

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Endorsement and guarantees for others:

January 1 to December 31, 2022

Unit: NT$ '000

Number (Note 1)	Company name of the guarantor	Target of endorsement and guarantee		Endorsement and guarantee limit for a single company (Note 3)	Maximum endorsement and guarantee balance for the period	Ending balance of endorsement and guarantee	Actual amount	Endorsement and guarantee amount secured by property	Ratio of cumulative guarantee amount to net worth of the most recent financial statements (%)	Maximum amount of endorsement and guarantee (Note 3)	Endorsement and guarantee from parent to subsidiary (Note 4)	Endorsement and guarantee from subsidiary to parent company (Note 4)	Endorsement and guarantee for Mainland China (Note 4)
		Company name	Relationship (Note 2)										
0	The Company	Sen-Hsin Energy Co., Ltd.	2	$ 830,010	$ 450,000	$ 450,000	$ 337,324	$ —	27.11	$ 1,660,020	Y	N	N
0	The Company	Chin Lai International Development Co., Ltd.	2	$ 830,010	$ 450,000	$ 450,000	$ 116,408	$ —	27.11	$ 1,660,020	Y	N	N

Note 1: The description of the number column is as follows:

(1) The issuer is entered as 0.

(2) The investee companies are numbered in order by company, starting from the Arabic numeral 1.

Note 2: There are two types of relationships between the guarantor and the target of the endorsement, which can be indicated as follows:

(1) Companies with business relationship.

(2) Subsidiaries where the guarantor directly holds more than 50% of the common stock.

Note 3: In accordance with the Company's operating procedures, the total amount of endorsement and guarantee shall not exceed 100% of the Company's latest net financial statements. The individual limits of the Company's external endorsement or guarantee shall not exceed 50% of the Company's net worth, and the same applies to the individual limits of the Company's endorsement and guarantee for subsidiaries directly or indirectly holding 100% of the voting shares.

Note 4: Endorsement and guarantee by a listed parent company to its subsidiary, the endorsement and guarantee by the subsidiary to the listed parent company, and the endorsement and guarantees in Mainland China are required to be listed.

Schedule 2

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Breakdown of marketable securities held at the end of the period

December 31, 2022

Unit: NT$ ‘000

Companies Held	Type and Name of Marketable Securities	Relationship between the issuer of the securities and the Company	Accounts	End of period				Remarks
				Shares	Total carrying amount	Shareholding ratio (%)	Fair value	
The Company	Shares - Chateau International Development Co., Ltd.	Other related party	Financial assets measured at fair value through profit or loss - current	1,657,000	53,752	1.48	53,752	

Note 1: Marketable securities referred to in this table are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IAS 9, "Financial Instruments".

Schedule 3

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

The amount of purchase or sale of goods with related parties reaches at least NT$100 million or 20% of the paid-in capital.

January 1 to December 31, 2022

Unit: NT$ '000 unless otherwise specified

Company that purchases (sells) goods	Counterparty	Relationship	Transaction situation				Transactions and reasons for differences from ordinary transactions		Notes and accounts receivable (payable)		Notes
			Purchases (sales)	Amount	Percentage of purchases (sales) (%)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable) (%)	
The Company	Sel Tech Co., Ltd.	Other related party	Purchases	$ 156,758	42%	90~120 days	By mutual agreement	By mutual agreement	$ (19,554)	(22%)	

Note 1: If the terms and conditions of the related party's transaction are different from the normal terms and conditions, the difference and the reasons for the difference should be stated in the unit price and credit period columns.

Note 2: If there is any payment received (paid) in advance, the reason, contract terms, amount and the difference from the general transaction type should be stated in the Remarks column.

Schedule 4

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Information about Investee Companies

January 1 to December 31, 2022

Unit: NT$ '000/thousand shares

Name of the investment company	Name of investee company	Location	Main business scope	Original investment amount		Held at the end of the period			Income (loss) of the investee for the period	Gain (loss) on investment recognized in the period	Remarks
				End of the period	End of the previous year	Shares	Ratio (%)	Total carrying amount			
The Company	Le Hua Investment Co., Ltd.	Taiwan	Reinvestment business	$ 20,000	$ 40,000	2,000	100	$ 13,803	$ (8,200)	$ (8,200)	
	Luxe Solar Energy Co., Ltd.	Taiwan	Energy Technical Services	4,826	14,826	500	100	3,537	(26)	(26)	
	Sen-Hsin Energy Co., Ltd.	Taiwan	Energy Technical Services	660,000	430,000	66,900	100	692,680	24,830	24,830	
	Chin Lai International Development Co., Ltd.	Taiwan	Energy Technical Services	202,320	202,320	18,000	100	222,149	16,310	14,149	(Note 1)
	Kai Shih Energy Co., Ltd.	Taiwan	Energy Technical Services	2,550	2,550	255	51	3,250	1,535	783	
	Joy Ribbon Limited	Seychelles	International Trade in Energy Products	—	1,422	—	—	—	(1,650)	(842)	(Note 2)
	Wan Chuan Construction Co., Ltd.	Taiwan	Comprehensive Construction Activities	63,000	—	6,300	52.5	64,364	2,969	1,559	

Schedule 4-1

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Information about the investee company, its location, ..., etc.

January 1 to December 31, 2022

Unit: NT$ ’000/thousand shares

Name of the investment company	Name of investee company	Location	Main business scope	Original investment amount		Held at the end of the period			Income (loss) of the investee for the period	Gain (loss) on investment recognized in the period	Remarks
				End of the period	End of the previous year	Shares	Ratio (%)	Total carrying amount			
Chin Lai International Development Co., Ltd.	Qun Li Energy Co., Ltd.	Taiwan	Energy Technical Services	32,899	32,899	2,900	100	30,466	707	707	
Wan Chuan Construction Co., Ltd.	Park Ave Coworking Space Co., Ltd.	Taiwan	Indoor Decoration	2,250	2,250	225	22.5	1,415	6	1	

Note 1: The investment gain or loss recognized in the current period includes a gain of NT$16,310 thousand less amortization of operating rights of NT$2,161 thousand.

Note 2: On May 10, 2022, Joy Ribbon Limited was disposed of.

Schedule 5

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Name of Major Shareholders

December 31, 2022

Name of major shareholder	Shares	
	Shares held	Shareholding ratio (%)
Quintain Steel Co., Ltd.	14,603,953	10.03
Concord International Securities Co., Ltd.	14,323,009	9.84
Hsia Ti Investment Co., Ltd.	10,395,959	7.14
Pao Li Tou Investment Co., Ltd.	8,301,575	5.70
Asahi Enterprises Corp.	8,169,450	5.61

Note 1: The information on major shareholders in this table is based on the last business day of the quarter in which the shareholders hold 5% or more of the Company's common and preferred shares in dematerialized format. The number of shares recorded in the consolidated financial statements and the actual number of shares in dematerialized format may differ depending on the basis of calculation.

Note 2: The above information is disclosed by the trustee's opening of a trust account with individual subaccounts of the trustee if the shareholders have entrusted their shares to the trust. As for the shareholder's shareholding of more than 10% of the shares of insiders reported under the Securities and Exchange Act, the shareholding includes the shareholding of the shareholder plus the shareholding of the shareholder who entrusted shares held to the trust and has the right to decide the use of the trust property.

§ The following table summarizes the significant accounting items

Item	Number/Index
Schedule of Assets, Liabilities and Equity	
Schedule of Cash	Table 1
Schedule of financial assets carried at amortized cost	Note 6(3)
Schedule of Notes Receivable	Table 2
Schedule of Accounts Receivable (Including Related Parties)	Table 3
Schedule of Receivables	Table 4
Schedule of Inventory	Table 5
Schedule of changes in investments accounted for under the equity method	Table 6
Schedule of changes in property, plant and equipment	Note 6(8)
Schedule of Changes in Right-of-Use Assets	Table 7
Schedule of Deposits and Guarantees	Table 8
Schedule of Short-term Borrowings	Note 6(12)
Schedule of Accounts Payable (including Related Parties)	Table 9
Schedule of Other Payables (including related parties)	Table 10
Schedule of Long-term Borrowings	Note 6(13)
Schedule of Deferred Income Tax Liabilities	Note 6(23)
Schedule of Profit and Loss	
Schedule of Operating Income	Table 11
Schedule of Operating Costs	Table 12
Schedule of Manufacturing Costs	Table 13
Operating Expenses	Table 14

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Cash

December 31, 2022

Table 1

Unit: NT$ '000

Item		Amount
Cash on hand	$	138
Bank deposits		
Cheque deposits		294
Demand deposits		215,946
Total	$	216,378

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Notes Receivable

December 31, 2022

Table 2

Unit: NT$ ‘000

Name of customer	Amount	
Company A	$	475
Company B		284
Company C		143
Company D		142
Company E		103
Company F		86
Company G		71
Others (Note)		6
Total	$	1,310

Note: The balance of each account listed does not exceed 5% of the balance of this accounting item.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Accounts Receivable (Including Related Parties)

December 31, 2022

Table 3

Unit: NT$ '000

Name of customer		Amount
Non-related party		
Company A	$	14,145
Company B		4,344
Company C		4,200
Company D		3,110
Company E		1,257
Others (Note)		1,735
Total		28,791
Less: Allowance for losses		(39)
Net amount	$	28,752

Note: The balance of each account listed does not exceed 5% of the balance of this accounting item.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Receivables

December 31, 2022

Table 4

Unit: NT$ ‘000

Name of customer	Amount	
Company A	$	4,835
Company B		3,219
Company C		1,409
Company D		1,076
Others (Note)		13
Total		10,552
Less: Allowance for losses		(10,552)
Net amount	$	–

Note: The balance of each account listed does not exceed 5% of the balance of this accounting item.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Inventory

December 31, 2022

Table 5

Unit: NT$ ‘000

Item	Amount	
	Cost	Net realizable value(Note)
Finished goods	$ 41,023	$ 18,174
Goods in process	106,579	237,060
Raw materials	35,550	38,061
Merchandise	102	171
Subtotal	183,254	$ 293,466
Less: Allowance for loss on decline in value of inventories	(27,839)	
Total	$ 155,415	

Note: See Note 4 for the net realizable value basis.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of changes in investments accounted for under the equity method

FY2022

Table 6

Unit: NT$ ‘000

Name	Balance at the beginning of period		Changes in the current period							Balance at the end of period					
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Gain (loss) on investment	Cash dividends received	Realized sales profit	Disposed	Others(Note1) (Note2)	Number of shares (in thousands)	Shareholding ratio (%)	Amount	Market value or net equity	Evaluation basis	Provision of guarantees or pledges
Le Hua Investment Co., Ltd.	4,000	$ 48,963	(2,000)	$ (20,000)	$ (8,200)	$ (6,960)	$ –	$ –	$ –	2,000	100	$ 13,803	$ 13,803	Equity method	None
Luxe Solar Energy Co., Ltd.	1,500	13,563	(1,000)	(10,000)	(26)	–	–	–	–	500	100	3,537	3,537	〃	〃
Sen-Hsin Energy Co., Ltd.	43,900	437,850	23,000	230,000	24,830	–	–	–	–	66,900	100	692,680	692,680	〃	〃
Chin Lai International Development Co., Ltd.	18,000	212,823	–	–	14,149	(4,860)	37	–	–	18,000	100	222,149	222,149	〃	〃
Kai Shih Energy Co., Ltd.	255	2,467	–	–	783	–	–	–	–	255	51	3,250	3,250	〃	〃
Joy Ribbon Limited	51	2,078	–	–	(842)	–	–	(1,349)	113	–	–	–	–	〃	〃
Wan Chuan Construction Co., Ltd.	–	–	6,300	63,000	1,559	–	–	–	(194)	6,300	52.5	64,364	64,364	〃	〃
Total		$ 717,744		$ 263,000	$ 32,253	$ (11,820)	$ 37	$ (1,349)	$ (81)			$ 999,783	$ 999,783		

Note 1: Exchange difference from conversion of financial statements of foreign operations.
Note 2: Recognition of financial assets carried at fair value through other comprehensive income.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Changes in Right-of-Use Assets

FY2022

Table 7

Item	Amount at beginning of period	Increase in the current period	Decrease in the current period	Reclassification	Balance at the end of period
Cost					
Buildings	$ 12,644	$ 12,209	$ (7,181)	$ —	$ 17,672
Transport Equipment	1,785	1,097	(1,291)	—	1,591
Subtotal	14,429	13,306	(8,472)	—	19,263
Cumulative depreciation					
Buildings	4,822	2,140	(4,014)	—	2,948
Transport Equipment	1,123	559	(1,291)	—	391
Subtotal	5,945	2,699	(5,305)	—	3,339
Total	$ 8,484	$ 10,607	$ (3,167)	$ —	$ 15,924

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Deposits and Guarantees

December 31, 2022

Table 8

Unit: NT$ ‘000

Item	Amount
Refundable deposit	
Deposit received	$ 17,869

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Accounts Payable (including Related Parties)

December 31, 2022

Table 9

Unit: NT$ ‘000

Contractor/vendor name		Amount
Non-related party		
Company A	$	14,148
Company B		9,608
Company C		7,491
Company D		4,980
Company E		4,880
Company F		4,313
Company G		4,079
Company H		4,034
Others (Note)		17,099
Subtotal		70,632
Related party		
Sel Tech Co., Ltd.		19,554
Total	$	90,186

Note: The balance of each account listed does not exceed 5% of the balance of this accounting item.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Other Payables (including related parties)

December 31, 2022

Table 10

Unit: NT$ '000

Contractor/vendor name	Amount	
Salaries and bonuses payable	$	4,571
Labor costs payable		1,309
Equipment payable		860
Rent payable		625
Labor and health insurance expenses payable		533
Others (Note)		3,197
Subtotal		11,095
Related party		
Others (Note)		52
Total	$	11,147

Note: The balance of each account listed does not exceed 5% of the balance of this accounting item.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Operating Income

FY2022

Table 11

Unit: NT$ ‘000

Item	Quantity	Amount
System engineering		$ 64,704
Electricity sales revenue	675,584 kWh	3,191
Transformer	13,906	55,422
Distribution panels	20	15,285
Others (Note)		8,222
Total		146,824
Less: Sales returns and discounts		(39)
Net operating revenue		$ 146,785

Note: The amount of line items listed does not exceed 10% of this accounting item.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Operating Costs

FY2022

Table 12

Unit: NT$ ‘000

Item	Amount
Cost of goods sold	
Merchandise at the beginning of period	$ 102
Add: Purchases for the period	—
Less: Merchandise at the end of period	(102)
Purchase and sales costs	—
Raw materials at the beginning of period	27,916
Add: Net raw materials purchased for the period	364,176
Less: Raw materials at end of period	(35,543)
Direct raw material consumption	356,549
Direct labor	7,452
Manufacturing expenses	28,816
Processing costs	7,907
Manufacturing costs	400,724
Goods in process at the beginning of period	48,014
Less: Transferred to expenses	(3,047)
Construction cost	(151,478)
Goods in process at the end of period	(169,626)
Finished goods cost	124,587
Finished goods at the beginning of period	13,067
Less: Finished goods at the end of period	(40,953)
Total cost of goods sold	96,701
Operating costs	
Loss on decline in value of inventories	1,863
Others	(77)
Operating costs	1,786
Total operating costs	$ 98,487

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Manufacturing Costs

FY2022

Table 13

Unit: NT$ ‘000

Item		Amount
Salary expense	$	6,391
Miscellaneous expenses		4,244
Depreciation		6,584
Insurance fees		2,086
Power expenses		1,683
Others (Note)		7,828
Total	$	28,816

Note: The amount of line items listed does not exceed 5% of this accounting item.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Operating Expenses

FY2022

Table 14

Unit: NT$ ‘000

Item	Marketing expense		Administrative expense		R&D expense		Total	
Salary expense	$	3,123	$	11,618	$	1,217	$	15,958
Miscellaneous expense		704		3,641		707		5,052
Depreciation		1,474		1,627		524		3,625
Insurance fees		351		1,192		106		1,649
Labor costs		561		4,148		—		4,709
Others (Note)		1,491		3,579		198		5,268
Total	$	7,704	$	25,805	$	2,752	$	36,261

Note: The amount of line items listed does not exceed 5% of this accounting item.

Statement of Consolidated Financial Statements of Affiliated Companies

Considering that the companies to be included into the consolidated financial statements of affiliated companies under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises" were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2022 (from January 1 to December 31, 2022), and the related information to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the said consolidated financial statements of the parent and subsidiaries. We hereby declare that consolidated financial statements of affiliated companies were prepared separately.

Company Name: Luxe Green Energy Technology Co.,Ltd. and its subsidiaries

Chairman: Chen Chien-Jen

February 21, 2023

V. Financial statement of the most recent year

Statement of Consolidated Financial Statements of Affiliated Companies

Considering that the companies to be included into the consolidated financial statements of affiliated companies under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2022 (from January 1 to December 31, 2022), and the related information to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the said consolidated financial statements of the parent and subsidiaries. We hereby declare that consolidated financial statements of affiliated companies were prepared separately.

Company Name: Luxe Green Energy Technology Co., Ltd.
and its subsidiaries

Chairman: Chen Chien-Jen

Februar 21, 2023

Independent Auditors' Report

NO.23861110CA

LUXE GREEN ENERGY TECHNOLOGY CO., LTD.:

Audit opinions

We have audited the consolidated balance sheet of Luxe Green Energy Technology Co., Ltd. and its subsidiaries (collectively referred to as the "Group") as of December 31, 2022 and 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the period from January 1 to December 31, 2022 and 2021, and provided the related notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the said consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission, and thus presented fairly in all material aspects, the consolidated financial position of Luxe Green Energy Technology Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021, and the consolidated financial performance and consolidated cash flows for the period from January 1 to December 31, 2022 and 2021.

Basis of audit opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the prevailing Generally Accepted Auditing Standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the consolidated financial statements" section in this report. We are independent of Luxe Green Energy Technology Co., Ltd. and its subsidiaries in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to base our audit opinions.

Other matters

For the parent company only financial statements prepared by Luxe Green Energy Technology Co., Ltd. in FY2022 and FY2021, we had an independent auditors' report issued with unqualified opinions for reference.

Key audit matters

Key audit matters is one that, in our professional judgment, is most significant in relation to our audit of the consolidated financial statements of Luxe Green Energy Technology Co., Ltd. and its subsidiaries for the year ended December 31, 2022. Such matters were addressed during the overall audit of the consolidated financial statements and the process of forming the audit opinions, and thus we did not provide opinions separately regarding such matters.

The following is a summary of the key audit matters of the consolidated financial statements of Luxe Green Energy Technology Co., Ltd. and its subsidiaries in FY2022:

Construction contracts

As stated in Notes 4(13) and 6(20) to the consolidated financial statements, Luxe Green Energy Technology Co., Ltd. and its subsidiaries' project revenue for FY2022 amounted to NT$83,617 thousand, which accounted for 30% of the total net operating revenue and had a significant impact on the consolidated financial statements. The project revenue of Luxe Green Energy Technology Co., Ltd. and its subsidiaries is recognized through the cost input ratio of project cost, based on the gradual satisfaction of performance obligations over time. In view of the fact that the estimated total cost of uncompleted construction projects and the construction cost invested will impact the accuracy of the recognition of construction revenue, we have included the area in the key audit matters of the year.

The major audit procedures we conducted for this key audit matter include:

I. Understanding and examining the effectiveness of the design and implementation of the internal control system related to the estimated total construction cost and the recognition of relevant construction revenue.

II. Sampling the construction project progress schedule, construction contracts and construction cost invested in the current period, and re-calculating the percentage of the completed construction, in order to verify the accuracy of the recognition of construction revenue.

Long-term project payment receivables involving any unsettled litigation

As disclosed in Notes 5 and 6(13) to the consolidated financial statements, as of December 31, 2022, the long-term project receivables of Luxe Green Energy Technology Co., Ltd. and its subsidiaries amounted to NT$207,991 thousand (net of allowance for losses of NT$178,575 thousand and estimated late penalties). Because of the uncertain outcome of the pending litigation, the recoverable amount of the long-term project receivables involves management's assumptions about the final judgment of the court. Accordingly, we have considered the above long-term receivables as a key audit matter.

The major audit procedures we conducted for this key audit matter include:

I. Reviewing the recent verdict documents of the litigation and obtaining the legal confirmation of the appointed lawyer of the litigation to evaluate the reasonableness of the management’s assumption.

II. Evaluating the completeness of the disclosure of this lawsuit by Luxe Green Energy Technology Co., Ltd. and its subsidiaries.

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

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

In preparing the consolidated financial statements, management's responsibility also includes evaluating the ability of Luxe Green Energy Technology Co., Ltd. and its subsidiaries to continue as a going concern, the related disclosures, and the basis of accounting for going concern, unless management intends to liquidate the Group or to cease operations, or there is no practical alternative to liquidation or cessation of operations.

The governance unit (including the Audit Committee) of Luxe Green Energy Technology Co., Ltd. and its subsidiaries assumes the responsibility of overseeing the financial reporting process.

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

We audited the consolidated financial statements for the purpose of obtaining reasonable assurance about whether the consolidated financial statements were free of material misstatement due to fraud or errors and issuing an audit report. However, an audit performed in accordance with generally accepted auditing standards does not provide assurance that material misstatements in consolidated financial statements can be detected. The misstatements might be due to fraud or errors. If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the consolidated financial statements, the misstatements were deemed material.

We conducted our audit in accordance with generally accepted auditing standards and applied our professional judgment and professional skepticism. We also performed the following works:

I. Identify and assess the risks of material misstatement of consolidated financial statements, whether due to fraud or error; design and implement appropriate policy responses to those risks; and obtain sufficient and appropriate evidence to form the basis of an opinion. Since fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, we did not find that the risk of misstatements due to fraud was higher than the same due to errors.

II. We obtained an understanding of the internal control relevant to our 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 internal control of Luxe Green Energy Technology Co., Ltd. and its subsidiaries.

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

IV. Based on the evidence obtained, we have reached a conclusion as to the appropriateness of management's adoption of the going concern basis of accounting and whether there is any material uncertainty about events or circumstances that may cast significant doubt about the ability of Luxe Green Energy Technology Co., Ltd. and its subsidiaries to continue as a going concern. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the consolidated financial statements for the users to pay attention to the relevant disclosure therein, or amend our audit opinions when such disclosure was inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where Luxe Green Energy Technology Co., Ltd. and its subsidiaries would no longer have its ability to function as a going concern.

V. We evaluated the overall presentation, structure, and contents of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements presented relevant transactions and events fairly.

VI. We acquired sufficient and appropriate audit evidence with respect to the entities comprising Luxe Green Energy Technology Co., Ltd. and its subsidiaries to provide opinions regarding the consolidated financial statements. We were responsible for instruction, supervision and implementation of the audit cases, as well as formation of the audit opinions on Luxe Green Energy Technology Co., Ltd. and its subsidiaries.

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

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

We determined the key audit matters to be audited in the FY2022 consolidated financial statements of Luxe Green Energy Technology Co., Ltd. and its subsidiaries based on the matters communicated with the governance unit. Unless public disclosure of certain matters was prohibited by related laws or regulations or if, in very exceptional circumstances, we determined not to cover such matters in the audit report, as we could reasonably expect that the negative impact of the coverage was greater than the public interest brought thereby, we specified such matters in the audit report.

Baker Tilly Clock & Co

CPA:____________________

Yin-Lai Chou

CPA:____________________

Chia-Yu Lai

Approval No.: (1991) Tai-Tsai-Cheng (6) No. 53585

Jin-Guan-Zheng-Shen-Zi No. 1050043092

February 21, 2023

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NT$ '000

Assets		Notes	December 31, 2022		December 31, 2021	
Code	Accounting Item		Amount	%	Amount	%
11xx	Current assets					
1100	Cash	6(1)	$ 450,322	15	$ 639,204	25
1110	Financial assets measured at fair value through profit or loss - current	6(2) 6(28)	68,723	2	19,490	1
1136	Financial assets measured at amortized cost - current	6(4)	106,298	4	46,025	2
1140	Contract assets - current	6(20), 7	68,278	2	22,032	1
1150	Notes receivable	6(5)	1,310	—	7,256	—
1170	Accounts receivable	6(5)	61,527	2	18,326	1
1180	Accounts receivable - related parties	6(5), 7	5,060	—	172,434	7
1200	Other receivables		2,099	—	493	—
1210	Other receivables - related parties	7	17,917	1	12,699	—
1220	Income tax assets in current period	6(25)	46	—	1,306	—
1310	Inventories	6(6)	155,415	5	24,041	1
1410	Prepayment	6(11)	35,165	1	2,679	—
1470	Other current assets	6(12)	44,242	2	21,266	1
11xx	Total current assets		1,016,402	34	987,251	39
15xx	Non-current assets					
1517	Financial assets at fair value through other comprehensive income or loss - non-current	6(3), 6(28)	25,278	1	—	—
1535	Financial assets measured at amortized cost - non-current	6(4)	103,816	3	121,424	5
1550	Investments recognized under the equity method	6(7)	1,415	—	—	—
1600	Property, plant and equipment	6(8)	701,749	24	604,868	24
1755	Right-of-use assets	6(9)	126,517	4	125,741	5
1780	Intangible assets	6(10)	27,268	1	27,796	1
1840	Deferred income tax assets	6(25)	1,142	—	1,234	—
1915	Prepayment for equipment purchase	6(11)	757,706	25	419,614	16
1920	Refundable deposit		29,844	1	48,918	2
1930	Long-term notes and accounts receivable	6(13)	207,991	7	207,991	8
1990	Other non-current assets		—	—	2,209	—
15xx	Total non-current assets		1,982,726	66	1,559,795	61
1xxx	Total assets		$ 2,999,128	100	$ 2,547,046	100

(The attached notes are part of the consolidated financial statements)

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Consolidated Balance Sheet (continued)

December 31, 2022 and 2021

Unit: NT$ '000

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
Code	Accounting Item		Amount	%	Amount	%
21xx	Current liabilities					
2100	short-term borrowings	6(14)	$ 240,640	8	$ 149,709	6
2130	Contract liabilities - current	6(20)	6,402	—	396	—
2150	Notes payable	6(16)	1,923	—	331	—
2160	Notes payable - related parties	6(16), 7	104	—	—	—
2170	Accounts payable	6(16)	79,158	3	15,519	—
2180	Accounts payable - related parties	6(16), 7	20,382	1	103,852	4
2219	Other payables		21,678	1	19,732	1
2220	Other payables - related parties	7	19,431	1	95,274	4
2230	Income tax liabilities in current period	6(25)	8,940	—	3,070	—
2250	Liability reserve - current		618	—	133	—
2280	Lease liabilities - current	6(9)	8,646	—	7,045	—
2322	Long-term borrowings maturing within one year	6(15)	47,081	2	43,795	2
2399	Other current liabilities		470	—	445	—
21xx	Total current liabilities		455,473	16	439,301	17
25xx	Non-current liabilities					
2540	Long-term borrowings	6(15)	699,303	23	336,025	13
2550	Liability reserve - non-current		2,151	—	4,175	—
2570	Deferred income tax liabilities	6(25)	62	—	134	—
2580	Lease liabilities - non-current	6(9)	120,960	4	120,613	5
2645	Deposit received		946	—	117	—
25xx	Total non-current liabilities		823,422	27	461,064	18
2xxx	Total liabilities		1,278,895	43	900,365	35
31xx	Attributable to the shareholder's equity of the parent company	6(18)				
3110	Common share capital		1,454,858	48	1,359,680	54
3200	Capital reserve		133,054	4	133,054	5
3300	Retained earnings					
3310	Legal reserve		25,948	1	14,726	1
3320	Special reserve		13	—	—	—
3350	Undistributed earnings		46,341	2	134,867	5
3400	Other equity		(194)	—	(13)	—
31xx	Total equity attributable to parent company shareholders		1,660,020	55	1,642,314	65
36xx	Non-controlling equity		60,213	2	4,367	—
3xxx	Total equity		1,720,233	57	1,646,681	65
	Total Liabilities and Equity		$ 2,999,128	100	$ 2,547,046	100

(The attached notes are part of the consolidated financial statements)

Chairman: Chen Chien-JenPresident: Chen Lien-TsungChief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co., Ltd. and its subsidiaries
(Originally: Luxe Electric Co., Ltd)

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: NT$ '000

Code	Item	Notes	FY2022 Amount	FY2022 %	FY2021 Amount	FY2021 %
4100	Net operating revenue	6(20)	$ 281,520	100	$ 324,446	100
5000	Operating costs		(161,798)	(57)	(175,257)	(54)
5900	Operating gross profit		119,722	43	149,189	46
6000	Operating expenses					
6100	Marketing expense		(10,151)	(4)	(7,130)	(2)
6200	Administrative expense		(31,827)	(11)	(31,481)	(10)
6300	R&D expense		(2,752)	(1)	(3,890)	(1)
6450	Profit from reversal of expected credit impairment		—	—	191	—
6000	Total operating expense		(44,730)	(16)	(42,310)	(13)
6900	Net operating profit		74,992	27	106,879	33
7000	Non-operating revenue and expenses	6(21)				
7100	Interest income		1,237	—	524	—
7010	Other revenue		2,220	—	12,449	4
7020	Other profits and losses		(10,855)	(4)	7,068	2
7050	Financial cost		(11,077)	(4)	(10,208)	(3)
7055	Loss from expected credit impairment		(259)	—	—	—
7060	Share of profit/loss of subsidiaries recognized under the equity method		1	—	—	—
7000	Total non-operating revenue and expense		(18,733)	(8)	9,833	3
7900	Net profit before tax		56,259	19	116,712	36
7950	Income tax expense	6(25)	(9,825)	(3)	(3,929)	(1)
8200	in current period		46,434	16	112,783	35
8300	Other comprehensive income					
8310	Items not reclassified to profit or loss					
8316	Unrealized valuation loss on investments in equity instruments measured at fair value through other comprehensive income		(370)	—	—	—
8360	Items able to be reclassified as profit or loss in the future					
8361	Exchange difference from conversion of financial statements of foreign operations		26	—	(26)	—
8399	Income tax related to items potentially being reclassified		—	—	—	—
8500	Total current comprehensive income or loss		$ 46,090	16	$ 112,757	35
8600	Net profit attributable to:					
8610	Parent company shareholders		$ 45,080	16	$ 112,220	35
8620	Non-controlling equity		1,354	—	563	—
	Total		$ 46,434	16	$ 112,783	35
8700	Total comprehensive income attributable to:					
8710	Parent company shareholders		$ 44,899	16	$ 112,207	35
8720	Non-controlling equity		1,191	—	550	—
	Total		$ 46,090	16	$ 112,757	35
	Earnings per share (NTD)	6(19)				
9750	Basic		$ 0.31		$ 0.94	
9850	Diluted		$ 0.31		$ 0.94	

(The attached notes are part of the consolidated financial statements)

Chairman: Chen Chien-JenPresident: Chen Lien-TsungChief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Consolidated Statement of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: NT$ ‘000

Code	Item	Attributable to the shareholder’s equity of the parent company								Non-controlling equity	Total equity
				Retained earnings			Other equity items				
		Common share capital	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Exchange difference from conversion of financial statements of foreign operations	Unrealized valuation loss on financial assets measured at fair value through other comprehensive income	Total		
Z1	Balance as of January 1, 2021	$ 959,680	$ 29,054	$ 8,518	$ –	$ 76,839	$ –	$ –	$ 1,074,091	$ –	$ 1,074,091
B1	Provision for legal reserve	–	–	6,208	–	(6,208)	–	–	–	–	–
B5	Cash dividend for shareholders	–	–	–	–	(47,984)	–	–	(47,984)	–	(47,984)
D1	in current period	–	–	–	–	112,220	–	–	112,220	563	112,783
D3	Other comprehensive income in current period	–	–	–	–	–	(13)	–	(13)	(13)	(26)
D5	Total current comprehensive income or loss	–	–	–	–	112,220	(13)	–	112,207	550	112,757
E1	Follow-on offering	400,000	104,000	–	–	–	–	–	504,000	–	504,000
O1	Non-controlling equity	–	–	–	–	–	–	–	–	3,817	3,817
Z1	Balance on December 31, 2021	1,359,680	133,054	14,726	–	134,867	(13)	–	1,642,314	4,367	1,646,681
B1	Provision for legal reserve	–	–	11,222	–	(11,222)	–	–	–	–	–
B3	Provision for special reserve	–	–	–	13	(13)	–	–	–	–	–
B5	Cash dividend for shareholders	–	–	–	–	(27,193)	–	–	(27,193)	–	(27,193)
B9	Common stock dividends	95,178	–	–	–	(95,178)	–	–	–	–	–
D1	in current period	–	–	–	–	45,080	–	–	45,080	1,354	46,434
D3	Other comprehensive income in current period	–	–	–	–	–	13	(194)	(181)	(163)	(344)
D5	Total current comprehensive income or loss	–	–	–	–	45,080	13	(194)	44,899	1,191	46,090
M3	Disposal of subsidiaries	–	–	–	–	–	–	–	–	(1,201)	(1,201)
M5	Acquisition of subsidiaries	–	–	–	–	–	–	–	–	55,856	55,856
Z1	Balance as of December 31, 2022	$ 1,454,858	$ 133,054	$ 25,948	$ 13	$ 46,341	$ –	$ (194)	$ 1,660,020	$ 60,213	$ 1,720,233

(The attached notes are part of the consolidated financial statements)

Chairman: Chen Chien-JenPresident: Chen Lien-TsungChief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Consolidated Statement of Cash Flow

January 1 to December 31, 2022 and 2021

Unit: NT$ '000

Code	Item	FY2022	FY2021
AAAA	Cash flow from operating activities		
A10000	Pre-tax net profit in current period	$ 56,259	$ 116,712
A20010	Income and expense items:		
A20100	Depreciation expense	51,831	46,201
A20200	Amortization expense	2,295	2,294
A20300	Loss (profit) from expected credit impairment	259	(191)
A20400	Net loss (gain) on financial assets at fair value through profit or loss	8,040	(7,832)
A20900	Financial cost	11,077	10,208
A21200	Interest income	(1,237)	(524)
A21300	Dividend income	(622)	(587)
A22300	Share of interests of subsidiaries recognized under the equity method	(1)	—
A22500	Loss from disposal of property, plant, and equipment	307	346
A23500	Financial assets impairment loss	—	189
A23100	Disposal of investment interests	(250)	—
A29900	Profit from lease changes	(12)	(90)
A30000	Net change in operating assets and liabilities		
A31125	Contract assets	(39,233)	88,542
A31130	Notes receivable	5,946	58,949
A31150	Accounts receivable	(37,712)	94,480
A31160	Accounts receivable - related parties	167,374	(172,434)
A31180	Other receivables	(1,922)	596
A31190	Other receivables - related parties	(5,218)	(12,440)
A31200	Inventory	(131,374)	(6,058)
A31230	Prepayment	(25,246)	1,856
A31240	Other current assets	(27,369)	(19,900)
A32125	Contract liabilities	6,006	19
A32130	Notes payable	(471)	331
A32140	Notes payable - related parties	104	—
A32150	Accounts payable	60,500	(56,174)
A32160	Accounts payable - related parties	(83,470)	103,818
A32180	Other payables	563	6,887
A32190	Other payables - related parties	(75,843)	—
A32200	Liability reserve	(1,539)	(722)
A32230	Other current liabilities	(293)	29
A33000	Cash inflow (outflow) from operations	(61,251)	254,505
A33100	Interest received	1,294	493
A33200	Dividend received	622	587
A33300	Interest paid	(10,485)	(15,145)
A33500	Income tax paid	(3,195)	(1,367)
AAAA	Net cash inflow (outflow) from operating activities	(73,015)	239,073

(Continued on next page)

<u>Luxe Green Energy Technology Co., Ltd. and its subsidiaries</u>

<u>(Originally: Luxe Electric Co., Ltd)</u>

<u>Consolidated Statement of Cash Flow (continued)</u>

January 1 to December 31, 2022 and 2021

Unit: NT$ '000

Code	Item	FY2022	FY2021
BBBB	Cash flow from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	$ (13,300)	$ —
B00100	Acquisition of financial assets at fair value through profit or loss	(57,273)	—
B00200	Disposal of financial assets measured at fair value through profit or loss	—	21,340
B00040	Acquisition of financial assets measured at amortized cost	(36,367)	(78,775)
B00050	Disposal of financial assets measured at amortized cost	—	95,601
B02200	Acquisition of subsidiaries	15,603	1,427
B02300	Disposal of subsidiaries	(1,146)	—
B02700	Acquisition of property, plant, and equipment	(33,327)	(12,754)
B02800	Disposal of property, plant, and equipment	45	355
B03700	Increase in refundable deposit	—	(58,589)
B03800	Decrease in refundable deposit	27,943	20,174
B04500	Acquisition of intangible assets	(1,767)	—
B06700	Increase of other non-current assets	2,209	—
B07100	Increase in prepayment for equipment	(443,118)	(317,181)
BBBB	Net cash outflow from investing activities	(540,498)	(328,402)
CCCC	Cash flow from financing activities		
C00100	Increase in short-term borrowings	90,931	30,000
C01600	Borrowing of long-term borrowings	583,783	122,858
C01700	Repayment of long-term borrowings	(217,219)	(35,583)
C03000	Increase in deposit received	829	—
C03100	Decrease in deposits received	—	(400)
C04020	Repayment of principal for lease liabilities	(8,180)	(6,893)
C04500	Allocation of cash dividends	(27,193)	(47,984)
C04600	Follow-on offering	—	504,000
C05800	Changes in non-controlling equity	1,459	2,450
CCCC	Net cash inflows from financing activities	424,410	568,448
DDDD	Effect of changes in exchange rate on cash	221	(26)
EEEE	(Decrease) increase in cash and cash equivalents for the period	(188,882)	479,093
E00100	Cash balance at beginning of period	639,204	160,111
E00200	Cash balance at ending of period	$ 450,322	$ 639,204

(The attached notes are part of the consolidated financial statements)

Chairman: Chen Chien-JenPresident: Chen Lien-TsungChief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co., Ltd. and its subsidiaries
(Originally: Luxe Electric Co., Ltd)

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Amounts in NT$'000 unless otherwise specified)

I. Corporate history

Luxe Green Energy Technology Co., Ltd.(Originally: Luxe Electric Co., Ltd), hereinafter referred to as the "Company", was established on April 22, 1978, and is engaged in the design, manufacture, installation and sale of high and low voltage distribution panels, various electrical and electronic equipment (including transformers), and various electrical and photovoltaic plant engineering contracts.

The Company's stock was listed for trading on the Taiwan Stock Exchange on September 11, 2000.

The consolidated financial statements are presented with the functional currency (NTD) of the Company.

II. Date and Procedure for Approval of Financial Statements

This consolidated financial report was issued on February 21, 2023, after being presented to the Board of Directors.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) First-time application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) (hereinafter referred to as "IFRSs")

Endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC") and issued into effect. The application of the amended IFRSs approved and issued by the FSC has no significant impact on the accounting policies of the Company and the entities controlled by the Company (the "Consolidated Company").

(II) IFRSs recognized by the FSC in 2023

Newly Announced/Amendments/Revised Standards and Interpretations	Effective Date of IASB Pronouncements
Amendments to IAS 1, "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12, "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction".	January 1, 2023 (Note 3)

Note 1: The application of this amendment is applicable to deferments for annual reporting periods beginning after January 1, 2023.

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

Note 3: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred income taxes on temporary differences for lease and ex-service obligations as of January 1, 2022.

As of the date of adoption of this consolidated financial report, the Consolidated Company is continuing to evaluate the impact of the above amendments on its financial position and financial performance of the Consolidated Company. The related impacts will be disclosed upon completion of the evaluation.

(III) IFRSs issued by the IASB but not yet endorsed by the FSC and therefore not yet effective

Newly Announced/Amendments/Revised Standards and Interpretations	Effective Date of IASB Pronouncements (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Not yet determined
Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback Transactions".	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current".	January 1, 2024
Amendments to IAS 1, "Non-current Liabilities with Contractual Terms".	January 1, 2024

Note 1: Unless otherwise specified, the above new/amended/revised standards or interpretations are effective for annual periods beginning after the respective dates.

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

As of the date of adoption of this consolidated financial report, the Consolidated Company is continuing to evaluate the impact of the above amendments on its financial position and financial performance of the Consolidated Company. The related impacts will be disclosed upon completion of the evaluation.

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and issued by the FSC.

(II) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments carried at fair value.

Fair value measurements are classified into Level 1 to Level 3 based on the degree of observability and significance of the relevant inputs:

1. Level 1 inputs: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
2. Level 2 inputs: Inputs other than those quoted in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs: Unobservable inputs for assets or liabilities.

(III) Criteria for distinguishing current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash (excluding those restricted for exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months of the balance sheet date, and
3. liabilities for which the maturity date cannot be unconditionally extended to at least 12 months after the balance sheet date.

Liabilities that are not current assets or current liabilities are classified as noncurrent assets or noncurrent liabilities.

The Consolidated Company engages in construction projects with a business cycle longer than one year. Therefore, assets and liabilities related to construction projects are classified as current or noncurrent based on the normal business cycle.

(IV) Basis of Consolidation

1. Principles Governing the Preparation of Consolidated Financial Statements

The entity that prepares the consolidated financial statements consists of the Company and entities controlled by the Company (i.e., subsidiaries). The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date control over them is acquired until the date control is lost. Intercompany transactions, balances and any unrealized gains and losses are eliminated upon the preparation of the consolidated financial statements. The total consolidated profit or loss of subsidiaries is attributed to the Company's owners and noncontrolling interests, respectively, even if the noncontrolling interests become a loss balance as a result.

The financial statements of subsidiaries have been appropriately adjusted to conform to the accounting policies used by the Consolidated Company.

Changes in the Consolidated Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2. Subsidiaries Included in Consolidated Financial Statements

The subsidiaries included in this consolidated financial report consist of:

Name of the investment company	Investee company name	Nature of business	Percentage of shareholding (%) December 31, 2022	December 31, 2021	Description
The Company	Le Hua Investment Co., Ltd.	Investment	100	100	
The Company	Luxe Solar Energy Co., Ltd.	Energy Technical Services	100	100	
The Company	Sen-Hsin Energy Co., Ltd.	Energy Technical Services	100	100	
The Company	Chin Lai International Development Co., Ltd.	Energy Technical Services	100	100	
The Company	Wan Chuan Construction Co., Ltd.	Comprehensive Construction Activities	52.5	—	Note 4
The Company	Kai Shih Energy Co., Ltd.	Energy Technical Services	51	51	Notes 1 and 3
The Company	Joy Ribbon Limited	International Trade in Energy Products	—	51	Notes 2 and 3
Chin Lai International Development Co., Ltd.	Qun Li Energy Co., Ltd.	Energy Technical Services	100	100	

Note 1: Kai Shih Energy Co., Ltd. was established in September, 2021.

Note 2: The Company subscribed to the follow-on offering of Joy Ribbon Limited for its cash capital increase in October 2021.

Note 3: On April 22, 2022, the Board of Directors resolved to dispose of all the shares of Joy Ribbon Limited and Kai Shih Energy Co., Ltd. for the original invested amount in order to focus on the core business of the Company. Among them, the Company's shareholdings of Joy Ribbon Limited was disposed of in May 2022.

Note 4: On November 28, 2022, the Company subscribed to the follow-on offering of Wan Chuan Construction Co., Ltd.

3. Subsidiaries Not Included in Consolidated Financial Statements: None.

(V) Foreign Currency

The individual financial statements of each entity of the Consolidated Company are presented in the currency of the primary economic environment in which the entity operates (functional currency). In preparing the consolidated financial statements, the results of operations and financial position of each consolidated entity are translated into New Taiwan dollars (the Company's functional currency and the presentation currency of the consolidated financial statements).

In preparing the financial statements of each consolidated entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the exchange rates prevailing on the dates of transactions. At the end of the reporting period, items denominated in foreign currencies are retranslated at the exchange rates prevailing on that date, and the resulting exchange differences are recognized in profit or loss in the year in which they occur. Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are recognized in profit or loss in the current year, apart from those arising from changes in fair value that are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

During preparation of the consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into NTD at the exchange rate On the end date of the reporting period. Income and expense items are translated at average exchange rates for the period, with the resulting exchange differences recorded in other comprehensive income and accumulated in the financial statements of foreign operating companies under equity and appropriately allocated to noncontrolling interests.

(VI) Inventory

Inventories consist of raw materials, finished goods and work-in-process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances less estimated costs to complete and estimated costs to complete the sale. The cost of inventories is calculated using the weighted-average cost (WAC) method.

(VII)Investment in Affiliated Companies

The Consolidated Company applies the equity method to its investment in affiliated companies. Under the equity method, investments in affiliated companies are initially recognized at cost, and the carrying amount of the investment after acquisition increases or decreases in accordance with the Consolidated Company's share of profits or losses of the affiliated companies and other comprehensive income or loss and profit distribution. In addition, changes in equity in affiliated companies are recognized on a proportional basis to shareholdings. If the Consolidated Company does not subscribe for new shares issued by an affiliated company in proportion to its shareholding, resulting in a change in its shareholding and a resulting increase or decrease in the net equity of the investment, the increase or decrease is adjusted to capital reserve- changes in the net equity of the related company recognized under the equity method and the investment accounted for under the equity method. If the balance of capital reserve from investments accounted for using the equity method is not sufficient, the difference is debited to retained earnings.

(VIII) Property, Plant, and Equipment

The property, plant, and equipment are recognized on the basis of the cost and subsequently measured based on the cost net of accumulated depreciations and accumulated impairment losses.

Except for land owned by the Consolidated Company, which is not depreciated, property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.

(IX) Intangible Assets

1. Individually acquired

Individually acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Consolidated Company reviews the estimated useful lives, residual values and amortization methods at least at each year-end and defers the effect of changes in applicable accounting estimates.

2. Acquired through business combination

Intangible assets acquired in a business combination are recognized at fair value at the date of acquisition and separately from goodwill, and are subsequently measured in the same manner as intangible assets acquired separately.

3. Derecognition

When an intangible asset is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss for the current period.

(X) Impairment of Property, Plant and Equipment, Right-of-Use Assets and Intangible assets

The Consolidated Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, and right-of-use assets may be impaired. If there is any of such signs, the recoverable amount of the assets is estimated. If the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of depreciation) that would have been determined had the impairment loss not been recognized in prior years. Reversals of impairment losses recognized in profit or loss.

(XI) Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Consolidated Company becomes a party to the contractual provisions of the instrument.

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

1. Financial Assets

Regular transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Types of measurements

The types of financial assets held by the Consolidated Company are financial assets measured at fair value through profit or loss and financial assets measured at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are measured at fair value with dividends, interest and gains or losses from remeasurements recognized in other gains and losses. Please refer to Note 6(28) for the determination of fair value.

B. Financial assets measured at amortized cost

The Consolidated Company's investment in financial assets is classified as financial assets carried at amortized cost if both of the following conditions are met:

a. The financial assets are held under an operating model whose objective is to hold financial assets for contractual cash flows; and

b. The contractual terms result in cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortized cost (including cash, accounts receivable at amortized cost, notes receivable, other receivables, long-term notes and accounts receivable, and refundable deposits) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

C. Investments in equity instruments measured at fair value through other comprehensive income or loss

At initial recognition, the Consolidated Company has an irrevocable option to designate investments in equity instruments that are not held-for-trading and for which contingent consideration is recognized by the non-acquirer of the business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of investments, the accumulated gains and losses are transferred directly to retained earnings and are not reclassified to profit or loss.

Dividends from investments in equity instruments measured at fair value through other comprehensive income or loss are recognized in profit or loss when the rights to receive payments from the Consolidated Company are established, unless the dividends clearly represent a partial recovery of the cost of the investment.

(2) Impairment of financial assets and contract assets

The Consolidated Company assesses impairment losses on financial assets (including accounts receivable) and contract assets measured at amortized cost at each balance sheet date based on expected credit losses.

An allowance for impairment is recognized for accounts receivable and contract assets based on the expected credit loss over the life of the asset. Other financial assets are evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase in credit risk, an allowance for loss is recognized based on the expected credit loss over 12 months, and if there is a significant increase in credit risk, an allowance for loss is recognized based on the expected credit loss over the expected lifetime of the asset.

Expected credit losses are the weighted-average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date, while the expected credit loss over the life of the financial instrument represents the expected credit loss arising from all possible defaults during the expected life of the instrument.

For internal credit risk management purposes, the Consolidated Company determines, without considering the collaterals held, that a default on a financial asset has occurred under the following circumstances:

A. Any internal or external information indicating that it is impossible for a debtor to pay off the debts.

B. Debts are overdue for more than 180 days unless there is reasonable and supportable information indicating that a delayed default basis is more appropriate.

The carrying amount of all financial assets is reduced by an allowance account.

(3) Derecognition of financial assets

The Consolidated Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets lapse or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

The difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss when the financial asset is derecognized as a whole at amortized cost.

2. Equity instruments

Equity instruments issued by the Consolidated Company are recognized at the acquisition price less direct issuance costs.

3. Financial liabilities

(1) Subsequent measurement of financial liabilities

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

(2) Derecognition of financial liabilities

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

(XII)Provision for Liabilities

The amount recognized as a provision is the best estimate of the amount required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties of the obligation.

Warranties

Warranty obligations under construction contracts are recognized in income based on management's best estimate of the expenses required to settle the Consolidated Company's obligations.

(XIII)Revenue Recognition

After the Consolidated Company identifies performance obligations under customer contracts, the transaction price is apportioned to each performance obligation and revenue is recognized when each performance obligation is satisfied.

1. Merchandise sales revenue

Revenue from merchandise sales is derived from the sale of electrical equipment. When the electrical equipment is inspected and delivered to the designated location, the customer has the right to set the price and use the product and has the primary responsibility for reselling it, and assumes the risk of obsolescence of the merchandise. The Consolidated Company recognizes revenue and accounts receivable at that point in time.

2. Construction revenue

The Consolidated Company recognizes revenue using the percentage-of-completion method for construction contracts in which the immovable property is under the control of the customer during the construction process. The Consolidated Company measures the percentage of completion based on actual construction progress. The Consolidated Company recognizes contract assets over time during the construction process and reclassifies them as accounts receivable upon billing. If the amount received exceeds the amount of revenue recognized, the difference is recognized as a contract liability.

3. Electricity sales revenue

Revenues from electricity sales are based on the actual kilowatt hours generated and the rates agreed with Taiwan Power Company.

4. Service revenue

The service revenue comes from the subcontracting services of power plant works. Since the performance obligation and risk related to the power plant works have been transferred to the subcontractors, the Group provides subcontracting services as an agent and recognizes the revenue based on the actual progress of the works carried out by the subcontractors.

(XIV) Leases

The Consolidated Company assesses whether a contract is (or contains) a lease at the inception date of the contract.

For contracts with lease and non-lease components, the Consolidated Company apportions the consideration in the contracts on the basis of separate prices and treats them separately.

1. Where the Consolidated Company is the lessor

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

Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred to acquire an operating lease is added to the carrying amount of the underlying asset and recognized as an expense over the lease term on a straight-line basis.

2. Where the Consolidated Company is the lessee

Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases except for leases of low-value subject assets to which recognition exemptions apply and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost (including the original measurement of the lease liability, lease payments made prior to the lease commencement date less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with adjustments for remeasurement of the lease liability. Right-of-use assets are presented separately in the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life or the end of the lease term.

Lease liabilities are measured initially at the present value of the lease payments. If the interest rate implied by the lease is readily determinable, lease payments are discounted using that rate. If the interest rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is allocated over the lease term. Lease liabilities are presented separately in the consolidated balance sheet.

Rentals under leases that do not depend on changes in indices or rates are recognized as expenses in the period in which they are incurred.

(XV)Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are included as part of the cost of that asset until substantially all of the activities necessary to bring the asset to its intended use or sale have been completed.

Investment income earned on specific borrowings that are temporarily invested prior to the incurrence of qualifying capital expenditures is deducted from the cost of borrowings eligible for capitalization.

Except for the above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(XVI) Employee Benefits

1. Short-term employee benefits

Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Postemployment benefits

Defined contribution pension plan benefits are recognized as an expense over the period of service rendered by employees.

(XVII) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

The Consolidated Company determines the current income (loss) based on the regulations of each jurisdiction in which the Consolidated Company files income tax returns and calculates the amount of income tax payable (recoverable).

Income tax on undistributed earnings is recognized in the year when the shareholders' meeting is held.

Adjustments to prior years' income tax payable are included in the current period's income tax.

2. Deferred income tax

Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the temporary differences or loss carryforwards can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets are reviewed at each balance sheet date and the carrying amount is increased to the extent that it is more likely than not that sufficient tax assets will be available to allow recovery of all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Consolidated Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income taxes

Current and deferred income taxes are recognized in profit or loss.

V. Significant Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty

In applying accounting policies, the Consolidated Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other relevant factors when the information is not readily available from other sources. Actual results may differ from those estimates.

Management reviews estimates and underlying assumptions on an ongoing basis. Revisions to estimates are recognized in the period in which they are made if they affect only the current period, or in the period in which they are made if they affect both the current and future periods.

Key sources of estimation and assumption uncertainty:

Long-term project payment receivables involving any unsettled litigation

As of December 31, 2022 and 2021, the Consolidated Company had uncollected long-term construction receivables of NT$207,991 thousand (net of allowance for losses of NT$178,575 thousand and estimated overdue penalties) in prior years. Due to the pending litigation with Taiwan Power Company, the recovery of the contract amount is subject to future court decisions. If the outcome of a future court judgment differs materially from the estimated amount of the impairment loss, the amount of the difference is recognized in profit or loss in the year of the judgment.

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 179	$ 219
Bank deposits	445,143	638,985
Time deposits	5,000	—
Total	$ 450,322	$ 639,204

(II) Financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets - current		
Non-derivative financial assets		
Domestic TWSE (TPEx) listed stocks	$ 68,723	$ 19,490

(III) Financial assets at fair value through other comprehensive income or loss - non-current

	December 31, 2022	December 31, 2021
Unlisted stocks	$ 25,278	$ —

The Consolidated Company invests in Castle Applied Inc. for medium- and long-term strategic purposes and expects to make profits from the long-term investment. It is designated as measured at fair value through other comprehensive income. The Consolidated Company's financial assets at fair value through other comprehensive income were not pledged as collateral.

(IV) Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Current		
Domestic investments		
Time deposits with original maturity of more than 3 months	$ 106,298	$ 46,025
Non-current		
Domestic investments		
Time deposits with original maturity of more than 3 months	$ 80,711	$ 85,530
Reserve account	23,105	35,894
Total	$ 103,816	$ 121,424

As of December 31, 2022 and 2021, the interest rate range of the time deposit with an initial maturity date over 3 months was 0.34% to 1.44% and 0.06% to 1.09%, respectively.

For information on pledges of financial assets measured at amortized cost, see Note 8.

(V) Notes receivable, accounts receivable and overdue receivables.

	December 31, 2022	December 31, 2021
Notes receivable		
Measured at post-amortized cost	$ 1,310	$ 7,256

	December 31, 2022	December 31, 2021
Accounts receivable - related parties		
Measured at post-amortized cost		
Total carrying amount	$ 66,626	$ 190,799
Less: Allowance for losses	(39)	(39)
Total	$ 66,587	$ 190,760
Overdue receivables		
Due to business operations	$ 10,552	$ 10,552
Less: Allowance for losses	(10,552)	(10,552)
Total	$ —	$ —

1. The average credit period for merchandise sales ranges from 30 to 180 days, and accounts receivable are non-interest-bearing. The Consolidated Company's policy is to deal only with creditworthy customers. The Consolidated Company recognizes an allowance for losses on accounts receivable on the basis of expected credit losses over the life of the receivable. The expected credit losses for the duration of the period are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition and industry outlook. Because the Consolidated Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the allowance matrix does not further differentiate between customer groups and only uses the number of days of aging on the accounts receivable establishment date to determine the expected credit impairment rate.

   If there is evidence that the counter-party is in serious financial difficulty and the Consolidated Company cannot reasonably expect to recover the amount, for example, if the counter-party is in liquidation or the debt has been outstanding for more than 720 days, the Consolidated Company reclassifies the amount as an overdue receivable and recognizes an allowance for loss, but continues its collection activities and recognizes the amount recovered in profit or loss.

2. The Company measures the allowance for losses on notes and accounts receivable based on the allowance matrix as follows:

	December 31, 2022					
	Less than 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 days or more	Total
Loss from expected credit impairment	–%	–%	1.79%	2%	50%	
Total carrying amount	$ 53,349	$ 12,413	$ 2,174	$ –	$ –	$ 67,936
Allowance for losses (expected credit losses over the life of the Company)	–	–	(39)	–	–	(39)
Cost after amortization	$ 53,349	$ 12,413	$ 2,135	$ –	$ –	$ 67,897

	December 31, 2021					
	Less than 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 days or more	Total
Loss from expected credit impairment	–%	–%	–%	2%	50%	
Total carrying amount	$ 144,689	$ 667	$ 50,735	$ 1,964	$ –	$ 198,055
Allowance for losses (expected credit losses over the life of the Company)	–	–	–	(39)	–	(39)
Cost after amortization	$ 144,689	$ 667	$ 50,735	$ 1,925	$ –	$ 190,016

Information on the changes in the allowance for losses on accounts receivable is as follows

	FY2022	FY2021
Balance at the beginning of period	$ 39	$ 230
Add: Provision for the period (reversal)	–	(191)
Less: Write offs for the period	–	–
Balance at the end of period	$ 39	$ 39

(VI) Inventory

	December 31, 2022	December 31, 2021
Finished goods	$ 37,197	$ 9,307
Goods in process	106,483	8,880
Raw materials	11,735	5,854
Total	$ 155,415	$ 24,041

1. Operating costs related to inventories were NT$96,701 thousand and NT$87,307 thousand FY2022 and FY2021, respectively. The cost of goods sold for FY2022 and FY2021 included NT$1,863 thousand and NT$1,093 thousand, respectively, for the decline in value of inventories and losses on doubtful accounts.
2. As of December 31, 2022 and 2021, none of the Consolidated Company's inventories were pledged as collateral.
3. As of December 31, 2022 and 2021, there was no write-off of allowance for inventory losses due to obsolescence of inventories.

(VII) Investments Accounted For Using the Equity Method

Individual Insignificant Subsidiaries

Investees	December 31, 2022		December 31, 2021	
	Book Value	Shareholdings %	Total carrying amount	Shareholdings %
Park Ave Coworking Space Co., Ltd.	NT$ 1,415	22.5	NT$ -	-

The calculation of the above insignificant affiliates is based on unaudited financial statements; however, in the opinion of the Company's management, such financial statements would not have resulted in a material adjustment had they been audited by the accountants.

Please refer to Schedule 4 (attached) for the business nature, principal place of business, and national information of the affiliated companies.

(VIII) Property, Plant, and Equipment

Item	January 1 to December 31, 2022				
	Balance at the beginning of period	Acquired	Disposed	Consolidated acquisition	Balance at the end of period
<u>Cost</u>					
Land	$ 45,719	$ 1,250	$ —	$ —	$ 46,969
Buildings	99,502	270	—	—	99,772
Machinery Equipment	18,348	16,982	(3,082)	—	32,248
Office Equipment	2,560	559	(845)	285	2,559
Power Generation Equipment	660,276	110,054	—	—	770,330
Transport Equipment	—	—	—	200	200
Other Equipment	40,758	4,129	(120)	—	44,767
Leasehold Improvements	3,348	5,109	—	904	9,361
Subtotal	870,511	138,353	(4,047)	1,389	1,006,206
<u>Accumulated Depreciation and Impairment</u>					
Buildings	47,186	2,761	—	—	49,947
Machinery Equipment	16,832	1,282	(3,073)	—	15,041
Office Equipment	1,608	215	(513)	—	1,310
Power Generation Equipment	164,231	36,084	—	—	200,315
Transport Equipment	—	8	—	42	50
Other Equipment	35,201	1,472	(109)	—	36,564
Leasehold improvements	585	645	—	—	1,230
Subtotal	265,643	42,467	(3,695)	42	304,457
Net Amount	$ 604,868	$ 95,886	$ (352)	$ 1,347	$ 701,749

Item	January 1 to December 31, 2021				
	Balance at the beginning of period	Acquired	Disposed	Consolidated acquisition	Balance at the end of period
Cost					
Land	$ 45,719	$ –	$ –	$ –	$ 45,719
Buildings	90,044	9,458	–	–	99,502
Machinery Equipment	43,327	932	25,911	–	18,348
Office Equipment	2,774	800	1,014	–	2,560
Power Generation Equipment	660,343	916	983	–	660,276
Other Equipment	48,471	648	8,361	–	40,758
Leasehold improvements	3,348	–	–	–	3,348
Subtotal	894,026	12,754	36,269	–	870,511
Accumulated Depreciation and Impairment					
Buildings	44,685	2,501	–	–	47,186
Machinery Equipment	42,570	160	25,898	–	16,832
Office Equipment	2,445	177	1,014	–	1,608
Power Generation Equipment	131,064	33,462	295	–	164,231
Other Equipment	41,965	1,597	8,361	–	35,201
Leasehold improvements	251	334	–	–	585
Subtotal	262,980	38,231	35,568	–	265,643
Net amount	$ 631,046	$ (25,477)	$ 701	$ –	$ 604,868

1. The Consolidated Company depreciates each component item on a straight-line basis over its useful life as follows:

Item	Useful Life
Buildings	35 years
Machinery Equipment	2 to 14 years
Office Equipment	2 to 7 years
Power Generation Equipment	15 to 20 years
Other Equipment	2 to 20 years
Leasehold improvements	9 years

2. The Consolidated Company's property, plant and equipment pledged as collaterals for long-term and short-term loans in December 31, 2022 and 2021. Please refer to Note 8 for details.

(IX) Lease Agreements

1. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-to-use assets		
Buildings	$ 125,316	$ 125,079
Transport Equipment	1,201	662
Total	$ 126,517	$ 125,741

	FY2022	FY2021

Newly acquired right-of-use assets	$ 13,307	$ 87,878
Lease modification (lease cancellation)	$ 3,167	$ —
Depreciation expense of right-of-use assets		
Buildings	$ 8,805	$ 7,316
Transport Equipment	559	654
Total	$ 9,364	$ 7,970

2. Leasing liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 8,646	$ 7,045
Non-current	$ 120,960	$ 120,613

The discount rate range for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Buildings	1.6%～2.71%	1.6%～2.71%
Transport Equipment	1.88%～2.12%	1.88%

3. Significant leasing activities and terms

The Consolidated Company leases the above transportation equipment for a period of 3 years.

The Consolidated Company also leases the building for office and solar farm for power generation for a period of 10 and 20 years.

4. Other Lease Information

	FY2022	FY2021
Short-term lease expenses	$ 1,680	$ 1,026
Low-value asset lease expenses	$ 433	$ 1,010
Variable lease expenses not included in the measurement of lease liabilities	$ 1,500	$ 312
Total cash expenditure for leases (outflow)	$ (14,699)	$ (11,670)

(X) Other Intangible Assets

	January 1 to December 31, 2022			
Item	Balance at the beginning of period	Acquired	Disposed	Balance at the end of period
Cost				
Computer software	$ 665	$ 502	$ —	$ 1,167
Goodwill	—	1,265	—	1,265
Operating rights	32,417	—	—	32,417
Subtotal	33,082	1,767	—	34,849
Accumulated amortization and impairment				
Computer software	243	134	—	377
Operating rights	5,043	2,161	—	7,204
Subtotal	5,286	2,295	—	7,581
Net amount	$ 27,796	$ (528)	$ —	$ 27,268

	January 1 to December 31, 2021			
Item	Balance at the beginning of period	Acquired	Disposed	Balance at the end of period
Cost				

Computer software	$ 665	$ —	$ —	$ 665
Operating rights	32,417	—	—	32,417
Subtotal	33,082	—	—	33,082
Accumulated amortization and impairment				
Computer software	111	132	—	243
Operating rights	2,881	2,162	—	5,043
Subtotal	2,992	2,294	—	5,286
Net amount	$ 30,090	$ (2,294)	$ —	$ 27,796

Amortization expense is provided on a straight-line basis over the following number of durable years:

Item	Useful Life
Computer software	5 years
Operating rights	15 years

(XI) Prepayments

	December 31, 2022	December 31, 2021
Prepayment	$ 22,463	$ —
Prepaid insurance fees	1,704	662
Prepaid pensions	570	570
Others	10,428	1,447
Total	$ 35,165	$ 2,679
Prepayment for equipment purchase	$ 781,624	$ 443,532
Less: Accumulated impairment	(23,918)	(23,918)
Total	$ 757,706	$ 419,614
Current	$ 35,165	$ 2,679
Non-current	$ 757,706	$ 419,614

For the assessment of the accumulated impairment on prepayment for equipment, please refer to Note 9(2).

(XII)Other Current Assets

	December 31, 2022	December 31, 2021
Input tax	$ 38,377	$ 18,315
Tax overpaid retained for offsetting future tax payable	5,695	836
Payments on behalf of others	170	1,879
Others	—	236
Total	$ 44,242	$ 21,266

(XIII)Long-Term Notes and Accounts Receivable

	December 31, 2022	December 31, 2021
Accounts receivable - Taiwan Power Company (Taichung Power Plant) (Note 1)	$ 355,600	$ 355,600
Accounts receivable - Taiwan Power Company (Offshore Wind Power Development In Taichung Port)	17,226	17,226
Estimated additional receivables from construction and engineering work	13,740	13,740
Less: Estimated overdue fines payable	(141,000)	(141,000)
Less: Allowance for losses	(37,575)	(37,575)
Subtotal of construction and engineering receivables	$ 207,991	$ 207,991
Other receivables - Chou, Hsiu-Mei	$ 42,888	$ 42,888
Less: Allowance for losses	(42,888)	(42,888)
Subtotal	$ –	$ –

1. The Consolidated Company filed an arbitration case for the delayed completion of the Taichung Power Plant and Offshore Wind Power Development In Taichung Port of Taiwan Power Company (Taipower). The arbitration judgment was issued by the Chinese Construction Industry Arbitration Association(CCIAA) on January 19, 2010 (2008 Gong-Zhong-Xie-Jing-Zi No. 019) and a judgement was issued by the High Court on May 31, 2011 (2010 Zhong-Shang-Zi No. 501). The Company recorded NT$141,000 thousand in overdue penalties and NT$13,740 thousand in additional receivables due for construction work based on the arbitration judgement. However, the parties did not reach a consensus on the settlement amount, which resulted in the delay in payment by Taipower, so the accounts were reclassified as long-term accounts receivable. Please refer to Note 9(3) for details.
2. In August 2012, the Consolidated Company sold 1,300,000 shares of its equity-method investment in Dakang Insurance Brokerage Co., Ltd. at NT$48 per share, for a total consideration of NT$62,400 thousand. The transferee of the equity, Hsiu-Mei Chou, issued a promissory note when entering into the equity transfer contract and pledged the stocks to the Group. Since the transferee could not subsequently repay on time according to the contract, new agreements were entered into on March 25, 2013 and August 12, 2013, respectively, and an interest at an annual rate of 6% was imposed until March 25, 2014. As of December 31, 2022 and 2021, a sum of NT$42,888 thousand (including the principal of NT$40,480 thousand with the interest receivable of NT$2,408 thousand) had not been collected yet. The Consolidated Company has transferred it to the long-term accounts receivable and set aside an allowance for loss of a percentage of 100%. Besides, the Consolidated Company filed an action for payment of the note against Hsiu-Mei Chou's endorser, Dah Sing Network Technology Co., Ltd., on February 26, 2015. The action was dismissed by the court on February 3, 2016. The Consolidated Company filed an appeal against the dismissal on March 4, 2016 and the high court delivered its decision (2016 Chong-Shang-Zi No. 325) in favor of the Consolidated Company on May 9, 2017. However, Dah Sing Network Technology Co., Ltd. appealed the decision to the Supreme Court. On February 27, 2020, the Supreme Court ruled (2019 Tai-Shang-Zi No. 1237) that the original judgment, with the exception of the provisional execution, was abrogated and remanded the case to the Taiwan High Court for retrial. On December 22,

2020, the High Court ruled in favor of the Consolidated Company (2020 Zhong-Shang-Geng-Yi-Zi No. 38). While Dah Sing Network Technology Co., Ltd. did not file an appeal, the Company has assessed that the possibility of debt recovery was low, henceforth the Company did not reverse the recognized allowance for loss.

3. The Consolidated Company considers the customer's past default record and current financial condition, as well as the possible outcome of future court decisions. If there is evidence that the counter-party is facing severe financial difficulties or the judgment may be unfavorable to the Consolidated Company, and the Consolidated Company cannot reasonably expect to recover the amount, the Consolidated Company will directly write off the related receivables, but shall continue to pursue debt recovery activities and recognize the amount recovered in profit or loss.

(XIV)Short-term Borrowings

	December 31, 2022	December 31, 2021
Secured loans	$ 130,000	$ 113,500
Credit loans	110,640	36,500
Less: Unamortized bank borrowing costs	—	291
Total	$ 240,640	$ 149,709
Interest Rate Range	1.90%～2.30%	1.6%

For the guarantee of assets provided as short-term loans, please refer to Note 8.

(XV)Long-term Borrowings

	December 31, 2022	December 31, 2021
Secured loans	$ 746,384	$ 381,786
Less: Unamortized cost of long-term bank borrowings	—	1,966
Subtotal	746,384	379,820
Less: Loan maturity classified as due within one year	(47,081)	(43,795)
Long-term borrowings	$ 699,303	$ 336,025
Interest Rate Range	2.05%～2.32%	1.8%～2.66%

The above-mentioned bank loans shall mature successively before November 2027. Please refer to Note 8 for information on assets pledged as collateral for long-term borrowings.

(XVI)Notes and Accounts Payable

	December 31, 2022	December 31, 2021
Notes payable (including to related parties)	$ 2,027	$ 331
Accounts payable (including to related parties)	99,540	119,371
Total	$ 101,567	$ 119,702

1. The average credit period for accounts payable is generally 30 to 60 days for customers, and for outsourced projects, payment is made according to the contract period agreed to between the two parties. The Company upholds a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit terms.

2. Please refer to Note 6(28) for disclosures of payables and other payables that are exposed to liquidity risk.

(XVII)Post-employment benefit plans

1. Defined contribution plan

The Consolidated Company's pension plan under the Labor Pension Act is a government-administered defined contribution plan that contributes 6% of employees' monthly salaries to the individual accounts under the Bureau of Labor Insurance. The pension cost recognized as expense in the consolidated statements of income was NT$1,568 thousand and NT$1,266 thousand for FY2022 and FY2021, respectively.

(XVIII)Equity

1. Common share capital

	December 31, 2022		December 31, 2021	
Number of shares (in thousands)		600,000		600,000
Authorized share capital	$	6,000,000	$	6,000,000
Number of issued and fully paid shares (in thousands)		145,486		135,968
Publicly traded common stock	$	1,454,858	$	1,359,680

The issued common stock has a par value of $10 per share and each share has one vote and the right to receive dividends.

On March 5, 2021, the Board of Directors adopted a follow-on offering to issue 40,000 thousand shares at a par value of NT$10. The stocks were issued at a premium of NT$ 12.6 per share. The paid-in capital was NT$1,359,680 after the execution of the offering. The base day for the offering was September 2, 2021. The relevant change registration procedures have been duly completed.

At the annual general shareholders' meeting held on June 21, 2022, for the dividend distribution for FY2021, the shareholders resolved to distribute NT$95,178 thousand in stock dividends at NT$0.7 per share, resulting in a capital stock of NT$1,454,858 thousand after the distribution.

2. Capital reserve

	December 31, 2022		December 31, 2021	
May be used to make up losses, to distribute cash or to increase capital				
Stock issuance in excess of par value	$	133,054	$	133,054

On September 2021, the Company issued 40,000 thousand shares at a par value of NT$10 per share, at a premium of NT$12.6 per share, resulting in an increase in capital surplus of NT$104,000 thousand.

The capital surplus from the stock issuance premium may be used to offset losses or, when the Company has no losses, to distribute cash or to increase capital, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

3. Policy on retained earnings and dividends

In accordance with the provisions of the Company's Articles of Incorporation on the earnings distribution policy, if having a profit in the final accounting of the year, the Company shall first pay taxes and make up any cumulative losses in accordance with laws, and then set aside 10% of the said earnings as legal reserves, unless such legal reserves reach the amount of the Company's paid-in capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws may require. If there is any residual balance, it shall be, together with the undistributed earnings carried from previous years, used as dividends for shareholders. The Board of Directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting for approval. Please refer to Note 6(24), "Remuneration to Employees and Directors", for the policy on the distribution of employees and directors' remuneration under the amended Articles of Incorporation.

Legal reserve may be used to make up losses. If the Consolidated Company has no deficit, the excess of legal reserve over 25% of the paid-in capital may be distributed in cash in addition to increasing capitalization.

At the annual general shareholders' meetings held on June 21, 2022 and May 7, 2021, the Company approved the following distribution of earnings for the FY2021 and FY2020, respectively:

	FY2021	FY2020
Legal reserve	$ 11,222	$ 6,208
Cash dividend (NT$0.2 and NT$0.5 per share respectively)	$ 27,193	$ 47,984
Stock dividends (NT$0.7 per share)	$ 95,178	$ —

4. Non-controlling equity

	FY2022	FY2021
Balance at the beginning of period	$ 4,367	$ —
Net loss for the period attributable to noncontrolling interests	1,354	563
Other comprehensive income or loss attributable to noncontrolling interests:		
Financial assets measured at fair value through other comprehensive income or loss	(176)	—
Exchange difference from conversion of financial statements of foreign operations	13	(13)
Decrease in non-controlling interests in subsidiaries due to disposals	(1,201)	—
Acquisition of additional non-controlling interests in subsidiaries	55,856	3,817
Balance at the end of period	$ 60,213	$ 4,367

(XIX)Earnings Per Share

1. Basic earnings per share

The weighted-average number of shares of common stock and earnings per share used in the calculation of earnings per share were as follows:

	FY2022	FY2021
Net income attributable to owners of the parent company (NT$ '000)	$ 45,080	$ 112,220
Weighted-average number of common shares for basic earnings per share calculation (in thousands)	145,486	118,819
Basic earnings per share (NT$)	$ 0.31	$ 0.94

Earnings per share have been retroactively adjusted for the effect of stock grants, the base date of which was set on September 16, 2022. The basic earnings per share was retroactively adjusted from NT$1.03 to NT$0.94 for FY2021.

2. Diluted earnings per share

The weighted-average number of shares of common stock and earnings used to calculate diluted earnings per share were as follows:

	FY2022	FY2021
Net income attributable to owners of the parent company	$ 45,080	$ 112,220
Weighted-average number of common shares for basic earnings per share calculation (in thousands)	145,486	118,819
Impact of common stock with potential dilutive effects		
Employee remuneration	67	54
Weighted-average number of common shares for the purpose of calculating diluted earnings per share	145,553	118,873
Diluted earnings per share (NT$)	$ 0.31	$ 0.94

If the Consolidated Company has the option to pay employees in stock or cash, the calculation of diluted earnings per share assumes that employee remuneration will be paid in stock and is included in the weighted-average number of common shares outstanding for the purpose of calculating diluted earnings per share when the potential common shares have a dilutive effect. The dilutive effect of these potential common shares will continue to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees is determined in the following year's shareholders' resolution.

As a result of the retroactive adjustment, the diluted earnings per share was retroactively adjusted from NT$1.03 to NT$0.94 for FY2021.

(XX)Revenue from Customer Contracts

	FY2022	FY2021
Revenue from Customer Contracts		
Construction revenue	$ 83,617	$ 93,322
Sales revenue	72,165	121,433
Electricity retailing revenue	119,012	79,993
Service revenue	—	25,829
Others	6,726	3,869
Total	$ 281,520	$ 324,446

1. Contract balance

	December 31, 2022	December 31, 2021
Accounts receivable and notes receivable	$ 67,897	$ 198,016
Contract assets - current		
Construction of photovoltaic power station and booster station	$ 41,990	$ 21,587
Construction and engineering	25,878	—
Sales of electrical equipment	410	236
Electricity retailing revenue	—	209
Total	$ 68,278	$ 22,032
Contract liabilities - current		
Construction of photovoltaic power station	$ 6,224	$ 396
Construction and engineering	178	—
Total	$ 6,402	$ 396

The variation of the contract assets and liabilities is the result of the difference in the time point when the Group fulfills the obligations and the customer makes the payment.

2. Breakdown of revenue from customer contracts

FY2022

	Reportable segments				
	Energy Business Group	Electrical Engineering Business Group	Construction Business Group	Others	Total
Contract revenue type					
Construction revenue	$ 39,525	$ 25,179	$ 18,913	$ —	$ 83,617
Sales revenue	—	72,165	—	—	72,165
Electricity retailing revenue	119,012	—	—	—	119,012
Others	453	6,272	—	1	6,726
Total	$ 158,990	$ 103,616	$ 18,913	$ 1	$ 281,520
Point in time for revenue recognition:					
At a certain point in time	$ 119,465	$ 78,437	$ —	$ 1	$ 197,903
To be satisfied over time	39,525	25,179	18,913	—	83,617
Total	$ 158,990	$ 103,616	$ 18,913	$ 1	$ 281,520

FY2021

	Reportable segments				
	Energy Business Group	Electrical Engineering Business Group	Construction Business Group	Others	Total
Contract revenue type					
Construction revenue	$ 22,612	$ 70,710	$ —	$ —	$ 93,322
Sales revenue	—	121,433	—	—	121,433
Electricity retailing revenue	79,993	—	—	—	79,993
Service revenue	25,829	—	—	—	25,829
Others	675	1,614	—	1,580	3,869
Total	$ 129,109	$ 193,757	$ —	$ 1,580	$ 324,446
Point in time for revenue recognition:					
At a certain point in time	$ 106,497	$ 123,047	$ —	$ 1,580	$ 231,124
To be satisfied over time	22,612	70,710	—	—	93,322
Total	$ 129,109	$ 193,757	$ —	$ 1,580	$ 324,446

(XXI)Non-operating Income and Expenses

1. Interest income

	FY2022	FY2021
Bank deposits	$ 1,237	$ 524

2. Other revenue

	FY2022	FY2021
Dividend income	$ 622	$ 587
Other revenue	1,598	11,862
Total	$ 2,220	$ 12,449

3. Other profits and losses

	FY2022	FY2021
Gain (loss) on financial assets at fair value through profit or loss	$ (8,040)	$ 7,832
Profit from lease changes	12	90
Loss from disposal of property, plant, and equipment	(307)	(346)
Disposal of investment interests	250	—
Financial assets impairment loss	—	(189)
Others	(2,770)	(319)
Net amount	$ (10,855)	$ 7,068

4. Financial cost

	FY2022	FY2021
Interest on bank loans	$ 14,826	$ 9,109
Interest on lease liabilities	2,906	2,429
Less: Amount of interest capitalized	(6,655)	(1,330)
Net amount	$ 11,077	$ 10,208
Rate of capitalized interest	1.86%～2.2%	1.23%～1.84%

(XXII)A Summary of the Depreciation and Amortization Expense Function Is Presented Below:

	FY2022	FY2021
Property, plant and equipment	$ 42,467	$ 38,231
Right-of-use assets	9,364	7,970
Other intangible assets	2,295	2,294
Total	$ 54,126	$ 48,495
Summary of depreciation expense by function		
Operating costs	$ 48,193	$ 42,845
Operating expenses	3,638	3,356
Total	$ 51,831	$ 46,201
Summary of depreciation expense by function		
Operating expenses	$ 2,295	$ 2,294

(XXIII)Employee Benefit Expenses

	FY2022	FY2021
Short-term employee benefits		
Salary	$ 33,338	$ 24,989
Labor Insurance and National Health Insurance	4,904	2,547
Defined contribution plan	1,568	1,266
Remuneration to directors	665	750
Others	2,257	2,238
Total	$ 42,732	$ 31,790
Summary by function		
Operating costs	$ 20,829	$ 13,598
Operating expenses	21,903	18,192
Total	$ 42,732	$ 31,790

(XXIV)Remuneration to Employees and Directors

In accordance with the Company's Articles of Incorporation, the Company contributes no less than 1% and no more than 1% of the pre-tax benefit to employees' and directors' remuneration, respectively, for the year before the distribution of employees' and directors' remuneration. The estimated remuneration to employees for FY2022 and FY2021 were as follows:

	FY2022	FY2021
Employee remuneration	1%	1%
Remuneration to directors	0%	0%

	FY2022	FY2021
Cash		
Employee remuneration	$ 458	$ 1,146

If there is a change in the amount of the annual consolidated financial report after the date of its issuance, the change in accounting estimate is treated as an adjustment in the following year.

There was no difference between the actual amount of employees' remuneration and the amount recognized in the consolidated financial statements for FY2021.

For additional information on the remunerations to the employees and directors approved by the Board, visit the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(XXV)Income Taxes

1. The major components of income tax expense (benefit) recognized in profit or loss were as follows

	FY2022	FY2021
Current income tax		
Generated in the current period	$ 9,150	$ 2,429
Additional taxes levied on undistributed earnings	209	276
Adjusted from the previous year	446	—
Basic tax amount	—	376
Deferred income tax		
Generated in the current period	20	(1,100)
Adjusted from the previous year	—	1,948
Income tax expense recognized in profit or loss	$ 9,825	$ 3,929

2. The reconciliation of accounting income and income tax expense (benefit) is as follows:

	FY2022	FY2021
Income tax expense on net income before income tax at statutory tax rate	$ 17,944	$ 26,367
Tax-exempt income	(124)	(1,683)
Non-deductible expenses for tax purposes	1,767	102
Net domestic investments recognized under the equity method	(6,760)	(2,721)
Basic tax amount	—	376
Additional taxes levied on undistributed earnings	209	276
Unrecognized temporary differences	902	(4,395)
Unrecognized loss carryforward	—	(16,341)
Unrecognized loss carryforwards offset against current period	(4,580)	—
Adjustment in the current year for the income tax expenses of the previous year	446	1,948
Others	21	—
Income tax expense recognized in profit or loss	$ 9,825	$ 3,929

3. Income tax assets and liabilities in the current period

	December 31, 2022	December 31, 2021
Income tax assets in current period		
Tax refund receivable	$ 46	$ 1,306
Income tax liabilities in current period		
Income taxes payable	$ 8,940	$ 3,070

4. The changes in deferred income tax assets and liabilities are as follows:

	FY2022			
	Balance at the beginning of period	Recognized in gain (loss)	Recognized in other comprehensive income	Balance at the end of period
Deferred income tax assets				
Loss of end-of-life assets	$ 1,234	$ (92)	$ –	$ 1,142
Deferred income tax liabilities				
Investment income of subsidiaries	$ 134	$ (134)	$ –	$ –
Unrealized valuation benefits	–	(62)	–	(62)
	$ 134	$ 196	$ –	$ (62)

	FY2021			
	Balance at the beginning of period	Recognized in gain (loss)	Recognized in other comprehensive income	Balance at the end of period
Deferred income tax assets				
Loss of end-of-life assets	$ –	$ 1,234	$ –	$ 1,234
Deferred income tax liabilities				
Investment income of subsidiaries	$ –	$ 134	$ –	$ 134

5. The amount of deferred income tax assets not recognized in the consolidated balance sheet:

	December 31, 2022	December 31, 2021
Loss deductions	$ 152,174	$ 195,208
Temporary differences that can be deducted	99,400	255,157
Total	$ 251,574	$ 450,365

6. As of December 31, 2022, Information on individual unused tax losses and approved income tax returns within the Consolidated Company is summarized as follows:

Year of occurrence	Deductible amount	Final deduction year
The Company		
FY2013 (authorized)	$ 24,709	2023
FY2014 (authorized)	14,378	2024
FY2015 (authorized)	86,597	2025
FY2017 (authorized)	24,752	2027
	$ 150,436	
Subsidiary - Le Hua		
FY2022 (estimate)	$ 148	2032
Subsidiary - Le Yang		
FY2015 (authorized)	$ 68	2025
FY2016 (authorized)	475	2026
FY2017 (authorized)	157	2027
FY2019 (authorized)	123	2029
FY2020 (authorized)	132	2030
FY2021 (declared)	464	2031
FY2022 (estimate)	171	2032
	$ 1,590	

7. Status of approved income taxes

The income tax returns of the Company and its subsidiaries for FY 2020 have been examined and approved by the tax authorities.

(XXVI)Business Combinations

1. Acquisition of subsidiaries

Acquired companies	Main business scope	Date of acquisition	Shareholding ratio	Transfer consideration
FY2022				
Wan Chuan Construction Co., Ltd.	Comprehensive Construction Activities	November 28, 2022	52.5%	$ 63,000
FY2021				
Joy Ribbon Limited	International Trade in Energy Products	October 21, 2021	51%	$ 1,422

2. Assets acquired and liabilities assumed at the date of acquisition

	November 28, 2022	October 21, 2021
Current assets		
Cash	$ 78,603	$ 2,849
Other current assets	21,904	304
Non-current assets		
Property, plant and equipment	1,347	—
Other non-current assets	22,632	—
Current liabilities	(7,088)	(364)
Non-current liabilities	—	—
Net assets acquired	$ 117,398	$ 2,789

3. Net cash outflow from acquisition of subsidiaries

	November 28, 2022		October 21, 2021	
Consideration paid	$	(63,000)	$	(1,422)
Add: Cash acquired		78,603		2,849
Net Cash Inflow	$	15,603	$	1,427

4. Effect of business combinations on operating results

The results of operations from the investee company from the date of acquisition are as follows:

	Acquisition date to December 31, 2022		Acquisition date to December 31, 2021	
Operating revenue	$	18,913	$	1,580
Net profit	$	1,559	$	669
Other comprehensive income	$	(194)	$	(13)

(XXVII) Capital Risk Management

The Consolidated Company is required to maintain sufficient capital to meet the concerns of going concern assumptions. Therefore, the Consolidated Company's capital is prudently managed to ensure that the necessary financial resources and operating plans are in place to support future needs for working capital, capital expenditures and debt servicing.

(XXVIII) Financial Instruments

1. Fair value information - financial instruments not measured at fair value

The carrying amounts of the Consolidated Company's financial instruments not carried at fair value, such as cash, financial assets carried at amortized cost, accounts receivable, other receivables, refundable deposits, long-term and short-term loans (including long-term loans due within one year), accounts payable, other payables and guarantee deposits received, are a reasonable approximation of fair value.

2. Fair value information - financial instruments measured at fair value on a recurring basis

(1) Fair value hierarchy

	December 31, 2022							
	Level 1		Level 2		Level 3		Total	
Financial assets at fair value through profit or loss								
Domestic listed (Over-the-Counter) stocks	$	68,723	$	–	$	–	$	68,723
Financial assets at fair value through other comprehensive income or loss - non-current								
Domestic TWSE (TPEx) unlisted stocks		–		–		25,278		25,278
	$	68,723	$	–	$	25,278	$	94,001

	December 31, 2021							
	Level 1		Level 2		Level 3		Total	
Financial assets at fair value through profit or loss								
Domestic listed (Over-the-Counter) stocks	$	19,490	$	–	$	–	$	19,490

(2) There were no transfers between Level 1 and Level 2 fair value measurements from January 1 to December 31 2022 and 2011.

(3) Reconciliation of financial instruments measured at fair value on a Level 3 basis

	Financial assets at fair value through other comprehensive income or loss - non-current	
	December 31, 2022	December 31, 2021
Balance at the beginning of period	$ 25,472	$ —
Recognized in other comprehensive income	(194)	—
Balance at the end of period	$ 25,278	$ —

(4) For equity instruments without quoted prices in active markets for Level 3 fair value measurements, the Company measures the fair value of the investee by taking into account the quoted prices not available in active and inactive markets, the net financial statements of the investee for the same period obtained by the Company, the changes in the investee's plans, performance, investment objectives, management, etc., and the Company's expected return on investment through the distribution of earnings of the investee.

3. Types of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss	$ 68,723	$ 19,490
Financial assets carried at amortized cost (Note 1)	986,184	1,274,771
Financial assets measured at fair value through other comprehensive income or loss	25,278	—
Total	$ 1,080,185	$ 1,294,261
Financial liabilities		
Measured at amortized cost (Note 2)	$ 1,130,646	$ 764,354
Lease liabilities	129,606	127,658
Total	$ 1,260,252	$ 892,012

Note 1: The balance includes cash, financial assets carried at amortized cost, notes receivable, accounts receivable, other receivables, long-term notes and accounts receivable and refundable deposits, and other financial assets carried at amortized cost.

Note 2: The balance consists of financial liabilities measured at amortized cost, including long-term loans (including long-term borrowings due within one year), notes payable, accounts payable, other payables and guarantee deposits.

4. Financial risk management objectives and policies

The Group's main financial instruments includes accounts receivable, accounts payable, and borrowings. The Consolidated Company's finance department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages the financial risks associated with the Company's operations through internal risk reports that analyze risk exposures based on the level and breadth of risk. These risks include market risk (including interest rate risk and other price risks), credit risk and liquidity risk.

(1) Market risk

A. Interest rate risk

The carrying amounts of the Consolidated Company's financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	December 31, 2022		December 31, 2021	
Fair value interest rate risk				
Financial Assets	$	210,114	$	167,449
Financial liabilities		370,246		277,367
Cash flow rate risk				
Financial Assets		448,891		638,691
Financial liabilities		746,384		379,820

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding for the period reported. The rate of change used in the Consolidated Company's internal reporting of interest rates to key management is a one-digit increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates were to increase or decrease by 0.25%, with all other variables held constant, the Consolidated Company's pre-tax income would increase/decrease by NT$1,345 thousand and NT$273 thousand for FY2022 and FY2021 respectively, due to the Company's exposure to interest rate risk on cash flows from variable rate deposits and borrowings.

B. Other price risk

The Consolidated Company has equity price risk due to its investment in domestic listed securities. The management of the Consolidated Company manages the risk by holding different risky investment portfolios.

Sensitivity analysis

The following sensitivity analysis was performed based on the equity price risk at the balance sheet date.

If equity prices increased/decreased by 1%, net income before income tax would have increased/decreased by NT$687 thousand and NT$195 from January 1 to December 31 2022 and 2021 respectively, due to the increase/decrease in the fair value of financial assets at fair value through profit or loss.

The increase in sensitivity of the Consolidated Company to equity investments was mainly due to the increase in equity investments.

(2)Credit risk

Credit risk refers to the risk of financial loss resulting from the counter-party's default on contractual obligations. Up to the balance sheet date, the Group's potential highest credit risk exposure due to failure of the counterparty to fulfill its obligations was mainly derived from the unlikelihood of collecting the receivables from the customer.

As of December 31, 2022 and 2021, the percentages of accounts receivable from the top ten customers to the Consolidated Company's accounts receivable were 70.10% and 99.97%, respectively, and the credit concentration risk of the remaining accounts receivable was relatively insignificant.

(3)Liquidity risk

A. Liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities is based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Consolidated Company could be required to make repayment. Accordingly, the Consolidated Company's bank loans that are repayable on demand are listed in the table below at the earliest possible date, without regard to the probability that the banks will enforce rights immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the borrowing rate at the balance sheet date.

	December 31, 2022				
	Less than 6 months	6 months to 1 year	1 to 2 years	More than 2 years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 136,772	$ –	$ –	$ 946	$ 137,718
Floating rate instruments	273,780	31,687	62,328	661,106	1,028,901
Lease liabilities	5,837	5,616	11,331	131,190	153,974
Total	$ 416,389	$ 37,303	$ 73,659	$ 793,242	$ 1,320,593

More information on the analysis of lease liabilities due:

	Less than 1 year	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years
Lease liabilities	$ 11,453	$ 43,615	$ 43,484	$ 37,919	$ 17,503

	December 31, 2021				
	Less than 6 months	6 months to 1 year	1 to 2 years	More than 2 years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 234,708	$ –	$ –	$ 117	$ 234,825
Floating rate instruments	26,289	280,685	41,476	213,083	561,533
Lease liabilities	5,275	4,588	9,256	135,290	154,409
Total	$ 266,272	$ 285,273	$ 50,732	$ 348,490	$ 950,767

More information on the analysis of lease liabilities due:

	Less than 1 year	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years
Lease liabilities	$ 9,863	$ 38,706	$ 43,484	$ 39,171	$ 23,185

B. Financing amount

	December 31, 2022	December 31, 2021
Unsecured bank loan credit line		
- Amount utilized	$ 110,640	$ 36,500
- Unutilized amount	138,620	—
Total	$ 249,260	$ 36,500
Guaranteed Bank credit line		
-Amount utilized	$ 876,384	$ 667,710
-Unutilized amount	176,031	2,092,234
Total	$ 1,052,415	$ 2,759,944

(XXIX)Disposal of Subsidiaries

On April 22, 2022, the Board of Directors resolved to dispose of Joy Ribbon Limited, of which the Company owned a 51% equity interest. On May 10, 2022, the Company entered into a share transaction agreement and lost control of Joy Ribbon Limited.

1. Consideration received

	Amount
Cash and cash equivalents	$ 1,500
Receivable from disposal of investments	—
Total consideration received	$ 1,500

2. Analysis of assets and liabilities subject to loss of control as at the date of loss of control

	Amount
Current assets	
Cash and cash equivalents	$ 2,646
Net assets disposed of	$ 2,646

3. Interests from the disposal of subsidiaries

	Amount
Consideration received	$ 1,500
Net assets disposed of	(2,646)
Non-controlling equity	1,296
Cumulative translation difference between equity reclassification and profit or loss of a subsidiary's net assets due to loss of control over the subsidiary	100
Interests from the disposal	$ 250

4. Net cash outflow from disposal of subsidiaries

	Amount
Consideration received	$ 1,500
Less: Balance of cash and cash equivalents from disposal	(2,646)
Net cash outflow	$ (1,146)

As of December 31, 2022, the Group had received NT$1,500 thousand for the disposal of the equity interest in Joy Ribbon Limited.

VII. Related Party Transactions

All transactions, account balances, revenues and expenses between the Company and its subsidiaries (related parties of the Company) are eliminated upon consolidation and are therefore not disclosed in this note. Transactions between the Group and other related parties are described as follows:

(1)Names of related parties and their relationships

Name of related party	Relationship with the Company
Ching Tien Energy and System Co., Ltd. (hereinafter referred to as "Ching Tien Energy")	Other related party
Chao Hsing Energy Co., Ltd. (hereinafter referred to as "Chao Hsing Energy")	Other related party
Sel Tech Co., Ltd. (hereinafter referred to as "SEL Tech")	Other related party
Solargo Tech Co., Ltd. (hereinafter referred to as "Solargo")	Other related party
Quintain Steel Co., Ltd. (hereinafter referred to as "Quintain")	Other related party
Chateau Rich Hotel Co., Ltd. (hereinafter referred to as "Chateau Rich")	Other related party
Castle Applied Inc. (hereinafter referred to as "Castle Applied")	Other related party
Gala Castle Co., Ltd. (hereinafter referred to as "Gala Castle")	Other related party
Jing Hao Landscape Design Company Limited (hereinafter referred to as "Jing Hao Landscape Design")	Other related party
Mei Chi Interior Design and Engineering Co., Ltd. (hereinafter referred to as "Mei Chi Interior Design")	Other related party

(II)Operating revenue

	FY2022	FY2021
Ching Tien Energy and System Co., Ltd.	$ 28,679	$ 16,669
Solargo Tech Co., Ltd.	—	127,040
Other related party	8,240	9,160
Total	$ 36,919	$ 152,869

1. Ching Tien Energy and System Co., Ltd. and Chao Hsing Energy Co., Ltd. subcontract photovoltaic equipment projects including installation services. These projects are subcontracted to Sel Tech Co., Ltd. The financial statements of the Company present the construction revenue after deducting the cost of the outsourcing. Prices and payment terms are based on individual agreements between the parties for each project.

	Construction and engineering revenue	Construction and engineering cost	Net amount
FY2022			
Ching Tien Energy	$ 156,143	$ 127,464	$ 28,679
Other related party	37,534	29,294	8,240
Total	$ 193,677	$ 156,758	$ 36,919
FY2021			
Ching Tien Energy	$ 83,919	$ 67,250	$ 16,669
Other related party	41,070	31,910	9,160
Total	$ 124,989	$ 99,160	$ 25,829

2. Solargo Tech Co., Ltd. generates operating income from equipment and installation of booster stations, and the prices and terms of payment are based on individual agreements between the both transactional parties for each project.

(III)Purchases

	FY2022	FY2021
Sel Tech Co., Ltd.	$ 157,799	$ 99,160
Other related party	1,661	—
Total	$ 159,460	$ 99,160

(IV)Contract Assets

	December 31, 2022	December 31, 2021
Ching Tien Energy	$ 24,914	$ 5,540
Other related party	3,104	1,953
Total	$ 28,018	$ 7,493

(V)Accounts Receivables From Related Parties

	December 31, 2022	December 31, 2021
Accounts receivable		
Ching Tien Energy	$ —	$ 82,298
Chao Hsing Energy Co., Ltd.	—	41,073
Solargo Tech Co., Ltd.	—	49,063
Other related party	5,060	—
Total	$ 5,060	$ 172,434
Other receivables		
Sel Tech Co., Ltd.	$ 17,917	$ 12,699

(VI)Accounts Payable to Related Parties

	December 31, 2022	December 31, 2021
Notes payable		
Other related party	$ 104	$ —
Accounts payable		
Sel Tech Co., Ltd.	$ 19,554	$ 103,852
Other related party	827	—
Total	$ 20,381	$ 103,852
Other payables		
Sel Tech Co., Ltd.	$ 19,393	$ 95,274
Other related party	38	—
Total	$ 19,431	$ 95,274

(VII)Prepayment for Equipment

	December 31, 2022	December 31, 2021
Sel Tech Co., Ltd.	$ 686,494	$ 412,430

The total purchase price of NT$2,392,207 thousand and NT$2,404,393 respectively as of December 31, 2022 and 2021 was for the purchase of solar power equipment and installation, which will be paid according to the progress of the project. Prices and payment terms are based on individual agreements between the parties for each project.

The amount transferred to property, plant and equipment for the period was NT$85,751 thousand.

(VIII) Lease Agreements

	December 31, 2022	December 31, 2021
Right-of-use assets		
Other related party	$ 6,192	$ 6,192
Lease liabilities - current		
Other related party	$ 603	$ 594
Lease liabilities - non-current		
Other related party	$ 3,884	$ 4,487
Interest expense		
Other related party	$ 76	$ 85

The Company leases office space from a related party, and the terms of the transaction are monthly lease payments.

(IX)Remuneration for senior management

	FY2022	FY2021
Short-term employee benefits	$ 9,142	$ 4,009
Postemployment benefits	189	191
Total	$ 9,331	$ 4,200

The remuneration of directors and other key managerial officers is determined by the Remuneration Committee based on individual performance and market trends.

VIII. Assets Pledged as Collateral

The following assets have been provided as collateral for performance bonds and financing facilities:

	December 31, 2022	December 31, 2021
Financial assets measured at amortized cost - non-current (reserve account)	$ 23,105	$ 35,894
Financial assets measured at amortized cost - non-current (pledged time deposits)	80,711	85,530
Property, plant and equipment	612,207	534,100
Total	$ 716,023	$ 655,524

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

In addition to those described in other notes, the Consolidated Company's material commitments and contingencies as of the balance sheet date are as follows:

(I) The details of the Consolidated Company's guaranteed notes payable and bank guarantee letters are as follows:

	December 31, 2022	December 31, 2021
Performance guarantee	$ 87,009	$ 143,840
Guarantee notes for construction projects	19,915	19,915
Total	$ 106,924	$ 163,755

(II) The Consolidated Company and Aircom Pacific Inc. jointly developed an in-flight connection system for use in the passenger cabin of an aircraft for a total contract price of NT$28,750 thousand (US$909,000), of which NT$23,918 thousand (US$762,000) had been paid as of December 31, 2021. The Company has no plan to continue the operation of the business, and no manpower is currently committed to the venture; therefore, a total impairment loss of NT$23,918 thousand was recorded in 2015 for the prepaid equipment.

(III) As for the wind power projects contracted by the Group for Taiwan Power Company in its Taichung Power Plant and Taichung Port area. Many factors that were beyond the control of the Group, such as delayed provision of land, frequent change of the wind turbine sites, and changes in design and construction methods on the side of Taipower as well as the bankruptcy of a subcontractor, the Dutch wind generator supplier, typhoons and severe weather, occurred after the commencement of the works and resulted in a significant increase of the required construction period for the project. For this, the Group asked for extension of the construction period according to the contract and, thus, run into contractual disputes with Taipower. The Chinese Construction Industry Arbitration Association made the arbitral award (Gong-Zhong-Xie-(Jing)-Zi No. 019, 2008) on January 19, 2010 with the text described below:

1. Taipower shall extend the construction period for each wind turbine (#1, #2, #3 and #4 turbines) of Taichung Power Plant by 290 calendar days.
2. Taipower shall extend the work period of 563 calendar days for each wind turbine (#1-#4) of the first group of wind turbines in the Taichung Harbor Area; 756 calendar days for each wind turbine (#5-#8) of the second group; 773 calendar days for each wind turbine (#9-#12) of the third group; 663 calendar days for each wind turbine (#13-#18) of the fourth group.
3. Taipower shall calculate the completion date of the sub-projects of Taichung Power Plant and Taichung Harbor Area by adding 120 calendar days to the last date of completion of the commercial transfer of each site (#3 wind turbine of

Taichung Power Plant; #11 wind turbine of Taichung Port Area) as the last completion date of the site.

4. Taipower shall pay the Consolidated Company NT$13,740 thousand and interest at 5% per annum from September 28, 2007 to the date of settlement.

Taipower filed an action against the arbitral award and requested for its revocation. For this, Taiwan Taipei District Court made a decision to dismiss the action (Zhong-Su-Zi No. 11, 2010) and Taipower filed an appeal against the decision. On May 31, 2011, the high court delivered its decision (Chong-Shang-Zi No. 501, 2010) to reserve the dismissal of Taipower's action and the determination on the litigation expenses as declared in the original judgment. As for the text of the arbitral award (Gong-Zhong-Xie-(Jing)-Zi No. 019, 2008) made by the Chinese Construction Industry Arbitration Association, the decision of the high court found that Point (3) exceeded the scope of the arbitration agreement and should be revoked, and the appeal should be dismissed with regard to Points (1), (2) and (4). The two parties had negotiated on the settlement amount, but no consensus could be reached. As a result, Taipower has still not paid the Consolidated Company the amount due.

The Consolidated Company filed a lawsuit with the Taipei District Court on September 5, 2013, requesting Taipower to pay the Company NT$401,631 thousand and on August 25, 2016, the Taipei District Court ruled (2013 Jian-Zi No. 274) that Taipower should pay the Company NT$309,690 thousand, plus interest at 5% per annum from April 14, 2012 to the date of full settlement. Taipower appealed against the judgment and filed an appeal. On May 29, 2020, the Taiwan High Court ruled in (2016 Jian-Shang-Zi No.74) that Taipower should pay the Consolidated Company NT$301,955 thousand, including NT$250,070 thousand from April 14, 2012, and the remaining NT$51,885 thousand with interest at 5% per annum from the day after the judgment was finalized until the date of settlement. Based on the above judgement, the Company filed an appeal with the Supreme Court in which Taipower was required to pay the Company NT$16,045 thousand and interest at 5% per annum from April 14, 2012 to the date of settlement. Taipower subsequently filed an appeal to the Supreme Court on June 29, 2020.

In addition, in February 2015, the Consolidated Company obtained an execution decree from the Taipei District Court of Taiwan in accordance with the above-mentioned arbitration judgment on Item 4 seeking NT$13,740 thousand in outstanding payments due. Taipower filed a debtor's dispute lawsuit seeking a stay of execution. On December 9, 2016, the Taipei District Court ruled against Taipower (2015 Zhong-Shu-Zi No.195). Taipower has filed an appeal, which is currently pending before the Taiwan High Court, and the verdict has not yet been determined.

(IV) The Group placed an order of 54 blades to Umoe (a Dutch company) on June 22, 2005 and authorized it to deal with their transport. Umoe (a Dutch company) authorized another company for this transport matter. A batch of the blades was affected by severe weather during the transport and 15 blades were damaged as a result. Umoe (a Dutch company) found that the procurement agreement was entered into based on the FOB conditions and, thus, asked the Group to reimburse the freight paid on behalf of the Group. On August 16, 2010, the Group received a notice from Taiwan Banqiao District Court about the suit at Oslo District Court, Norway. The JuridiskByra law firm in Norway was authorized for the suit. Oslo District Court made a decision against the Group on April 11, 2011 and required that the Group should pay a compensation of EUR 222 thousand (ca. NT$7,359 thousand) and a sum of legal expenses of NOK 404 thousand (ca. NT$1,258 thousand) with delay interest. As there is no mutual recognition of judicial decisions based on treaties or agreements between Taiwan and Norway, the Company has not received any notice from the court to enforce the above compensation as of December 31, 2022.

(V) As of December 31, 2022 and 2021, the Consolidated Company had entered into contracts for solar power generation equipment, and the total amount due, less the amount paid, was NT$1,885,091 thousand and NT$2,001,151, respectively.

X. Catastrophic Losses: None.

XI. Significant Post-Term Events: None.

XII. Other Matters: None.

XIII. Notes for Disclosures

(I) Information on Material Transactions:

1. Loan of funds to others: None.
2. Endorsement and guarantees for others: see Schedule 1.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): see Schedule 2.
4. Cumulative purchases or sales of marketable securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase from or sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital: see Schedule 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Derivative transactions: None.
10. Other: Business relationships and material transactions between parents and subsidiaries: see Schedule 5.

(II) Information on investment in other businesses: see Schedule 4.

(III) Information on investment in Mainland China: None.

(IV) Information on major shareholders: Name, amount and percentage of shares held by shareholders with a 5% or more ownership: see Schedule 5.

XIV Department Information

The Company and its subsidiaries assess the performance of the operating segments based on the profit or loss of each operating segment. Information on segment assets and liabilities of the Consolidated Company is not provided to key management for reference or decision making purposes, therefore, disclosure of segment assets and liabilities is not required.

Energy Business Group - Installation of wind power and solar power projects.

Electrical Engineering Group - Design, manufacture, installation and sale of power distribution panels.

(I) Segment Revenue and Operating Results

The revenue and operating results of the Consolidated Company's continuing business units are analyzed by reportable segments as follows:

	January 1 to December 31, 2022				
	Energy Business Group	Electrical Engineering Business Group	Construction Business Group	Others	Total
Segment operating revenue	$ 158,990	$ 103,616	$ 18,913	$ 1	$ 281,520
Segment operating profit or loss	$ 92,454	$ 11,882	$ 2,853	$ (32,197)	$ 74,992
Interest income					1,237
Other revenue					2,220
Other profits and losses					(10,855)
Share of profit or loss of subsidiaries recognized under the equity method					1
Loss from expected credit impairment					(259)
Financial cost					(11,077)
Pre-tax net profit in current period					$ 56,259

	January 1 to December 31, 2021				
	Energy Business Group	Electrical Engineering Business Group	Construction Business Group	Others	Total
Segment operating revenue	$ 129,109	$ 193,757	$ —	$ 1,580	$ 324,446
Segment operating profit or loss	$ 47,099	$ 87,118	$ —	$ (27,783)	$ 106,434
Interest income					524
Other revenue					12,449
Other profits and losses					7,513
Share of profit or loss of subsidiaries recognized under the equity method					—
Loss from expected credit impairment					—
Financial cost					(10,208)
Pre-tax net profit in current period					$ 116,712

(II) Revenue from major products: Please refer to Note 6(20).

(III) Geographical information: The Consolidated Company has no operating income from foreign countries.

(IV) Key Customer Information

The Consolidated Company's revenues from a single customer amounting to 10% or more of the Consolidated Company's total revenues are as follows:

	FY2022		FY2021	
	Amount	%	Amount	%
Customer A	$ 188,955	67	$ 136,557	42
Customer B	28,680	10	16,669	5
Customer C	—	—	127,040	39
Total	$ 217,635	77	$ 280,266	86

Schedule 1

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Endorsement and guarantees for others:

January 1 to December 31, 2022

Unit: NT$ '000

Number (Note 1)	Company name of the guarantor	Target of endorsement and guarantee		Endorsement and guarantee limit for a single company (Note 3)	Maximum endorsement and guarantee balance for the period	Ending balance of endorsement and guarantee	Actual amount	Endorsement and guarantee amount secured by assets	Ratio of cumulative guarantee amount to net worth of the most recent financial statements (%)	Maximum amount of endorsement and guarantee (Note 3)	Endorsement and guarantee from parent to subsidiary (Note 4)	Endorsement and guarantee from subsidiary to parent company (Note 4)	Endorsement and guarantee for Mainland China (Note 4)
		Company name	Relationship (Note 2)										
0	The Company	Sen-Hsin Energy Co., Ltd.	2	$ 830,010	$ 450,000	$ 450,000	$ 337,324	$ —	27.11	$ 1,660,020	Y	N	N
0	The Company	Chin Lai International Development Co., Ltd.	2	$ 830,010	$ 450,000	$ 450,000	$ 116,408	$ —	27.11	$ 1,660,020	Y	N	N

Note 1: The description of the number column is as follows:
(1) The issuer is entered as 0.
(2) The investee companies are numbered in order by company, starting from the Arabic numeral 1.

Note 2: There are two types of relationships between the guarantor and the target of the endorsement, which can be indicated as follows:
(1) Companies with business relationship.
(2) Subsidiaries where the guarantor directly holds more than 50% of the common stock.

Note 3: In accordance with the Company's operating procedures, the total amount of endorsement and guarantee shall not exceed 100% of the Company's latest net financial statements. The individual limits of the Company's external endorsement or guarantee shall not exceed 50% of the Company's net worth, and the same applies to the individual limits of the Company's endorsement and guarantee for subsidiaries directly or indirectly holding 100% of the voting shares.

Note 4: Endorsement and guarantee by a listed parent company to its subsidiary, the endorsement and guarantee by the subsidiary to the listed parent company, and the endorsement and guarantees in Mainland China are required to fill in line item Y.

Schedule 2

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Breakdown of marketable securities held at the end of the period

December 31, 2022

Unit: NT$ ‘000

Company	Type and Name of Marketable Securities	Relationship between the issuer of the securities and the Company	Accounting Item	End of period				Remarks
				Shares	Total carrying amount	Shareholding ratio (%)	Fair Value	
The Company	Shares - Chateau International Development Co., Ltd.	Other related party	Financial assets measured at fair value through profit or loss - current	1,657,000	53,752	1.48	53,752	
Le Hua Investment Co., Ltd.	Stock - Concord International Securities Co., Ltd.	None	Financial assets measured at fair value through profit or loss - current	1,098,880	11,264	—	11,264	
	Shares - Chateau International Development Co., Ltd.	Other related party	Financial assets measured at fair value through profit or loss - current	51,000	1,703	—	1,703	
Luxe Solar Energy	Shares - Chateau International Development Co., Ltd.	Other related party	Financial assets measured at fair value through profit or loss - current	60,000	2,004	—	2,004	
Wan Chuan Construction Co., Ltd.	Castle Applied Inc.	Other related party	Financial assets at fair value through other profit or loss - current	2,830,000	25,278	9.43	25,278	

Note 1: Marketable securities referred to in this table are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IAS 9, "Financial Instruments".

Schedule 3

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

The amount of purchase or sale of goods with related parties reaches at least NT$100 million or 20% of the paid-in capital.

January 1 to December 31, 2022

Unit: NT$ '000 unless otherwise specified

Company that purchases (sells) goods	Counterparty	Relationship	Transactions				Transactions and reasons for differences from ordinary transactions (Note 1)		Notes and accounts receivable (payable)		Notes (Note 2)
			Purchases (sales)	Amount	Percentage of Purchases (Sales) (Note 4)	Credit Period	Unit Price	Credit period	Balance	Percentage of Total Notes and Accounts Receivable (Payable) (Note 4)	
The Company	Sel Tech Co., Ltd.	Other related party	Purchases	$ 157,799	42%	90~120 days	By mutual agreement	By mutual agreement	$ (19,554)	(20%)	—

Note 1: If the terms and conditions of the related party's transaction are different from the normal terms and conditions, the difference and the reasons for the difference should be stated in the unit price and credit period columns.

Note 2: If there is any payment received (paid) in advance, the reason, contract terms, amount and the difference from the general transaction type should be stated in the Remarks column.

Note 3: Paid-in capital represents the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

Note 4: The ratio is calculated based on the total amount before consolidation elimination.

Schedule 4

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Information about the investee company, its location, ..., etc.

January 1 to December 31, 2022

Unit: NT$ ’000/thousand shares

Name of the investment company	Name of investee company	Location	Main business scope	Investment amount		Held at the end of the period			Profit (loss) of the investee for the period	Gain (loss) on investment recognized in the period	Remarks
				End of period	End of last year	Shares	Ratio (%)	Par value			
The Company	Le Hua Investment Co., Ltd.	Taiwan	Reinvestment business	$ 20,000	$ 40,000	2,000	100	$ 13,803	$ (8,200)	$ (8,200)	
	Luxe Solar Energy Co., Ltd.	Taiwan	Energy Technical Services	4,826	14,826	500	100	3,537	(26)	(26)	
	Sen-Hsin Energy Co., Ltd.	Taiwan	Energy Technical Services	660,000	430,000	66,900	100	692,680	24,830	24,830	
	Chin Lai International Development Co., Ltd.	Taiwan	Energy Technical Services	202,320	202,320	18,000	100	222,149	16,310	14,149	(Note 1)
	Kai Shih Energy Co., Ltd.	Taiwan	Energy Technical Services	2,550	2,550	255	51	3,250	1,535	783	
	Joy Ribbon Limited	Seychelles	International Trade in Energy Products	—	1,422	—	—	—	(1,650)	(842)	(Note 2)
	Wan Chuan Construction Co., Ltd.	Taiwan	Comprehensive Construction Activities	63,000	—	6,300	52.5	64,364	2,969	1,559	

Schedule 4-1

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Information about the investee company, its location, ..., etc.

January 1 to December 31, 2022

Unit: NT$ ’000/thousand shares

Name of the investment company	Name of investee company	Location	Main business scope	Investment amount		Held at the end of the period			Income (loss) of the investee for the period	Gain (loss) on investment recognized in the period	Notes
				End of period	End of last year	Shares	Ratio (%)	Par value			
Chin Lai International Development Co., Ltd.	Qun Li Energy Co., Ltd.	Taiwan	Energy Technical Services	32,899	32,899	2,900	100	30,466	707	707	
Wan Chuan Construction Co., Ltd.	Park Ave Coworking Space Co., Ltd.	Taiwan	Indoor Decoration	2,250	2,250	225	22.5	1,415	6	1	

Note 1: The investment gain or loss recognized in the current period includes a gain of NT$16,310 thousand less amortization of operating rights of NT$2,161 thousand.

Note 2: On May 10, 2022, the Company’s equity interest in Joy Ribbon Limited was disposed of.

Schedule 5

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Business relationships and material transactions between parent and subsidiary

January 1 to December 31, 2022

Unit: NT$ ‘000

Number (Note 1)	Name of the transactional party	Counterparty	Relationship with the transactional party (Note 2)	Transactions			
				Accounting item	Amount (Note 3)	Transactional terms and conditions	Percentage of consolidated total revenue or total assets (%)
1	Kai Shih Energy Co., Ltd.	The Company	2	Sales revenue	$ 432	(Note 3)	—
				Accounts receivable	26	(Note 3)	—
1	Kai Shih Energy Co., Ltd.	Sen-Hsin Energy Co., Ltd.	3	Sales revenue	1,390	(Note 3)	—
				Accounts receivable	89	(Note 3)	—
1	Kai Shih Energy Co., Ltd.	Chin Lai International Development Co., Ltd.	3	Sales revenue	2,340	(Note 3)	1
				Accounts receivable	139	(Note 3)	—
1	Kai Shih Energy Co., Ltd.	Qun Li Energy Co., Ltd.	3	Sales revenue	218	(Note 3)	—
				Accounts receivable	13	(Note 3)	—

Note 1: The description of the numbering column is as follows:
(1) The issuer is entered as 0.
(2) The investee companies are numbered in order by company, starting from the Arabic numeral 1.

Note 2: There are three types of relationship with the transactional party, and the types are indicated as follows:
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary company.

Note 3: Eliminated in the preparation of the consolidated financial statements.

Schedule 6

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Name of Major Shareholders

December 31, 2022

Name of major shareholders	Shareholdings	
	Shares held	Shareholding ratio (%)
Quintain Steel Co., Ltd.	14,603,953	10.03
Concord International Securities Co., Ltd.	14,323,009	9.84
Hsia Ti Investment Co., Ltd.	10,395,959	7.14
Pao Li Tou Investment Co., Ltd.	8,301,575	5.70
Asahi Enterprises Corp.	8,169,450	5.61

Note 1: The information on major shareholders in this table is based on the last business day of the quarter in which the shareholders hold 5% or more of the Company's common and preferred shares in dematerialized format. The number of shares recorded in the consolidated financial statements and the actual number of shares in dematerialized format may differ depending on the basis of calculation.

Note 2: The above information is disclosed by the trustee's opening of a trust account with individual subaccounts of the trustee if the shareholders have entrusted their shares to the trust. As for the shareholder's shareholding of more than 10% of the shares of insiders reported under the Securities and Exchange Act, the shareholding includes the shareholding of the shareholder plus the shareholding of the shareholder who entrusted shares held to the trust and has the right to decide the use of the trust property.

Seven.Review and Analysis of Financial Status and Financial Performance and Risks

I. Financial status

(I)Financial status comparison and analysis table

1. The main reasons for any material variations in the Company's assets, liabilities, or equity in the most recent two years, and the effect thereof

Unit: NTD thousand

Item \ Year	FY2022	FY2021	Deviation	
			Amount	%
Current assets	1,016,402	987,251	29,151	3
Non-current assets	1,982,726	1,559,795	422,931	27
Total assets	2,999,128	2,547,046	452,082	18
Current liabilities	455,473	439,301	16,712	4
Non-current liabilities	823,422	461,064	362,358	78
Total liabilities	1,278,895	900,365	378,538	42
Capital stock	1,454,858	1,359,680	95,178	7
Capital reserve	133,054	133,054	0	NA
Retained earnings	72,302	149,593	(77,291)	-52
Total equity	1,720,233	1,646,681	73,552	4
Total liabilities and equity	2,999,128	2,547,046	452,082	18

The reasons for the variation over 20% are described below:

1. Non-current assets: Mainly due to the transfer of project funds for the construction of a subsidiary's solar farm in 2022 and the transfer of real estate plant and equipment after completion acceptance, resulting in a significant increase compared to 2021.
2. Total non-current liabilities and liabilities: Mainly due to the bank's reclassification of long-term loans after the completion and acceptance of the subsidiary's solar farm construction in 2022, resulting in a significant increase compared to 2021.
3. Retained earnings: Decrease due to the allotment of 2021 stockholders' dividends in 2022.

2. Where the effect is of significance, describe the measures to be taken: There was no significant negative effect. So, this is not applicable.

II. Operational results

1. Operational results comparison and analysis table

1. The main reasons for any material variation in the Company's operating revenue, operating net profit, and net profit before tax in the most recent two years

Unit: NTD thousand

Item	FY2022	FY2021	Variation in amount	Ratio of variation %
	Amount	Amount		
Net operating revenue	281,520	324,446	-42,926	-13
Operating costs	161,798	175,257	-13,459	-8
Operating gross profit	119,722	149,189	-29,467	-20
Operating expenses	44,730	42,310	2,420	6
Other net income and expenses	0	0	0	NA
Operating income	74,992	106,879	-31,887	-29
Non-operating revenue and expenses	(18,733)	9,833	NA	NA
Net profit before tax	56,259	116,712	-60,453	-50
Income tax profit (expense)	(9,825)	(3,929)	NA	NA
Total comprehensive income	46,090	112,757	-66,667	-59

The reasons for the variation over 20% are described below:

1. Operating gross profit: The decrease in gross profit is mainly due to the decrease in revenue in 2022 compared to 2021.
2. Operating income: The same as the operating gross profit.
3. Net income before income tax and total comprehensive income: the same as the operating gross profit.

2. Possible impact of the expected sales volume and its basis on the future finance and business of the Company and countermeasures

In recent years, our company's business development has mainly focused on core businesses related to electric motors and power, while our subsidiaries have continued to develop solar photovoltaic technology. In addition to investing in the construction of solar electric fields, we have also contracted solar engineering projects. However, the number of projects is not significantly related to the amount of business due to the varying power generation capacity.

III. Cash flow

1. Analysis and description of variations in cash flow in the most recent year (2022)

Unit: NTD thousand

Item / Year	FY2022	FY2021	Increase (decrease)	
			Amount	Ratio (%)
Operating activities	(73,015)	239,073	-312,088	
Investing activities	(540,498)	(328,402)		NA
Financing activities	424,410	568,448	-144,038	NA

Analysis of changes in cash flow:

1. Operating activities: Net cash inflow from operating activities decreased significantly in 2022 compared to 2021 due to the decrease in net income, increase in accounts receivable from related parties and increase in accounts payable, but the accounts receivable from related parties were recovered in 2023.
2. Investing activities: A result of the increase of the amount invested in the self-construction of the solar power plant in 2022.
3. Financing activities: Mainly due to the increase in long-term loans in 2022.

2. Improvement plan for insufficient liquidity

In recent years, the cash flow of the Company was net inflow. Thus, there was no capital turnover issue. In addition, if the operating capital is insufficient, the Company shall ask for bank financing. As a result, there is no liquidity risk caused by failure in fundraising for fulfilling contractual obligations.

3. Cash liquidity analysis for the next fiscal year (2023):

Unit: NTD thousand

Cash balance at the beginning of the year (1)	Expected annual net cash flow from operating activities (2)	Expected annual cash inflow (outflow) (3)	Expected cash surplus (deficit) amount(1)＋(2)＋(3)	Remedies for expected cash deficits	
				Investment plan	Financial management plan
450,322	400,000	(460,000)	390,322	-	-

Luxe Green Energy Financial Basis Description:

1. Analysis of variations in cash flow for the next fiscal year:
   A. Operating activities: Mainly due to the expected revenue growth that will bring NT$400,000 thousand of net cash inflow from operating activities.
   B. Investing and financing activities: A cash outflow of NT$200,000 thousand in total from the self-construction of the solar power plant and a repayment of NT$170,000 thousand to the bank are expected.
   C. To sum up, the annual cash surplus will be NT$390,322 thousand.
2. Remedies for expected cash deficits and liquidity analysis: Not applicable.

IV. The impact of the major capital expenditures in the most recent year on finance and business: None.

V. Reinvestment policy in the most recent year, main reasons for its profit/loss, improvement plan, and the investment plan for the next fiscalyear

In the most recent year, the Company took into consideration the industries related to our main business and the improvement of the operating performance for our reinvestment policies. The existing reinvestment business had no significant profit or loss amount. The Company also adjusted related operating policies and their performance was improved as a result.

Unit: NTD thousand

Investee	Business item	Profit (loss) for the current period (2022)
Le Hua Investment Co., Ltd.	Reinvestment business	(8,200)
Luxe Solar Energy Co., Ltd.	Solar power generation and relevant equipment installation	(26)
Sen-Hsin Energy Co., Ltd.	Solar power engineering and self-construction business	24,830
Chin Lai International Development Co., Ltd.	Solar power generation.	16,310
Qun Li Energy Co., Ltd.	Solar power generation.	707
Kai Shih Energy Co., Ltd.	Solar power generation and maintenance.	1,535

Joy Ribbon Ltd.	Trading	(1,650)

Note: The profit (loss) of Chin Lai International Development Co., Ltd. for the current period includes the recognition of the investment in the subsidiary, Qun Li Energy Co., Ltd., in profit (loss).

VI. Risk and assessment

(I) The effect of the fluctuation in interest and exchange rates and the inflation on the profit and loss of the Company in the most recent year, and the countermeasures in the future

1. The profit and loss from interest and exchange in the most recent year are listed below

Unit: NT$ '000

Item \ Year	FY2022	FY2021
Net interest income (expense)	(9,840)	(9,684)
Net exchange profit (loss)	26	(26)
Operating revenue	281,520	324,446
Profit or loss before tax	56,259	116,712
Ratio of net interest income/expense to operating revenue (%)	-3.49	-2.98
Ratio of net interest income/expense to profit/loss before tax (%)	-17.49	-8.30
Ratio of net exchange profit/loss to operating revenue (%)	0.00	0.00
Ratio of net exchange profit/loss to profit/loss before tax (%)	0.00	0.00

2. Measures taken by the Company in response to exchange rate fluctuation

(1) The Company adopted the principle of pricing in multiple currencies when discussing about prices with importers to control the cost and reduce the risk.

(2) We kept close communication with foreign exchange departments of financial institutions, observed the fluctuation of the exchange rate in a real-time manner, and took appropriate measures promptly.

3. In terms of the inflation, the importing costs of material needed for manufacturing rose as the oil price surged and the price of the natural resources stayed high. The Company would reflect the costs and find other sources of materials as a response approach to reduce the impact on the profit/loss if possible.

(II) Policies on engaging in high risk and high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions in the most recent year, main reasons for profit and loss, and countermeasures in the future

The Company did not make any high-risk and high-leverage investment. We loaned funds to others and made endorsement and guarantee in accordance with the policies established in the Company's "Procedure for Acquisition or Disposal of Assets," "Procedures for Loaning Funds to Others, Endorsements and Guarantees," and "Procedures for Derivative Transactions."

(III) Future R&D plan and expected funds for R&D: The fund is expected to be NT$3,000 thousand.

(IV) Impact of the variations in important domestic/foreign policies and laws on the finance and business of the Company and countermeasures: None.

(V) Impacts of the variations in technology and industry on the finance and business of the Company and countermeasures: None.

(VI) Impacts on crisis management and response measures in the event of variations in the corporate image: None.

(VII) Expected benefits and possible risks associated with mergers and acquisitions and countermeasures: None.

(VIII) Expected benefits and possible risks with regard to any plant expansion and countermeasures: None.

(IX) Risks associated with any concentration of purchases or sales and countermeasures

I. Purchases

The characteristics of the industry to which the Company belongs is different from other manufacturing industries. We choose suppliers and purchase components from them according to the projects we contract and use different upstream materials in each project. Particular components and parts are specified in some contracts and the rest is provided by the suppliers that have collaborated with us for a long time. The Company has joyous collaboration with the suppliers.

II. Sales

The buyers of our products are mainly customers related to electricity or electrical engineering, such as solar power generation companies and Taiwan Power Company. In the most recent 3 years, the Company has worked with Chailease Finance Co., Ltd. and solar companies to construct solar power systems for them. In recent years, the government's strong promotion of policies has stimulated investment of relevant domestic and foreign companies and investors in the solar power industry. In line with the long-term national economic development, Taiwan Power Company has established long-term construction plans and executed procurement accordingly. Thus, the Company has maintained a stable development for a long time in terms of the operation status.

Moreover, the Company has been actively dedicated to solar photovoltaics and complied to the trend in the industry as well as national policy development. We have offered eco-friendly energy to increase the sources of our business revenue.

(X) Impacts and risks from large transfers of shares held by the Company's directors, supervisors, and large shareholders holding more than 10% of the shares and countermeasures: None.

(XI) Impacts and risks from variations in the Company's management rights and countermeasures: None.

(XII) For litigation or non-litigation events, please indicate the Company and directors, supervisors, presidents, substantial responsible person, large shareholder holding more than 10% of the shares and affiliated companies that are involved in a significant litigation, non-litigation or administrative dispute event with affirmative judgment or pending in court proceedings; where the result may have substantial impact on the shareholder's equity or stock price, the merits of the dispute, claim amount, start date of the litigation, primary litigation parties, and the handling status up to the publication date of this annual report shall be disclosed:

The Company had a dispute over accounts with Taiwan Power Company. The case was filed and is currently pending in the court proceedings. Please refer to the notes in the financial statements for other cases.

(XIII) Other major risks and countermeasures: None.

VII. Other important matters: None.

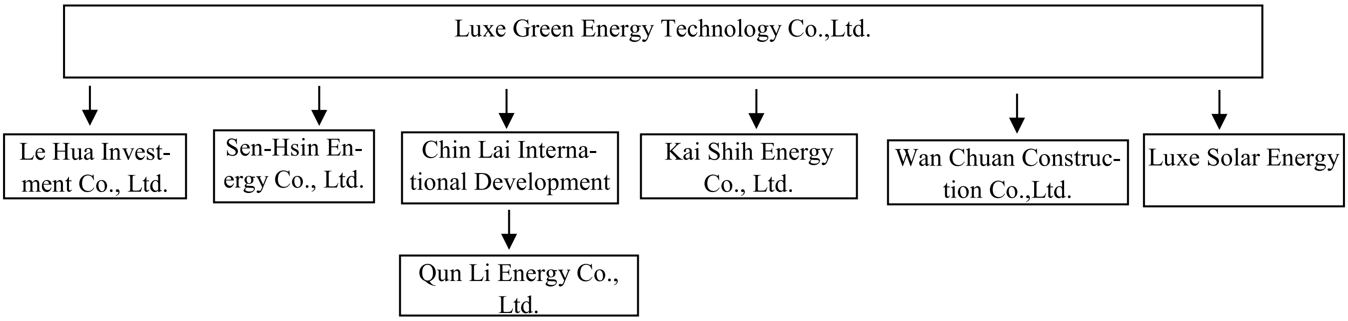
Eight.Special Notes

I. Information on affiliated companies

(I) Organizational chart of affiliated companies

March 31, 2023; Unit: NTD thousand; shares

Name of affiliated company	Relationship with the Company	Shares held by the Company and shareholding ratio		Actual amount of investment	Shares of the Company held and shareholding ratio	
		Shares	Ratio		Shares	Ratio
Le Hua Investment Co., Ltd.	Subsidiary	2,000,000	100%	20,000	–	–
Luxe Solar Energy Co., Ltd.	Subsidiary	500,000	100%	4,826	–	–
Sen-Hsin Energy Co., Ltd.	Subsidiary	66,900,000	100%	660,000	–	–
Chin Lai International Development Co., Ltd.	Subsidiary	18,000,000	100%	202,320	–	–
Qun Li Energy Co., Ltd.	Sub-subsidiary	2,900,000	100%	32,899	–	–
Kai Shih Energy Co., Ltd.	Subsidiary	255	51%	2,550	–	–
Wan Chuan Construction Co., Ltd.	Subsidiary	6,300	52.5%	63,000	–	–



(II) Basic information on affiliated companies

Unit: NT$ '000

Name of company	Establishment date	Address	Paid-in capital	Primary business or production item
Le Hua Investment Co., Ltd.	January 15, 1999	7F.-1, No. 114, Chenggong Rd., North Dist., Tainan City	20,000	Investment
Luxe Solar Energy Co., Ltd.	July 21, 2005	Same as the above.	5,000	Self-usage power generation equipment utilizing renewable energy
Sen-Hsin Energy Co., Ltd.	July 25, 2006	Same as the above.	669,000	Self-usage power generation equipment utilizing renewable energy
Chin Lai International Development Co., Ltd.	January 2, 2004	Same as the above.	180,000	Self-usage power generation equipment utilizing renewable energy
Qun Li Energy Co., Ltd.	January 8, 2003	Same as the above.	29,000	Self-usage power generation equipment utilizing renewable energy
Kai Shih Energy Co., Ltd.	110.10.01	Same as the above.	5,000	Self-usage power generation equipment utilizing renewable energy
Wan Chuan Construction Co., Ltd.	104.10.16	Same as the above.	120,000	Comprehensive Construction Activities

(III) Information on the directors, supervisors, and presidents of the affiliated companies

Name of company	Title	Name or representative	Shares held	
			Shares	Shareholding ratio
Le Hua Investment Co., Ltd.	Chairman	Luxe Green Energy Technology Co., Ltd. Representative: Chieh-Jen Chen	2,000,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Pin-Chun Chen	2,000,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Shih-Chang Chien	2,000,000	100%
	Supervisor	Luxe Green Energy Technology Co., Ltd. Representative: Chun-Hsiang Teng	2,000,000	100%

Luxe Solar Energy Co., Ltd.	Chairman	Luxe Green Energy Technology Co., Ltd. Representative: Chieh-Jen Chen	500,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Lung-Fa Chen	500,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Chun-Hsiang Teng	500,000	100%
	Supervisor	Luxe Green Energy Technology Co., Ltd. Representative: Pin-Chun Chen	500,000	100%
Sen-Hsin Energy Co., Ltd.	Chairman	Luxe Green Energy Technology Co., Ltd. Representative: Lung-Fa Chen	25,900,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Te-Cheng Wang	25,900,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Pin-Chun Chen	25,900,000	100%
	Supervisor	Luxe Green Energy Technology Co., Ltd. Representative: Chieh-Jen Chen	25,900,000	100%
Chin Lai International Development Co., Ltd.	Chairman	Luxe Green Energy Technology Co., Ltd. Representative: Chieh-Jen Chen	18,000,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Pin-Chun Chen	18,000,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Chun-Hsiang Teng	18,000,000	100%
	Supervisor	Luxe Green Energy Technology Co., Ltd. Representative: Lung-Fa Chen	18,000,000	100%
Qun Li Energy Co., Ltd.	Chairman	Luxe Green Energy Technology Co., Ltd. Representative: Chieh-Jen Chen	2,900,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Pin-Chun Chen	2,900,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Chun-Hsiang Teng	2,900,000	100%
	Supervisor	Luxe Green Energy Technology Co., Ltd. Representative: Lung-Fa Chen	2,900,000	100%
Kai Shih Energy Co., Ltd.	Chairman	Luxe Green Energy Technology Co., Ltd. Representative: Chieh-Jen Chen	255	51%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Chiung-Fen Li	255	51%
	Director	Kai-Wen Cheng	245	49%
	Supervisor	Pin-Chun Chen	0	0
Wan Chuan Construction Co., Ltd.	Chairman	Representative of Meiqi Interior Decoration Engineering Co., Ltd:Yu-Han Chang	1,350,000	11.25%
	Director	GALA CASTLE CO., LTD.	900,000	7.5%
	Director	JING HAO LANDSCAPE DE-SIGN COMPANY LIMITED	1,350,000	11.25%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Chieh-Jen Chen	6,300,000	52.5%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Pin-Chun Chen	6,300,000	52.5%
	Supervisor	SPREADING INTERNATIONAL LOGISTICS CORPORATION	900,000	7.5%

(IV) Operation overview of affiliated companies

December 31, 2022Unit: NTD thousand

Name of company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Income in current period (after tax)	Earnings per share (NTD) (after tax)
Le Hua Investment Co., Ltd.	20,000	13,882	80	13,802	1	-148	-8,200	-4.1
Luxe Solar Energy Co., Ltd.	5,000	3,699	162	3,537	0	-182	-27	-0.05
Sen-Hsin Energy Co., Ltd.	669,000	1,357,408	664,729	692,679	62,585	36,212	24,830	0.37
Chin Lai International Development Co., Ltd.	180,000	312,093	114,912	197,181	48,835	22,571	16,311	0.90
Qun Li Energy Co., Ltd.	29,000	35,155	4,689	30,466	4,401	1,043	708	0.31
Kai Shih Energy Co., Ltd.	5,000	7,034	661	6,373	4,380	1,869	1,535	0.37
Wan Chuan Construction Co., Ltd.	120,000	191,428	71,238	120,190	94,183	3,943	2,969	0.025

II. Any private placement of securities in the most recent year and up to the publication date of this annual report: None.

III. Any holding and disposal of the Company’s shares by subsidiaries in the most recent year and up to the publication date of this annual report: None.

IV. Other required supplementary information: None.

V. Any of the matters stated in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act which may have significant impact on the shareholders’ equity or the price of the securities in the most recent year and up to the publication date of this annual report:

(I) Records or written statements made by any director or supervisor who expressed dissent to important resolutions adopted by the Board of Directors in the most recent year up to the publication date of this annual report: None.

(II) Major resolutions of the shareholders’ meetings and the Board of Directors in the most recent year up to the publication date of this annual report:

Major resolutions of the shareholders' meetings and the Board of Directors: (summary; please refer to the information announced on MOPS for details)

I. Shareholders' meetings:

111.06.21	1. Ratification of the Company's earnings distribution for 2021. 2. Ratification of the 2021 Business Report and financial statements of the Company. 3. Remuneration Committee appointment.

II. Board of Directors:

July 1, 2022	1. Election of new chairman and vice chairman of the Board of Directors. 2. Changing the use of funds of the follow-on offering in 2021. 3. Amendment to the Articles of Incorporation. 4. Application to the subsidiary, Sen-Hsin Energy Co., Ltd., for loans to meet the demands of the business.
August 8, 2022	1. The company's greenhouse gas inventory and verification schedule planning. 2. Change of general manager. 3. Change of the company's English name. 4.Company name change of old stock for new stock. 5. 2022 ex-dividend basis and related matters.
November 7, 2022	1. Appointment of the Company's audit director. 2. Amendment to the Company's Articles of Incorporation. 3. Endorsement guarantee for the solar energy construction of the subsidiary Sen-Hsin Energy Co., Ltd. 4. Bank financing loan. 5. 2023 auditing plan.

(III) Implementation status of the internal control system

Luxe Green Energy Technology Co.,Ltd.

Statement on the Internal Control System

Date: February 21, 2023

Based on the result of the self-assessment with respect to the internal control system of the Company in 2022, we hereby declare the following:

I. The Company acknowledges that the Board of Directors and managerial managers are responsible for the establishment, implementation and maintenance of the internal control system, and we have established a system as such. The purpose is to provide reasonable assurance for achievement of the objectives concerning the effectiveness and efficiency of the operations (including profit, performance and protection of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.

II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance regarding the achievement of the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be altered as a result of changes in the environment and circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.

III. The Company judges the effectiveness of the design and operation of the internal control system with reference to the judgment items for such effectiveness as specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The internal control systems are divided into the following five constituent elements according to the management and control process in terms of the judgment items for the internal control system provided for in the "Regulations":1. control environment; 2. risk assessment; 3. Control activities; 4. information and communications; and 5. monitoring activities. Each constituent element contains a number of items. Please refer to the provisions of the above-mentioned "Regulations".

IV. The Company has adopted the aforementioned judgment items to examine the effectiveness of the design and implementation of our internal control system.

V. Based on the result of the aforementioned assessment, the Company finds that, as of December 31, 2022, the design and implementation of our internal control system (including supervision and management of subsidiaries) have worked well regarding the effectiveness and efficiency of the operation,the reliability, timeliness and transparency of reporting,and compliance with relevant rules and applicable laws and regulations, providing reasonable assurance that the above objectives have been achieved.

VI. The Statement will be the main part of the annual report and prospectus of the Company and publicly disclosed. If there is any misrepresentation, nondisclosure or other illegalities in the aforementioned disclosures, legal responsibilities specified in Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall apply.

VII. The Statement was approved at the Board of Directors meeting on February 21, 2023. There were 10 directors present, all of whom approved the contents of the Statement, and none of them expressed dissent. This information is declared as an addition.

Luxe Green Energy Technology Co.,Ltd.

Chairman: Chieh-Jen Chen

President：Lient-Sung Chen

Luxe Green Energy Technology Co.,Ltd.

Chairman

Chieh-Jen Chen