Stock Code: 8931

TA-YUAN COGENERATION COMPANY LTD

ANNUAL REPORT 2022

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http://www.tycc.com.tw

I. Name, title and contact number of the company's spokesperson and deputy spokesperson

Spokesperson: Shih-Yang Chang
Title: President
Deputy Spokesperson: Chiung-Ru Chiu
Title: Manager of Management Department
Telephone: (03)386-8066#122
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II. Contact Information of Company and Plants

Address of company: No. 276, Chaoyin N. Rd., Dayuan Dist., Taoyuan City
Telephone: (03) 386-8066
Address of cogeneration plant: No. 276, Chaoyin N. Rd., Dayuan Dist., Taoyuan City
Telephone: (03) 386-8066
Renewable Energy Plant: No. 286, Huanke Road, Guanyin District, Taoyuan City
Telephone: (03) 473-6668

III. Name, Address and Telephone of Stock Transfer Agency Telephone

Name: Fubon Securities Co., Ltd.
Address: 2F, No. 17 Xuchang Street, Chungcheng District, Taipei City
Telephone: (02) 2361-1300
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IV. Name of Accountant Certified in Recent Years, Name, Address and Telephone of CPA Firm

Name of Accountant: Jui-Chuan Chih, Li-Huang Lee
Accounting Firm: Deloitte Taiwan
Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City
Telephone: (02) 2725-9988
Website: http://www.deloitte.com.tw

V. The name of the trading place where the overseas securities are listed and traded and the method of inquiring about the information of the overseas securities

None

VI. Company Website: http://www.tycc.com.tw

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Letter to Shareholders

Dear Shareholders,

In 2022, the Company's heavy oil generation units were transformed into natural gas generation units and put into operation and cooperated with Taiwan Power Company ("Taipower") to revise the purchase of qualified cogeneration electric energy measures. The Company's unit operations were at full capacity to increase electricity sales. In addition, the waste organic solvent of the renewable energy plant continued to collect stable materials, making the Company's operating revenue grow by 43.21% compared to 2021, the gross profit grow by 65.50% compared with that in 2021, and the overall net operating profit in 2022 to increase by 90.49% compared with that in 2021. The following are business results:

I. 2022 Operation Report:

1. Implementation of production and sales plan

Major products	2022			
	Production		Sales	
	Estimated	Actual	Estimated	Actual
Steam (ton)	715,324	709,730	715,324	709,730
Electricity (thousand kWh)	403,151	490,558	351,209	427,244
Waste solvents (tons)	18,480	18,533	18,480	18,661

2. Comparison of profitability

Item	2022 (NT$1,000)	2021 (NT$1,000)	Growth Rate (%)
Operating revenue	2,861,008	1,997,736	43.21
Gross profit	602,026	363,756	65.50
Net operating profit	436,975	229,398	90.49
Non-operating income and expenses	5,047	(16,945)	129.78
Income before Tax	442,022	212,453	108.06
Net Income	368,069	170,371	116.04

3. Financial structure and profitability

Item (Note)			2022	2021
Financial structure	Debt ratio (%)		51.13	53.71
	Ratio of long-term fund to property, plant, and equipment (%)		122.22	144.44
Profitability	Return on total assets (%)		8.77	4.20
	Return on shareholders' equity (%)		17.44	8.45
	Income before tax to paid-in capital ratio (%)	Operating profit	35.74	18.76
		Income before tax (loss)	36.16	17.38
	Net profit (loss) rate (%)		12.87	8.53
	Earnings (loss) per share (NT$)		3.01	1.39

Note: Please refer to page 121 for the explanation of the calculation.

II. Summary of the 2023 Business Plan:

1. Business Directions

   a. Raise the level of corporate governance and promote to establish ESG corporate governance.

   b. Make good use of the circular economy operation model to improve profitability.

   c. Effectively utilize the low cost of natural gas, and flexibly optimize the power generation operation model.

   d. Enhance the benefits of circular economy, reduce pollution, energy consumption, and emissions.

   e. Cultivate talents, build up a pool of middle management, and implement education for junior employees.

   f. Rooted in the business philosophy and corporate culture of "loyalty, honesty, trust and truthfulness".

2. Operating Strategy

   Cogeneration:

   a. Continue to conduct G1 unit and fuel replace solutions in response to carbon reduction targets.

   b. Continue to improve the filling machine of G2 unit and stabilize the SRF combustion ratio.

   c. Pay attention to the electricity market and schedule the operation of natural gas engine units to make a profit.

   d. Ensure the stability of SRF sources and prices, and effectively achieve carbon reduction goals.

   e. Pay attention to changes in the steam market and ensure steam sales.

   Renewable energy:

   a. Continually achieved the target of Grade A in the annual assessment of waste treatment plants.

   b. Improve Solid Renewable Fuel manufacturing and increase the treatment volume.

   c. Continuously improve the wastewater treatment system to stabilize the discharge water quality.

d. Waste disposal is introduced into the SWIFT intelligent tracking system.

3. Production and Sales Plan

a. The Taipower prices the purchase of qualified cogeneration electric energy measures in 2023. Coal-fired power plant units supply gas and electricity on full load, while G2 supply mostly focused on supplying medium pressure steam and sludge treatment, natural gas-fired generating units supply electricity on full load, and the estimated production and sales for 2023 are as follows:

(I) Coal-fired generators

	Unit	Production volume	Sales volume
Electricity	thousand kWh	287,269	244,764
Steam	Metric ton	425,336	425,336

(II) G2 generators

	Unit	Production volume	Sales volume
Electricity	thousand kWh	79,297	56,117
Steam	Metric ton	211,780	211,780

(III) Natural gas generators

	Unit	Production volume	Sales volume
Electricity	thousand kWh	238,133	232,002
Steam	Metric ton	78,584	78,584

b. Operations were on average maintained at nearly full capacity throughout the duration of agency operations, with the annual processing capacity of 59,420 tons.

c. The G2 units are planned to treat 27,965 tons of SRF (including renewable energy plant supply 9165 tons), 10,300 tons of sludge and 15800 tons of TDF, reducing the coal usage ratio by <50%.

d. Renewable Energy Plant is expected to treat 18,480 tons of waste solvents annually, which is 85.56% of the treatment capacity. It is expected to treat 9,360 tons of SRF, which is 60% of the treatment capacity. The estimated treatment in 2023 is as follows:

	Unit	Receiving volume	Treatment volume
Waste solvent	tons	18,480	18,480
SRF	tons	9,360	9,360

The quarterly treatment is as follows:

	Q1	Q2	Q3	Q4	Total
Waste solvents (tons)	4,620	4,620	4,620	4,620	18,480
SRF (tons)	1,560	2,080	3,120	2,600	9,360

III. Future Development Strategies:

Looking forward to 2023, the international disputes and the Ukrainian-Russian War are still unfinished. Oil prices and raw material prices continue to be high; the United States raises interest rates, the Taiwan dollar depreciates sharply, and the cost of raw material imports increases, posing a big challenge to the Company's operation. The Company will effectively utilize the low cost of natural gas, flexibly optimize the power generation operation model, strive to cooperate with Taipower's revised purchase of qualified cogeneration electric energy measures and operate on full load supply electricity. Moreover, completing the SRF storage pit and conveying system of the cogeneration plant can stabilize the SRF combustion ratio, increase the number of SRF usage to reduce the cost, increasing the Company's gross profit.

For the purpose of sustainable development of the Company, to meet the current demand and not to endanger the development of future needs, the Company cooperates with the Governmental Corporate Governance 3.0 Blueprint, introduces ESG gradually, promotes preparing Corporate Sustainable Report to comply with GRI Standards, sets up information security responsible unit, arranges senior and middle-level cadres to carry out education and training on risk management and sustainable development, and continuously improves various rules and regulations, quarterly corporate briefings, and active communication with stakeholders.

The Company is committed to the pursuit of corporate growth, profitability and sustainable development. In addition to continuing to pay attention to the energy market and government policies, under the premise of stable supply of electricity and steam, it is striving to transform into a large regional energy and resource recycling center, and by combining waste treatment with the comprehensive benefits of supplying electricity and steam, establish a circular economy, enhancing market competitiveness and profitability and pursuing sustainable development.

IV. Impact from External Competition, Regulatory Environment and Overall Business Environment and Countermeasures:

The government has revised the law in response to climate change to increase the proportion of renewable energy and green electricity, and strengthen the policy of near-zero carbon emissions. In addition, the international supply of petrochemical fuels is in short supply and the price continues to rise. In response to the overall environmental trend, the Company will gradually increase the ratio of renewable energy, continually develop G2 carbon reduction technology and gradually reduce carbon emissions. In addition, plan the exit mechanism of coal-fired Extraction/Condensing Cogeneration System, add the planning and design of the turbine gas unit, and consider the evolution of carbon capture and storage application technology, introduce technology in a timely manner, continue to create profits under the premise of sustainable development of the enterprise, and achieve success through the efforts of all employees to reward the support of shareholders.

Thank you again for your support and advice, and wish you

good health and all the best!

Chairman Chung-Cheng Lee

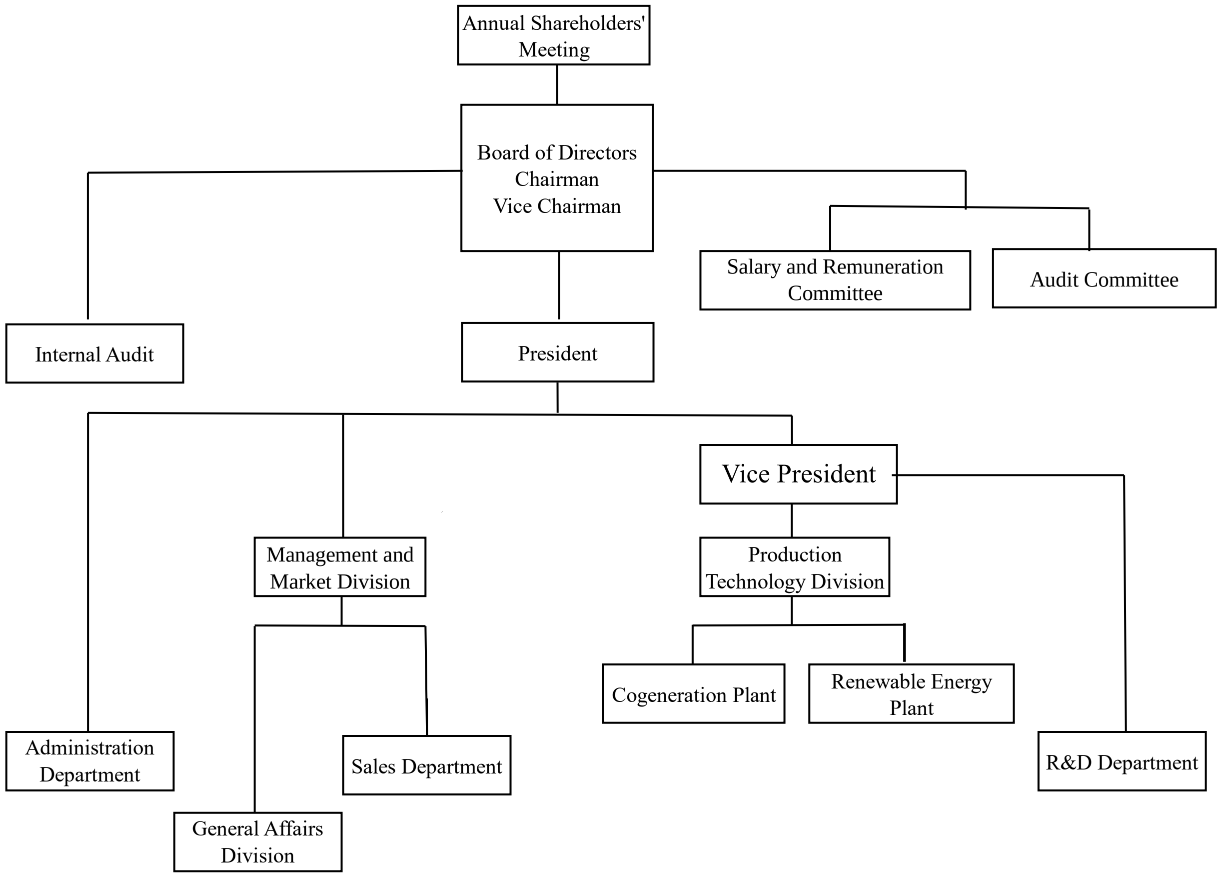
Company Profile

In August 1993	Ta-Yuan Cogen Co., Ltd. was founded, with a capital of NT$25 million
In June 1994	the Company was approved for the public offering by the Securities and Futures Commission (SFC), with a capital of NT$500 million
In July 1996	the coal-fired Extraction/Condensing Cogeneration System began put into official commercial operation
In May 1998	the oil-fired power generation units were prepared and set up. Capital increased to NT$750 million
In November 1999	capital increased to NT$787.5 million
In June 2000	the fuel oil-fired power generation units were put into commercial operation. Increase in capital to NT$876 million.
In May 2001	the Company IPO on the OTC market. Capital increased to NT$966 million.
In July 2002	the capital increased to NT$1.66 billion
In October 2012	newly established a renewable energy plant
In March 2015	the renewable energy plant began put into official commercial operation
In August 2015	the amount of capital increased to NT$1.119 billion
In October 2015	the co-firing cogeneration system was prepared and set up
In August 2016	the capital increased to NT$1.164 billion
In August 2019	the capital increased to NT$1.222 billion
In January 2021	the co-firing cogeneration system began putting into official commercial operation
In April 2022	Heavy fuel transformed into natural gas generation units began putting into official commercial operation
In November 2022	RDF process began putting into official commercial operation

Corporate Governance Report

I. Organizational System

(I) Organization Chart



(II) Major Corporate Functions

A. Production Technology Division: Cogeneration Plant

1. Operation and maintenance of the Cogeneration Plant.
2. Agent operation of incinerator.
3. The technical plan and improvement design for the expansion of the Cogeneration Plant and its power supply and steam supply equipment.

Renewable Energy Plant

1. Operation and maintenance of Renewable Energy Plant.
2. Renewable material technology development and improvement.

B. Management and Market Division: General Affairs Division

General Administration, property management, document management and material purchase, acceptance, material management

Sales Department

Business contact, calculation and charge of production and sale of products

C. Administration Department:

1. Financial planning, fund scheduling, import opening, cashier, accounting, and cost analysis.
2. Personnel management, Board of Directors, shareholders' meeting, capital increase and other matters.

D. R&D Department:

1. Project planning, supervision and technical support.
2. Quality inspection.

II. Information on the Directors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units:

(I) Director

1. Directors information

April 18, 2023

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date elected	Term	Date first elected (Note 3)	Shareholding when elected		Current shareholding		Spouse and minor shareholding		Shareholding by nominees		Experience (Education) (Note 4)	Other position concurrently held at the Company or other companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relation	
Chairman	Republic of China	Taiwan Cogeneration Corporation	-	2020.08.01	III	1993.08.01	35,833,827	29.31	35,833,827	29.31	None	None	None	None	None	None	None	None	None	None
	Republic of China	Representative: Chung-Cheng Lee (Chairman)	Male/ 61~70	2021.08.03	III	August 3, 2021 Reassigned and elected as Chairman	None	None	None	None	None	None	None	None	Bachelor's degree in Nuclear Engineering, National Tsing Hua University Professional chief engineer of the Taipower	None	None	None	None	None
Director	Republic of China	Taiwan Cogeneration Corporation	-	2020.08.01	III	1993.08.01	35,833,827	29.31	35,833,827	29.31	None	None	None	None	None	None	None	None	None	None
	Republic of China	Representative: Shih-Yang Hsu	Male/ 41~50	2020.08.01	III	2020.08.01	None	None	None	None	None	None	None	None	Bachelor's degree in electrical engineering, National Taiwan University of Science and Technology Vice Acting Manager of Planning and Reinvestment Management Department, Taiwan Cogeneration	Director of I Yuen Corporation Director of Kuo Kuang Power Co., Ltd., director of the Cingshuei Geothermal Corporation Director of Redondo Peninsula Energy, Inc, Philippines Acting Manager of Planning and Reinvestment Management Department, Taiwan Cogeneration	None	None	None	None

Director	Republic of China	Cheng Loong Corporation	-	2020.08.01	III	1993.08.01	50,201,180	41.06	50,201,180	41.06	None	None	None	None	None	None	None	None	None	None
	Republic of China	Representative: Jen-Ming Cheng (Vice Chairman)	Male/ 41~50	2020.08.01	III	Reassigned on December 1, 2017	None	None	323,000	0.26	None	None	None	None	NORTHEASTERN, USA	Chairman, Cheng Loong Corp.	None	None	None	None
Director	Republic of China	Shih-Yang Chang	Male/ 61~70	2020.08.01	III	2008.08.01	184,630	0.15	210,630	0.17	66,344	0.05	None	None	Vice President, Cheng Loong Corp.	President, Ta-Yuan Cogen Co., Ltd.	None	None	None	None
Independent Director	Republic of China	Chun-Tsai Hung	Male/ 71~80	2020.08.01	III	2017.08.01	None	None	None	None	None	None	None	None	Kai Nan Vocational High School President, Shan Fu Paper Co., Ltd.	None	None	None	None	None
	Republic of China	Kuang-Yu Lee	Male/ 71~80	2021.06.16	III	2022.06.16	None	None	None	None	None	None	None	None	Department of Forestry, National Chung Hsing University Industrial paper production and sales manager, Cheng Loong Corporation	None	None	None	None	None
	Republic of China	Kua-Teng Su	Male/ 61~70	2020.08.01	III	2017.08.01	None	None	None	None	None	None	None	None	PhD Accounting, Louisiana State University; Full-time Professor, Department of Accounting, National Chengchi University; Chairman, Chinese Association of Business and Intangible Assets Valuation	Adjunct Professor, Department of Accounting, National Chengchi University; Independent Director, Chia Hsin Cement Corporation; Independent Director, DBS Bank Ltd	None	None	None	None

Note 1: For the institutional shareholders, their names and representatives shall be listed (for representatives, the names of the shareholders and their representatives shall be indicated) and listed in Table 1.

Note 2: Please list the actual age and express it in intervals, such as ages 41~50 or ages 51~60.

Note 3: Fill in the time as the company's director or supervisor for the first time. Any interruption period during the term shall be noted.

Note 4: For experiences relevant to the current position, if the person held a position in the accounting firm providing audit services to the Company or in any affiliated companies during the above-mentioned periods, his/ her title and job responsibilities shall be specified.

Note 5: If the chairman of the Company is the same person, spouse or relative of first degree as the President or the person holding equivalent position (top manager), he/she shall explain the reasons, rationality, necessity, corresponding measures (such as increasing the number of Independent Directors, keeping more than half of the Directors not concurrently serving as employees or managers, etc.) and other related information.

Table 1: Major Shareholder

April 18, 2023

Name of institutional shareholder (note 1)	Substantial shareholders of institutional shareholders (note 2)	
Cheng Loong Corporation	Sun Favorite Co., Ltd.	5.25%
	Fubon Life Insurance Co., Ltd.	4.50%
	Shine Far Construction Co., Ltd.	4.37%
	Wen Gin Development Co., Ltd.	4.12%
	Jen Yun Co., Ltd.	4.07%
	CLC Employee Welfare Committee	3.11%
	Shan-Loong Investment Co., Ltd.	2.87%
	Shine Far Co., Ltd.	2.46%
	Special trust custodian account at CTBC Bank held by employees of Cheng Loong Corp	2.26%
	Special trust custodian account at TFC Bank held by employees of Cheng Loong Corp	2.04%
Taiwan Cogeneration Corporation	Taiwan Power Co., Ltd	27.66%
	Jian Sheng Investment Co., Ltd.	2.55%
	TAYA Electric Wire and Cable Joint Stock Co., Ltd.	2.35%
	TECO Electric & Machinery Co., Ltd.	1.96%
	Formosa Heavy Industry Corporation	1.54%
	Bo Han Investment Co., Ltd.	1.53%
	Vanguard Emerging Markets Stock Index Fund Custody Account manged by the Vanguard Group at JPMorgan Chase Taipei Branch	0.92%
	Standard entrustment Ishares Emerging Market ETF	0.88%
	Special trust custodian account for property at Cathay United Bank held by Lian-Yuan Wang	0.85%
	Special trust custodian account for property at Cathay United Bank held by Yue-Yin Wang Hong	0.85%

Note 1: If the Director or supervisor is a representative of an institutional shareholder, his/her name shall be specified.

Note 2: Please fill in the name and the shareholding percentage of the major shareholders of institutional shareholders (shareholders with the 10 highest shareholding percentage). If the major shareholders are legal entities, information shall be provided in the following table 2.

Note 3: For institutional shareholders who are not corporate entities, the name and shareholding of the shareholders shall be disclosed (i.e. name of the investor or donor and their investment or donation ratio). Donors who have passed away are marked with “Deceased".

Table 2: Name of the Institutional Shareholders Who is the Major Shareholder

April 18, 2023

Name of Corporate Shareholder (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)	
Sun Favorite Co., Ltd.	Ai-Ling Chi	22.39%
	Chen Lu	20.90%
	Chiao-Yun Cheng	17.53%
	Shu-Yun Cheng	17.53%
	Cheng-Lung Cheng	12.24%
	Chuan-Chuan Lu	8.96%
	Jen Yun Co., Ltd.	0.45%
Fubon Life Insurance Co., Ltd.	Fubon Financial Holdings	100.00%
Shine Far Construction Co., Ltd.	Chen Lu	26.49%
	Ai-Ling Chi	26.49%
	Su-Yun Cheng	15.00%
	Chuan-Chuan Lu	13.26%
	Chiao-Yun Cheng	10.27%
	Cheng-Lung Cheng	8.13%
	Wen Gin Development Co., Ltd.	0.36%
Wen Gin Development Co., Ltd.	Chen-Lung Cheng	46.23%
	Chen Lu	24.90%
	Shu-Yun Cheng	16.04%
	Ai-Ling Chi	12.83%
Jen Yun Co., Ltd.	Chuan Win Investment Limited	23.53%
	Chen Lu	14.12%
	Ai-Ling Chi	14.12%
	Su-Yun Cheng	14.12%
	Chuan-Chuan Lu	14.12%
	Chiao-Yun Cheng	11.76%
	Chu-Chun Hsiung	5.88%
	Cheng-Lung Cheng	2.35%
Shan-Loong Investment Co., Ltd.	Shan-Loong Transportation Co., Ltd.	100.00%
Shine Far Co., Ltd.	Sun Favorite Co., Ltd.	52.81%
	Jen Yun Co., Ltd.	23.71%
	Shine Far Construction Co., Ltd.	17.23%
	Chuan-Chuan Lu	1.53%
	Hsing-Jui Li	1.00%
	Jen-Ai Chung	0.98%

Name of Corporate Shareholder (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)	
	Shan-Loong Transportation Co., Ltd.	0.87%
	Tung-Ho Tsai	0.59%
	Ai-Ling Chi	0.51%
	Ming-Chuan Hsieh	0.43%
Taiwan Power Co., Ltd	Ministry of Economic Affairs, Taiwan (R.O.C.)	94.04%
	Bank of Taiwan	2.62%
	First Commercial Bank	0.84%
	Chang Hwa Commercial Bank	0.71%
	Hua Nan Commercial Bank	0.45%
	Taiwan Cooperative Bank Co., Ltd.	0.24%
	Land Bank of Taiwan	0.16%
	Taiwan Provincial Education Association	0.11%
	Taipei City Government	0.10%
	Employee Welfare Committee, Taiwan Railways Administration	0.08%
Jian Sheng Investment Co., Ltd.	Tzu-Jung Chen	31.00%
	Tzu-Ling Chen	31.00%
	Kuan-Tao Chen	31.00%
	Hsiu-Lan Yen	2.00%
	Cheng-Hsing Hsiao	2.00%
	Chien-Cheng Yen	2.00%
	Chi-Fei Wu	1.00%
TAYA Electric Wire and Cable Joint Stock Co., Ltd.	Shang-I Shen	2.42%
	Jia Hsi Investment Holding Co.,Ltd.	2.10%
	Shang-Hui Shen	1.82%
	Wen-Hua Wang	1.66%
	Shang-Pang Shen	1.51%
	Dedicated investment account for Vanguard Stock Index in Custody of JPMorgan Chase Taipei Branch	1.19%
	Cuprime Material Co., Ltd.	1.16%
	Starlight advanced integrated international stock index in custody of JPMorgan Chase	1.10%
	Yao-Kun Hung	1.05%
	Chiashang Investment Co., Ltd.	1.02%

Name of Corporate Shareholder (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)	
TECO Electric & Machinery Co., Ltd.	Baojia Asset Management Co. Ltd.	17.45%
	Huaxin Lihua (Stock) Co., Ltd.	10.77%
	Jiayuan Investment Company	6.34%
	Lingguang Technology (Stock) Co., Ltd.	3.62%
	Heyuan International Investment Company	2.14%
	Special Investment Account of Hill Chester International Investor International Value Stocks Trust and Investment in Custody of HSBC	2.11%
	Dongguang Investment (Stock) Co., Ltd.	1.50%
	Special Investment Account of WGI Emerging Market Small Companies Fund Co., Ltd. In Custody of HSBC	1.44%
	Special Investment Account of Norges Bank In Custody of Citi (Taiwan) Commercial Bank	1.35%
	Guangyuan Industrial (Stock) Co., Ltd.	1.25%
Formosa Heavy Industries Corporation	Nan Ya Plastics Corporation	32.91%
	Taiwan Chemical Fiber Co., Ltd.	32.91%
	Taiwan Plastic Industry Co., Ltd.	32.92%
	Formosa Petrochemical Co., Ltd.	1.26%
Bo Han Investment Co., Ltd.	I-Hsien Chen	100.00%

Note 1: Disclose the name of the corporate when the substantial shareholder is a corporate as in Table 1 above.

Note 2: Disclose the name of the substantial shareholder (with top ten shareholding ratio) of the corporate and its shareholding ratio.

Note 3: For institutional shareholders who are not corporate entities, the name and shareholding of the shareholders shall be disclosed (i.e. name of the investor or donor and their investment or donation ratio). Donors who have passed away are marked with “Deceased".

2. Disclosure of information on the professional qualifications of directors and the independence of independent directors

Qualification / Name	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Taiwan Cogeneration Corporation Representative: Chung-Cheng Lee	1. Specializing in the operation of power business, enterprise marketing and communication, crisis treatment, leadership tasktype project planning, nuclear energy waste operation management, and fund management. 2. Working in Taiwan Power Co., Ltd. for 38 years, he has served as the professional chief engineer of the Power Distribution and Sales Division, director of the Public Service Department, director of the Nuclear Energy Communication Team, deputy director of the Nuclear Energy Back-end Operations Division, and director of the site selection supervision team for low-level radioactive waste (final disposal); also served as director of the Taiwan Machinery Society and member of the "Assistant Fund Review Committee for Promotion of Electric Power Development and Operation".	—	None
Taiwan Cogeneration Corporation Representative: Shih-Yang Hsu	1. Specialized in business development, evaluation and planning, economic analysis, investment management, corporate governance and corporate social responsibility of power enterprises. 2. Has worked for 15 years in Taiwan Cogeneration Corporation, once served as supervisor of SUN BA Power Corp. and director of Star Energy Power, and now serves as director of Kuo Kuang Power Co., Ltd., director of I Yuen Corporation, director of the Cingshuei Geothermal Corporation and director of Redondo Peninsula Energy Inc in the Philippines.	—	None
Cheng Loong Corporation Representative: Jen-Ming Cheng	He has successively served as the president of the ICCA (International Corrugated Carton Association) and the vice chairman (and deputy CEO) of Cheng Loong Corp. for more than 10 years.	—	None
Shih-Yang Chang	1. Specializing in the design of 2D and 3D drawing, information system application planning, factory automation system planning, industrial paper manufacturing and management, cogeneration system planning and operation management, waste and renewable energy planning and operation management. 2. Serving as papermaking machinery and equipment maintenance management engineer for 8 years, person in charge of factory automation system planning and design for 3 years, as manager of industrial paper factory for 10 years, as president of Shanghai Chung Loong Paper Holdings Limited for 4 years and as chairman for 2 years, as president of Chung Loong Paper Holdings Co., Ltd. for 1 year and president of the Company for 15 years.	—	None

Qualification / Name	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Kuang-Yu Lee	1. Specializing in the industrial paper manufacturing, promotion of sales business, and development of papermaking. 2. Once served as the director of R&D department, the manager of paper factory, production and sales supervisor of industrial paper.	There are no matters listed in Article 3 of the Regulations on the Establishment of Independent Directors of a Public Issuance Company and the Matters to be Followed.	None
Chun-Tsai Hung	1. Specialized in the promotion and management of sales business. 2. Once served as the sales director of household paper industry, industrial paper industry and paper industry, the executive deputy general manager of Shan-Loong Transportation Co., Ltd and the general manager of Shan fu Paper Co., Ltd.	There are no matters listed in Article 3 of the Regulations on the Establishment of Independent Directors of a Public Issuance Company and the Matters to be Followed.	None
Kua-Teng Su	1. Specializing in evaluation of enterprises, evaluation of intangible assets, management accounting, and financial statements analysis. 2. Serving as Professor of Department of Accounting, National Chengchi University for more than 20 years; Chairman, Chinese Association of Business and Intangible Assets Valuation.	There are no matters listed in Article 3 of the Regulations on the Establishment of Independent Directors of a Public Issuance Company and the Matters to be Followed.	2

Note 1: Professional qualifications and experience: The professional qualifications and experiences of individual directors and supervisors are described. If they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience should be explained. Various situations in Article 30 of the Company Act shall also be specified.

Note 2: For independent directors, clarify their compliance with independence, including but not limited to whether they, their spouses or lineal relatives within the second degree of kinship serve as directors, supervisors or employers of the Company or its associates; number and proportion of shares of the Company held by them, their spouses or lineal relatives within the second degree of kinship (or in the name of others); whether they serve as directors, supervisors or employees of a company with a specific relationship with the Company (refer to Subparagraphs 5-8, Paragraph 1 of Article 3 of the Company Act; Provide the amount of compensation obtained by the business, legal affairs, finance, accounting and other services of the Company or its associate in the recent two years.

3. Diversity and independence of the board of directors:

(I) Diversity of the board of directors

The composition of the Board of Directors of the Company shall be composed of members with diverse backgrounds and perspectives with respect to the Company's operations, business mode, development needs, etc. The criteria for selection shall include, but not be limited to, the following two major areas:

(1) Basic qualification and value: The election of board members should not discriminate on the basis of gender, age, nationality and culture.

(2) Expertise and skills: The selection of board members should be based on a wide range of professional backgrounds (e.g., legal, accounting, industrial, financial, marketing or technology), expertise and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the desired goals of corporate governance, the Board of Directors as a whole should possess the following competencies: operational judgment, accounting and financial analysis, operational management, crisis management, industry knowledge, international market perspective, and leadership. On June 15, 2020, the Company re-elected its 10th session Board of Directors. As the independent director Bao-Guang Chang died and was discharged on February 17, 2022, the independent director Kuang-Yu Lee was by-elected on June 16, 2022, which consists of 7 directors currently. The overall ability of the directors is as follows:

Diversified Core Competences		Nationality	Gender	A Concurrent Employee of the Company	Capability to make sound business judgments	Accounting and financial analysis capabilities	Business management ability	Crisis management capability	Industrial Knowledge	Global market viewpoint	Leadership skills	Capability to make decisions
Title	Name											
Chairman	Taiwan Cogeneration Corporation Representative: Chung-Cheng Lee	Republic of China	Male		V		V	V	V	V	V	V
Vice Chairman	Cheng Loong Corporation Representative: Jen-Ming Cheng	Republic of China	Male		V		V	V	V	V	V	V
Director	Shih-Yang Chang	Republic of China	Male	V	V	V	V	V	V	V	V	V
Director	Taiwan Cogeneration Corporation Representative: Shih-Yang Hsu	Republic of China	Male		V		V	V	V	V	V	V
Independent Director	Kuang-Yu Lee	Republic of China	Male		V		V			V	V	
Independent Director	Kua-Teng Su	Republic of China	Male		V	V	V			V		
Independent Director	Chun-Tsai Hung	Republic of China	Male		V		V		V	V	V	

(II) Independence of Board of Directors:

The Company has 1 director with employee status accounting for 14%, 3 independent directors accounting for 43%, 2 independent directors with a term of 4-6 years and 1 independent directors with a term of 1 year, 2 directors under the age of 49, and 5 directors over the age of 50. Among them, the independent directors are all in compliance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission on independent directors, and there is no circumstance specified in Section 3 and Section 4 of Article 26-3 of the Securities and Exchange Act, and there is no spouse or relative within the second degree of kinship between the directors.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

April 18, 2023

Title (Note 1)	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by nominees		Experience (Education) (Note 2)	Other Position Concurrently Held at the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark (Note 3)
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relation	
President	Republic of China	Jeff Chang	Male	2008.08	210,630	0.17	66,344	0.05	None	None	President, Ta-Yuan Cogen Co., Ltd.	None	None	None	None	-

Note 1: Information regarding President, Vice Presidents, Assistant Vice Presidents and managers of various departments and branches, or equivalent positions shall be disclosed regardless of the job titles.

Note 2: For experiences relevant to the current position, if the person held a position in the accounting firm providing audit services to the Company or in any affiliated companies during the above-mentioned periods, his/ her title and job responsibilities shall be specified.

Note 3: When the President or person holding the equivalent post (top manager) and the Chairman of the board are the same person, spouse or relative of first degree, the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors, and the way that more than half of the directors are not employees or managers) shall be disclosed.

(III) The Chairman and the President or person holding the equivalent post (top manager) are the same person, spouse or relative of first degree: None.

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, President, and Vice Presidents

(I) Remuneration of Directors (including Independent Directors) (NT$ thousand)

Remuneration of General Directors and Independent Directors (summarized pay-grade name disclosure method) Unit: NT$1,000

Title	Name (Note 1)	Remuneration Paid to Directors								Ratio of total remuneration (A, B, C, and D) to net income after tax (NIAT) (Note 10)		Relevant Remuneration Received by Directors who Are Also Employees								Proportion of NIAT after summing the seven items of A, B, C, D, E, F and G (Note 10)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 11)
		Remuneration (A) (Note 2)		Severance Pay and Pension (B)		Remuneration to directors (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonus, and Allowance (E) (Note 5)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 6)						
		The Company	All Companies In Financial Statements (Note 7)	The Company	All Companies In Financial Statements (Note 7)	The Company	All Companies In Financial Statements (Note 7)	The Company	All Companies In Financial Statements (Note 7)	The Company	All Companies In Financial Statements (Note 7)	The Company	All Companies In Financial Statements (Note 7)	The Company	All Companies In Financial Statements (Note 7)	The Company		All Companies In Financial Statements (Note 7)		The Company	All Companies In Financial Statements (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Taiwan Cogeneration Corporation Representative: Chung-Cheng Lee	7,680	7,680	None	None	None	None	None	None	7,680 2.09%	7,680 2.09%	12,811	12,811	None	None	185	None	185	None	20,676 5.62%	20,676 5.62%	None
Vice Chairman	Cheng Loong Corporation Representative: Jen-Ming Cheng																					
Director	Jeff Chang																					
Director	Taiwan Cogeneration Corporation Representative: Shih-Yang Hsu																					
Independent Director	Bao-Guang Chang	5,310	5,310	None	None	None	None	None	None	5,310 1.44%	5,310 1.44%	None	None	None	None	None	None	None	None	5,310 1.44%	5,310 1.44%	None
Independent Director	Kuang-Yu Lee																					
Independent Director	Chun-Tsai Hung																					
Independent Director	Kua-Teng Su																					

1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time: The Company's directors' participation in the Company's operations and contributions to the Company are determined by reference to the industry standard.
2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company to all consolidated entities (e.g. serving as a non-employee consultant) in the most recent fiscal year: None.
3. The independent director Kuang-Yu Lee was not in his tenure for the whole year, the independent director Bao-Guang Chang died and discharged on February 17, 2022.

Range of Remuneration

Range of remuneration paid to directors	Name of Director							
	Total Amount of Remuneration (A+B+C+D)				Total Amount of Remuneration (A+B+C+D+E+F+G)			
	The Company (Note 8)		All companies listed in this financial report (Note 9) H		The Company (Note 8)		All companies listed in this financial report (Note 9) I	
	General Director	Independent Director	General Director	Independent Director	General Director	Independent Director	General Director	Independent Director
Less than NT$1,000,000	Shih-Yang Hsu, Chung-Cheng Lee		Shih-Yang Hsu, Chung-Cheng Lee		Shih-Yang Hsu		Shih-Yang Hsu	
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	Jen-Ming Cheng, Shih-Yang Chang	Chun-Tsai Hung, Bao-Guang Chang, Kua-Teng Su, Kuang-Yu Lee (Note 12)	Jen-Ming Cheng, Shih-Yang Chang	Chun-Tsai Hung, Bao-Guang Chang, Kua-Teng Su, Kuang-Yu Lee (Note 12)		Chun-Tsai Hung, Bao-Guang Chang, Kua-Teng Su, Kuang-Yu Lee (Note 12)		Chun-Tsai Hung, Bao-Guang Chang, Kua-Teng Su, Kuang-Yu Lee (Note 12)
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	Taiwan Cogen.		Taiwan Cogen.		Chung-Cheng Lee, Taiwan Cogen		Chung-Cheng Lee, Taiwan Cogen	
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)					Jen-Ming Cheng		Jen-Ming Cheng	
NT$5,000,000 (inclusive) to NT$10,000,000 (not inclusive)					Shih-Yang Chang		Shih-Yang Chang	
NT$10,000,000 (inclusive) to NT$15,000,000 (not inclusive)								
NT$15,000,000 (inclusive) to NT$30,000,000 (not inclusive)								
NT$30,000,000 (inclusive) to NT$50,000,000 (not inclusive)								
NTNT$50,000,000 (inclusive) to NT$100,000,000 (not inclusive)								
Over NT$100,000,000								
Total	5 persons (including legal entity)	4 persons	5 persons (including legal entity)	4 persons	5 persons (including legal entity)	4 persons	5 persons (including legal entity)	4 persons

Note 1: The names of directors shall be listed separately (names of institutional shareholders and representatives shall be listed separately), and the names of general directors and independent directors shall be listed separately. The payment amounts shall be disclosed collectively. If a director also serves as a General Manager or Deputy General Manager, this form (3-1) and the form (3-2-1) or (3-2-2) below should be filled.

Note 2: The amount of the remuneration paid to directors in the most recent year (including director's salaries, job remuneration, severance, bonuses, incentives, etc.).

Note 3: The amount of the remuneration paid to directors in the most recent year as approved by the Board of Directors shall be filled out.

Note 4: Business expenses paid out to Directors in the most recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation.

Note 5: Salary, job-related allowances, severance pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and driver allowance received by Directors who concurrently serve as employees (including as President, Vice Presidents, other managerial officer and an employee) in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. In addition, any salary listed under Share-Based Payment of IFRS 2, including the warrants obtained by employees, new shares with restricted employee power and subscription of shares for cash capital increase, shall also be included in remuneration.

Note 6: For Directors who concurrently serve as employees (including President, Vice Presidents, other managerial officers, and employees) and receive remuneration of employees (including stock and cash) for the past year, disclose the amount of remuneration distributed to employees after being approved by the Board for the past year. For amounts that are unable to estimate, propose the distribution amount for the year based on the actual distribution made last year, and fill out the Table 1-3.

Note 7: The total remuneration paid to the Company's directors by all the companies (including this Company) listed in consolidated statements shall be disclosed.

Note 8: When the aggregate amount of the remuneration to the Company's Directors is disclosed, the name of the Director shall also be disclosed in the relevant range.

Note 9: When the aggregate amount of the remuneration paid to the Company's Directors from all companies in the consolidated financial statements (including the Company) is disclosed, the name of the Director shall also be disclosed in the relevant range.

Note 10: Net profit after income tax refers to the net profit after income tax recorded in the entity or separate financial statements for the most recent year.

Note 11:
a. The amount of remuneration received from investees other than subsidiaries or parent companies by the Company's Directors should be stated clearly in this column (If there is none, please fill in "none").
b. If the Directors of the Company receive remuneration from investees other than subsidiaries or parent companies, the amount of remuneration received by the Directors from investees other than subsidiaries or parent companies shall be combined into column I of the Table of Range of Remuneration and this column shall be renamed as "Parent Company and All Investees."
c. Remuneration in this case refers to remuneration, bonuses (including employee, Director, or Supervisor bonuses), and allowances received by Directors of the Company as the Directors, Supervisors, or managerial officers of invested companies other than subsidiaries.

Note 12: The independent director Kuang-Yu Lee was not in his tenure for the whole year.

* The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation.

(II) Remuneration for President and Vice Presidents

Remuneration paid to the President and Vice Presidents (with the aggregate method and with disclosure of individual names and their corresponding compensation range) Unit: NT$ thousand

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and Special Allowance (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total remuneration (A, B, C, and D) to net income after tax (NIAT) (Note 8)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 9)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	Shih-Yang Chang	4,759	4,759	None	None	3,840	3,840	446	None	446	None	9,045 2.46%	9,045 2.46%	None
Accounting Officer	Chiung-Ru Chiu													
Financial Officer	Mei-Chi, Lee													

* Any positions correspondent to the President or Vice Presidents (e.g. President, CEO or Director, et al.) shall be disclosed, irrelevant with job titles.

Range of Remuneration

Range of remuneration paid to the President and Vice Presidents of the Company	Name of President and Vice Presidents	
	The Company (Note 6)	From All Consolidated Entities (Note 7) E
Less than NT$1,000,000		
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	Chiung-Ru Chiu, Mei-Chi, Lee	Chiung-Ru Chiu, Mei-Chi, Lee
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)		
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)		
NT$5,000,000 (inclusive) to NT$10,000,000 (not inclusive)	Shih-Yang Chang	Shih-Yang Chang
NT$10,000,000 (inclusive) to NT$15,000,000 (not inclusive)		
NT$15,000,000 (inclusive) to NT$30,000,000 (not inclusive)		
NT$30,000,000 (inclusive) to NT$50,000,000 (not inclusive)		
NTNT$50,000,000 (inclusive) to NT$100,000,000 (not inclusive)		
Over NT$100,000,000		
Total	3 persons	3 persons

Note 1: The names of the Presidents and Vice Presidents shall be listed separately and the amount of remuneration paid to them shall be disclosed collectively. If a director also serves as a General Manager or Deputy General Manager, this form and the above form (1-1), or (1-2-1) and (1-2-2) should be filled.

Note 2: Please specify the salaries, duty allowances and severance pay paid to the President and Vice Presidents in the most recent fiscal year.

Note 3: Cash and non-cash compensations to the President and Vice Presidents in the most recent year, including bonus, reward, reimbursement of expenses, special allowances, various subsidies, housing and use of vehicle. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. In addition, any salary listed under Share-Based Payment of IFRS 2, including the warrants obtained by employees, new shares with restricted employee power and subscription of shares for cash capital increase, shall also be included in remuneration.

Note 4: It refers to compensations paid to the President and Vice Presidents (including stock and cash) approved by the Board of Directors in the most recent year; If such compensations cannot be estimated, the estimation for this year shall be calculated in proportion of the compensations paid last year and the amount shall be listed in Table 1-3.

Note 5: Please disclose the aggregate of the remuneration paid to the Company's presidents and vice presidents by all companies included into the consolidated financial reports (including the Company).

Note 6: Total remuneration paid to each President and Vice Presidents by the Company shall be disclosed and the names of the Presidents and Vice Presidents shall also be disclosed in the proper remuneration range.

Note 7: The aggregate of the remuneration paid to each of the Company's presidents and vice presidents by the companies included into the consolidated financial reports (including the Company) shall include the president's and vice president's names disclosed in the relevant space of the following table.

Note 8: Net profit after income tax refers to the net profit after income tax recorded in the entity or separate financial statements for the most recent year.

Note 9:
a. The amount of remuneration received from investees other than subsidiaries or parent companies by the Company's President and Vice Presidents should be stated clearly in this column (If there is none, please fill in "none").
b. If the President and Vice Presidents of the Company receive remuneration from investees other than subsidiaries or parent companies, the amount of remuneration received by the President and Vice Presidents from investees other than subsidiaries or parent companies shall be combined into column E of the Table of Range of Remuneration and this column shall be renamed as "Parent Company and All Investees."
c. Remuneration in this case refers to remuneration, compensation (including remuneration as employee, director, or supervisor), business expenses, and other related payments received by the President or Vice Presidents of the Company for being a director, supervisor, or manager of invested companies other than subsidiaries or parent companies.

* The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation.

(III) Amount of Employee Bonus Paid to Managerial Officers and Their Names:

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	Title (Note 1)	Name (Note 1)	Stock	Cash (Note 2)	Total	Ratio of total amount to net income (%)
Managerial Officer	President	Shih-Yang Chang	None	446	446	0.12
	Accounting Officer	Chiung-Ru Chiu				
	Financial Officer	Mei-Chi, Lee				

Note 1: Names and titles shall be disclosed separately but the amount of profit distributed can be disclosed collectively.

Note 2: Refers to compensations paid to the Managers (including stock and cash) approved by the Board of Directors in the most recent year; If such compensations cannot be estimated, the estimation for this year shall be calculated in proportion of the compensations paid last year. Net profit after income tax refers to the one in the most recent year. Where IFRSs are adopted, net profit after tax refers to the net profit after income tax recorded in the entity's or separate financial statements.

Note 3: Applicability of managers is based on the letter of Securities and Futures Commission, No. 0920001301 of March 27, 2003, which is as follows:

(1) President and equivalents
(2) Vice Presidents and equivalents
(3) Assistant Vice Presidents and equivalents
(4) Head of Financial Department
(5) Head of Accounting Department
(6) Other people in charge of the Company's operational affairs and entitled to sign instruments on behalf of the Company.

Note 4: If any Director, President and Vice President received employee bonus (including stocks and cash), not only Table 1-2 shall be completed, in this table shall be filled out as well.

(IV) Comparison of remuneration paid by all companies included in the consolidated financial statements for the most recent two fiscal years to the Directors, President and Vice Presidents of the Company, to the net income after tax of the Company, and the policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

1. Analysis of total remuneration, as a percentage of NIAT in the individual financial reports, paid to the Company's Directors, Presidents, and Vice Presidents for the most recent two fiscal years:

	2021 The total remuneration paid to each of the Company's Directors, Supervisors, Presidents, and Vice Presidents and all companies listed in the consolidated financial statement as a percentage of NIAT:	2022 The total remuneration paid to each of the Company's Directors, Supervisors, Presidents, and Vice Presidents and all companies listed in the consolidated financial statement as a percentage of NIAT:
Director	12.39	7.06
Presidents and Vice Presidents		

2. The remuneration policy, criteria and composition, procedures for determining remuneration, and the relationship with operating performance and future risks are described as follows: The Company pays the directors' transportation allowance in accordance with the Company's Articles of Incorporation; the remuneration to the President and Vice Presidents is paid in a proportion of not less than 0.75% after deduction of pre-tax benefits of employee compensation in accordance with the Company's "Regulations Governing Salaries of Employees" and is based on rank and position; the bonuses are paid in accordance with the Company's "Regulations Governing Bonuses to Employees" and are based on salary, duty allowance, etc. and the Company's operating performance in the previous year.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors

In 2022, the Board of Directors held 7 meetings. The 11th session (January 1, 2022~December 31, 2022) Board of Directors held 7 meetings. The attendance record of directors & supervisors is listed below:

Title	Name (Note 1)	Attendance in Person B	By proxy	Actual attendance rate (%) [B/A] (Note 2)	Remark
Chairman	Corporate representative of Taiwan Cogeneration Co., Ltd.: Chung-Cheng Lee	7	0	100	Appointed on August 3, 2021
Director	Corporate representative of Taiwan Cogeneration Co., Ltd.: Shih-Yang Hsu	7	0	100	Appointed on August 1, 2020
Director	Corporate representative of Cheng Loong Corp.: Jen-Ming Cheng	6	1	85.71	Re-elected on August 3, 2020
Director	Shih-Yang Chang	7	0	100	Re-elected on August 1, 2020
Independent Director	Bao-Guang Chang	0	0	0	Discharged for death on February 17, 2022
Independent Director	Chun-Tsai Hung	7	0	100	Re-elected on August 1, 2020
Independent Director	Kuang-Yu Lee	5	0	100	Appointed on June 16, 2022
Independent Director	Kua-Teng Su	7	0	100	Re-elected on August 1, 2020

Other matters:

I. If one of the following situations occurs in the operations of the Board of Directors, the date and term of the Board, the content of the proposal, the opinions of all independent directors and the Company's response to the opinions of independent directors shall be clearly stated:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act:

Board meeting date/term	Major Resolutions	Independent Directors' Opinions	The Company's Response
2022.03.10 The 10th board 13th meeting	2021 Statement on Internal Control	None	None
	The Company's 2021 consolidated financial statements, individual financial statements, and business report	None	None
	2021 Proposal for Earnings Distributions	None	None
	CPAs' independence assessment	None	None
	Appointment of CPAs and their remuneration	None	None
	Proposal of amendments to certain provisions of the "Procedure for the Acquisition or Disposal of Assets"	None	None
	Obtain short- and medium-term credit loans from financial institutions	None	None
	2021 employee remuneration distribution	None	None

		Vice Chairman s allowance suggestion proposed and submitted by the Salary and Remuneration Committee	None	None
		Managerial Officer's performance appraisals and salary adjustments and suggestion proposed and submitted by the Salary and Remuneration Committee	None	None
		The amendment to certain provisions of the Company's "Articles of Association”	None	None
		The amendment to certain provisions of the “Measures for the Implementation of Employee Salary Management”	None	None
		Independent director by-election and nominated candidates	None	None
		The agenda, time, and venue of the 2022 Shareholders' General Meeting	None	None
	2022.05.03 The 10th board 14th meeting	The consolidated financial statements for the first quarter of 2022	None	None
		The amendment to the Statement of Internal Control System	It was to be submitted after the completion of the supporting details of the whole internal control system	All attending directors approved to amend based on opinions of the audit committee and then submitted to the board of directors for discussion
		Formulate the "Regulations Governing Salaries of Officers”	None	None
		Formulate the implementation measures for the appointment of external personnel	Some provisions of the appointment contract should be amended	Approved by all directors present after amendments based on opinions of independent directors
		The amendment to certain contents of the “Approval Authority Form” from the "Regulations Governing the Management of Various Affairs by Levels"	Add text in the remark column of part of the content of the approval authority form	Approved by all directors present after amendments based on opinions of independent directors
		Donated by Related Parties Cheng Loong Care for Children Foundation	None	None
		Supplementary Appointment of Salary and Remuneration Committee	None	None
	2022.06.16 The 10th board 15th meeting	Additional payment of directors' (excluding independent directors) transportation fees in the first half of 2022 proposed and submitted by the Company's Salary and Remuneration Committee.	None	None
		Additional payment of independent directors' transportation fees in the first half of 2022 proposed and submitted by the Company's Salary and Remuneration Committee.	None	None
		The distribution of managerial officer compensation and suggestion proposed and submitted by the Salary and Remuneration Committee	None	None
		By-election independent directors' transportation fees suggestion proposed and submitted by the Salary and Remuneration Committee	None	None
		Determine 2022 ex-dividend date	None	None
	2022.08.09 The 10th	The consolidated financial statements for the second quarter of 2022	None	None

board 16th meeting	Proposal of the amendment to the Company's Internal Control System	None	None
	Obtain short-term credit loans from financial institutions	None	None
	Proposal of the independent directors' transportation fees suggestion proposed and submitted by the Salary and Remuneration Committee	None	None
	The amendment to certain provisions of the "Measures for the Salary Management"	None	None
2022.09.07 The 10th board 17th meeting	SRF Storage Pit and Conveyor System Added Conveyor System Subcontract Case	1. Professional technical evaluation should be based on manufacturers of the same product as the evaluation benchmark. 2. The cost difference analysis should list detailed items and prices.	Approved by all directors present after amendments based on opinions of independent directors
	Add certain provisions of the "Regulations Governing Salaries of Employees"	None	None
2022.11.08 The 10th board 18th meeting	The Company's consolidated financial statements for the third quarter of 2022	After being amended according to the opinions of the audit committee, it will be submitted to the board of directors for discussion	Handled based on independent directors' opinions
	Obtain short- and medium-term credit loans from financial institutions	None	None
	The amendment to certain contents to the "Internal Control System"	None	None
	SRF's new storage pit and conveying equipment project is expected to be completed and the date of commercially operated has changed	None	None
	The amendment to certain contents of the "Regulations Governing the Management of Various Affairs by Levels"	None	None
	To amend certain Articles in the "Rules of Procedure for Board of Directors Meeting".	None	None
	Amendments to certain provisions of the "Procedures for Handling Inside Material Information"	Revise certain words of the contents	Approved by all directors present after amendments based on opinions of independent directors
	Formulate the "Measures for the implementation of Employee Retention Bonus"	None	None
	Add certain provisions of the "Regulations Governing Salaries of Employees"	None	None
2022.12.27 The 10th board 19th meeting	The Company's annual audit plan for 2023	None	None
	Formulate the Company's "Company-level Risk Management Plan for 2023"	None	None
	The Company intends to obtain short- and medium-term Comprehensive credit loans from financial institutions to meet the Company's capital requirements	None	None

	Proposal of new project of gas turbine unit	Approved the plan direction, and submitted the report after more detailed technical and benefit evaluation	Approved the management department promote by the plan direction, but further detailed evaluation was required, and it was postponed to March 2023 before the board of directors.
	The Company's business plan and budget for 2023	None	None
	2023 Donated by Related Parties Cheng Loong Care for Children Foundation	None	None
	The certain provisions of the Company's "Administrative Measures for Prevention of Insider Trading"	None	None
	Suggestion proposal of the Company's payment of directors' (excluding independent directors) transportation fees in 2023	None	None
	Suggestion proposal of the Company's payment of directors' transportation fees in 2023	None	None
	Increasing the salary of the all employees of the Company	None	None
	The Company's 2022 manager and supervisor bonus distribution suggestion proposal	None	None
	Relevant matters related to the special leave of the chairman and the change of the number of untaken days of special leave	None	None

(II) In addition to the aforementioned matters, other motions resolved by the Board of Directors that are objected to by Independent Directors or expressed reservations and recorded or declared in writing: None.

II. The implementation status of avoidance of proposals having conflicts of interest on the part of Directors: Regarding proposals that involve the interests of Directors, all relevant Directors did not participate in discussions or voting on such proposals and did not vote on behalf of other Directors.

III. The company listed on TWSE/TPEx shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the self (or peer) evaluation of the Board of Directors and fill out the Table II (2) Board of Directors Evaluation Status: Please refer to Note (3) for details of the evaluation.

IV. Evaluation of achievement of enhancing the Board of Directors performance:
None.

Note 1: For director or supervisor who is a corporation, please specify the corporate shareholder's name and its representative's name.

Note 2: (1) If a director or supervisor resigns before the end of the accounting year, the resignation date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of number of board meetings held during his or her tenure and number of such meetings attended.

(2) If any Director or Supervisor were re-elected before the end of the year, the incoming and former Directors and Supervisors shall be both listed in the table. In addition, please specify in the Remark column the re-election date and whether the Director or Supervisor are re-elected, newly elected, or Directors or Supervisors who won a by-election. Actual attendance rate (%) shall be calculated using the number of Board meetings convened and actual attendance during the term of office.

Note 3: The Board of Directors' self (or peer) evaluation of performance is as follows

Frequency (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year	January 1, 2022 ~ December 31, 2022	Board of Directors, individual director	I. Self-evaluation by the Board II. Self-evaluation by the directors	I. Self-evaluation by the Board 1. Participation of the Company's operation 2. Improving Board of Directors' decision-making 3. Composition and structure of the Board of Directors 4. Election and continuing education of the directors 5. Internal control Board of Directors performance evaluation questionnaire, there were a total of 40 questions in the evaluation items, 7 valid questionnaires. The evaluation result was "good". II. Self-evaluation by the Board of Directors 1. Execution of the Company's goals and tasks 2. Understanding of the director's roles and responsibilities 3. Participation of the Company's operation 4. Management and communication of the internal relations 5. Expertise and continuing education of the directors 6. Internal control Self evaluation questionnaire for Board members: There were a total 20 questions and a total of 7 valid questionnaires. The evaluation result was "good".
	January 1, 2022 ~ December 31, 2022	Salary and Remuneration Committee and Audit Committee	Self-evaluation by the functional committees	II. Self-evaluation by the functional committees: 1. Participation of the Company's operation 2. Awareness of the duties of the functional committees 3. Improving functional committees' decision-making 4. Composition of functional committees, and election and appointment of committee members 5. Internal control Self evaluation questionnaire for Audit Committee members: There were a total 21 questions and a total of 3 valid questionnaires. The evaluation

Frequency (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
				result was "good". Self evaluation questionnaire for Salary and Remuneration members: There were a total 17 questions and a total of 3 valid questionnaires. The evaluation result was "good".

Note 1: Specify the implementation cycle of the Board of Directors evaluation, for example, once a year.

Note 2: Specify the period of the Board of Directors evaluation, for example, 2019/01/01~2019/12/31.

Note 3: The scope of the evaluation covers the respective performances of the Board, individual directors, and functional committees.

Note 4: The evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Board members, peer evaluation, appointment of external professional institutions or experts, or other appropriate methods.

Note 5: The evaluation contents include at least the following items according to the scope of evaluation:

(1) The evaluation of the Board performance includes at least participation in the operation of the company, the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.

(2) The evaluation of the Board member performance includes at least alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.

(3) The evaluation of the functional committee performance includes at least participation in the operation of the company, awareness of the duties of the functional committee, the quality of decisions made by the functional committee, makeup of the functional committee and election of its members, and internal control.

(II) Operation of the Audit Committee:

A total of 6 meetings of the Company’s Audit Committee were held in 2022. The attendance of independent directors was listed as follows:

Title	Name (Note 1)	Attendance in Person B	By proxy	Actual attendance rate (%) [B/A] (Note 2)	Remark
Independent Director	Chun-Tsai Hung	6	0	100	Re-elected on August 1, 2020
Independent Director	Bao-Guang Chang	0	0	0	Decreased and discharged on February 17, 2022
Independent Director	Kuang-Yu Lee	4	0	100	Appointed on June 16, 2022
Independent Director	Kua-Teng Su	6	0	100	Re-elected on August 1, 2020

Other matters:

I. If any of the following applies to the operations of the Audit Committee, the date and session of the Board of Directors' Meeting, as well as the resolutions, resolutions of the Audit Committee and the Company's actions in response to the opinions of the Audit Committee shall be stated.

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act: Please refer to the following table for details

Audit Committee meeting date/term	Major Resolutions	Audit Committee's Opinions	The Company's Response
2022.03.10 The 2nd board 11th meeting	2021 "Statement on Internal Control"	Approved by all the members present	Approved by all the Directors present unanimously
	The Company's 2021 consolidated financial statements, individual financial statements, and business report	Approved by all the members present	Approved by all the Directors present unanimously
	2021 Proposal for Earnings Distributions	Approved by all the members present	Approved by all the Directors present unanimously
	CPAs' independence and competency assessment	Approved by all the members present	Approved by all the Directors present unanimously
	Appointment of CPAs and their remuneration	Approved by all the members present	Approved by all the Directors present unanimously
	Amendments to certain provisions of the "Procedure for the Acquisition or Disposal of Assets"	Approved by all the members present	Approved by all the Directors present unanimously
	Obtain short- and medium-term credit loans from financial institutions	Approved by all the members present	Approved by all the Directors present unanimously
2022.05.03 The 2nd board 12th meeting	The consolidated financial statements for the first quarter of 2022	Approved by all the members present	Approved by all the Directors present unanimously

	Reformulate the Company's Internal Control System	It was to be submitted after the completion of the supporting details of the whole internal control system	All attending directors approved to amend based on opinions of the audit committee and then submitted to the board of directors for discussion
2022.06.16 The 2nd board 13th meeting	No Discussions	None	None
2022.08.09 The 2nd board 14th meeting	The consolidated financial statements for the second quarter of 2022	Approved by all the members present	Approved by all the Directors present unanimously
	The amendment to the Company's Internal Control System	Approved by all the members present, partial revisions that needed to be adjusted will be submitted to the next meeting for discussion	The Company's Response
	The consolidated financial statements for the second quarter of 2021	Approved by all the members present	Approved by all the Directors present unanimously
	Obtain short-term comprehensive credit loans from financial institutions	Approved by all the members present	Approved by all the Directors present unanimously
2022.11.08 The 2nd board 15th meeting	The Company's consolidated financial statements for the third quarter of 2022	Approved by all the members present	Approved by all the Directors present unanimously
	Obtain short- and medium-term comprehensive credit loans from financial institutions	Approved by all the members present	Approved by all the Directors present unanimously
	The amendment to certain contents to the Company's "Internal Control System"	Approved by all the members present	Approved by all the Directors present unanimously
	SRF's new storage pit and conveying equipment project is expected to be completed and the date of commercially operated has changed	Approved by all the members present	Approved by all the Directors present unanimously
2022.12.27 The 2nd board 16th meeting	Annual audit plan for 2023	Approved by all the members present	Approved by all the Directors present unanimously
	Formulate the "Company-level Risk Management Plan for 2023"	Approved by all the members present	Approved by all the Directors present unanimously

	Obtain short- and medium-term credit loans from financial institutions	Approved by all the members present	Approved by all the Directors present unanimously
	Proposal of new project of gas turbine unit	Approved the plan direction, and submitted the report after more detailed technical and benefit evaluation	All attending directors approved to amend based on opinions of the audit committee and then submitted to the board of directors for discussion

(II) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None.

II. The implementation status of avoidance of proposals having conflicts of interest on the part of Independent Directors: Regarding proposals that involve the interests of Independent Directors, all relevant Independent Directors did not participate in discussions or voting on such proposals and did not vote on behalf of other Independent Directors.

III. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations):

1. Communication between the independent directors, chief internal auditor, and CPAs
   a. The audit supervisor of the Company sends the completed audit report to each Audit Committee by electronic means every month. If there are any questions or instructions, the Audit Committee shall ask or inform the audit supervisor in person or by email or phone.
   b. The audit supervisor is present at each Audit Committee meeting to present the audit business report.
   c. The Company's CPAs regularly communicate with the independent directors on an annual basis and report to the independent directors on the audit planning of the financial statements.
2. Summary of the previous communication between the independent directors and the internal audit supervisors
   The Company's independent directors have maintained optimal communication with the internal audit supervisors. The following table summarizes the major communication items for the most recent year:

Date	Communication Topics	Results
Letter from independent directors on December 29, 2022	The letter inquired whether there were any major deficiencies found during the auditing this year.	The audit has been notified to the independent director immediately.

3. Summary of the previous communication between the independent directors and the CPAs
   The Company's Independent Directors have maintained optimal communication with the CPAs. The following table summarizes the major communication items for the most recent year:

Date	Communication Topics	Results
2022.12.27	2022 description of the key audit matters and other suggestions of the financial report	We have communicated with the independent directors on key audit matters and other suggestions related to the 2022 financial statements, and there was no disagreement on the communication results.

Note 1: Where Independent Directors resign before the end of the year, the “Remarks” column shall be annotated with the date of resignation. Actual presence rate (%) shall be calculated using the number of Audit Committee meetings convened and actual presence during the term of service.

Note 2: If any Independent Director was re-elected before the end of the year, incoming and outgoing directors shall be listed accordingly, and the “Remarks” column shall indicate whether the Independent Director's status is "Outgoing," "Incoming" or "Re-elected," and the date of reelection. Actual attendance rate (%) shall be calculated using the number of Audit Committee meetings convened and actual attendance during the term of service.

(III) Corporate Governance Implementation Status and Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons Thereof

Evaluation Item	Implementation Status (Note 1)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Description	
I. Does the company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has revised the "Corporate Governance Best-practice Principles" according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, which was approved by the Board of Directors on December 21, 2021, and disclosed the principles on the Market Observation Post System (MOPS) and the Company website.	There is no significant deviation from the operation of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies".
II. Shareholding structure & shareholders' rights (I) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	V		1. The Company has spokesperson and has established procedures for handling the opinions of stakeholders on the Company's website, which are implemented in accordance with the procedures.	1. Although no actual practice principles have been established, a dedicated person was assigned to serve shareholders. There is no significant deviation from the "Corporate Governance Best Practice Principles." 2. The Company has assigned a dedicated person responsible for the relevant business. There is no significant deviation from the "Corporate Governance Best Practice Principles." 3. The Company and its affiliates are independent entities. There is no significant deviation from the
(II) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		2. The Company has a dedicated person responsible for accessing and controlling the list of major shareholders at any time, and the major shareholders' monthly declaration of shares and important base dates are listed in the register of shareholders.	
(III) Does the company establish and execute a risk management and firewall system within its affiliates?	V		3. The Company and its affiliates are independent entities, and each carries out internal control in accordance with their own systems.	
(IV) Does the company establish internal rules against insiders using undisclosed information to trade in securities?	V		4. The Company has established the "Code of Ethical Conduct" which forbids any employee to use his convenience of duty or the Company's property and information for his own private gain; the Administrative Measures for Prevention of Insider Trading to avoid violation of relevant regulations on insider trading due to lack of knowledge of laws and regulations, and to protect investors and safeguard the rights and interests of the Company; In addition,	

Evaluation Item	Implementation Status (Note 1)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Description	
			the handling and disclosure of material information is carried out in accordance with the Company's internal Procedures for Handling Material Information.	"Corporate Governance Best Practice Principles." 4. There is no significant deviation from the "Corporate Governance Best Practice Principles."
III. Composition and responsibilities of the Board of Directors (I) Does the board develop and implement a diversity guideline for the composition of its members? (II) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?	V	 V	(I) Please refer to Page 19 for diversity and independence of the board of directors. (II) The Company does not have any functional committees other than the Salary and Remuneration Committee and Audit Committee, which are established in accordance with law.	There is no significant deviation from the "Corporate Governance Best Practice Principles."
(III) Does the company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		(III) The Company has established the following provisions for the performance evaluation of the Board of Directors: The Board of Directors of the Company performs an internal Board performance evaluation at least once a year. During the period of the annual internal evaluation of the Board of Directors, the performance evaluation of the current year shall be conducted in accordance with the evaluation procedures and evaluation indicators before the end of the evaluation. At least every three years, the Company shall invite an external independent institution of experts or a team of external experts and scholars to perform the evaluation of Board performance. The evaluation shall be completed before the end of the first quarter in the following year. The Company shall take into consideration for evaluating the	There is no significant deviation from the "Corporate Governance Best Practice Principles."

Evaluation Item	Implementation Status (Note 1)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Description	
			performance of the Board of Directors, which should cover the following five aspects: "Participation degree in the operation of the company"; "Improvement of the quality of the Board of Directors' decision making"; "Composition and structure of the Board of Directors"; "Election and continuing education of the directors"; and "Internal control."	
(IV) Does the company regularly evaluate the independence of the CPAs?	V		(IV) The Company evaluates the independence of the CPAs every year, and submits the results to the Audit Committee and the Board of Directors for approval. On March 7, 2023, the Company's Audit Committee and the Board of Directors have reviewed and approved 13 independence assessments and 5 competency assessments, including the certified public accountant who did not serve as the director or supervisor of the audit client, a manager or a position that has a significant impact on an audit case, a certified public accountant who advocated for the audit client's position or opinion, causing objectivity to be questioned, a certified public accountant who has no close relationship with the audit client, director or supervisor or manager, causing the certified public accountant to pay too much attention or sympathy to the interests of the audit client. The Company's independence assessment standard is detailed (Note 3), and the statement letter issued by the accounting firm is detailed (Note 4).	
IV. Does the Company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution,	V		The Company has a suitable and appropriate number of corporate governance personnel in the Management Department to be responsible for corporate governance related matters. Chiung-Ru Chiu , the chief governance officer in the Management Department of the Company,	There is no significant deviation from the "Corporate Governance Best Practice Principles."

Evaluation Item	Implementation Status (Note 1)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Description	
assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?			has been reported and reissued in accordance with the regulations after being approved by the Board of Directors on May 5, 2021 to be in charge of corporate governance related matters and is qualified to be the chief governance officer for being in charge of corporate governance-related affairs for more than three years. The scope of duties and responsibilities include: 1. To conduct the meetings of the Board of Directors and the shareholders' meeting in accordance with the law. 2. To keep minutes at the Board meetings and shareholders' meetings. 3. Assist directors in assuming office and pursuing continuing education. 4. To provide information required for the directors to conduct business. 5. To assist directors in legal compliance. 6. Other matters stipulated in the Articles of Incorporation or contract.	There is no significant deviation from the "Corporate Governance Best Practice Principles."
V. Has the company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established in the company's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Company?	V		The Company has a spokesperson and a deputy spokesperson, has set up a stakeholder area on the Company's website, and holds corporate briefing sessions (at least once a quarter) with a window for each type of stakeholder and a dedicated person to respond to relevant questions. The Company communicates with its stakeholders in the following manner: (I) Shareholders and Investors Topics of concern: Business strategy, operational performance, corporate governance 1. Annual shareholders' meeting 2. Quarterly Board meeting 3. Monthly operating revenue release 4. Timely update material information on the Company's website and MOPS (II) Customers Topics of concern: Service quality and customer	

Evaluation Item	Implementation Status (Note 1)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Description	
			satisfaction level, customer relationship management and complaint mechanism 1. Quarterly business meetings 2. Irregular customer visits (III) Employees Topics of concern: Labor relations, human resources development, and labor conditions complaint mechanism 1. Quarterly labor conference 2. Audit Committee mailbox (IV) Government entity Topics of concern: Environmental compliance, waste management, energy efficiency 1. Regular declaration 2. Comply with immediate communication in accordance with law (V) Suppliers Topics of concern: Environmental compliance, raw material compliance, supply chain management 1. Annual review of key suppliers 2. Annual supplier regular communication (VI) Community Topics of concern: Public service activities, greenhouse gas emissions, carbon management, climate change 1. Occasional donations to sponsor charity events (VII) Media Topics of concern: Operational performance, corporate governance, environmental compliance 1. Monthly operating revenue release 2. Timely update material information on the Company's website and MOPS	
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		Transfer Agency, Fubon Securities Corp.	There is no significant deviation from the "Corporate Governance Best Practice Principles."

Evaluation Item	Implementation Status (Note 1)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Description	
VII. Information disclosure (I) Did the company establish a website to disclose information on financial operations and corporate governance?	V		(I) Disclose relevant information through the Company's website (http://www.tycc.com.tw).	There is no significant deviation from the "Corporate Governance Best Practice Principles."
(II) Does the company have other information disclosure channels (e.g. establishing an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences, etc.)?	V		(II) The Company has set up a website in English and Chinese. Each department is responsible for collecting and disclosing relevant information and designating a person to be responsible for the integration and management. The Company's "Procedures for Handling Material Internal Information" stipulates that the disclosure of material internal information of the Company shall be handled by the Company's spokesperson and deputy spokesperson, unless otherwise required by laws or regulations, and the order of deputy spokesperson shall be confirmed in order to implement the spokesperson system.	
(III) Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?	V		(III) The Company's annual financial reports are announced and reported within three months after the end of the fiscal year. The first, second and third quarter financial reports and monthly operating status are announced in advance of the prescribed deadlines.	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation	V		1. The Company has always respected humanity and caring for employees as one of its business philosophies. To take care of employees and protect their due rights and living, so that they can work hard for the Company with nothing to worry about, the Company provides basic guarantee according to law. We also establish the welfare committee to offer more wellbeing measures to create common interests	There is no significant deviation from the "Corporate Governance Best Practice Principles."

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?</td><td></td><td></td><td>for customers, employees, and shareholders.
2. This Company has already purchased liability insurance for its directors and managers.
3. Please refer to (Note 2) for further details of the directors' and managers' continuing education in 2021.
4. The Company approved the "Risk Management Implementation Plan" and "2023 Risk Management Plan" on December 27, 2022 and will review the Company's potential risks and formulate strategies every year. Risk management policies and other information have been announced on the Company's website.</td><td></td></tr>
<tr><td>IX. Describe improvements made according to the corporate governance assessment made in the latest fiscal year by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE), and provide priority improvements and measures to be taken for improvements that have yet to be carried out.</td><td>V</td><td></td><td>For the results of the 8th session Corporate Governance Review in 2021, the Company ranked 21% to 35% among the listed companies. The improvements and proposed improvements in 2021 are described as follows:
(I) Items that have been improved
Establishing of Corporate Governance Best Practice Principles
Holding the investor seminars

(II) Items intended to be improved
Setting up full-time (part-time) units to promote sustainable development
Issuing a Sustainability Report</td><td></td></tr>
</table>

Note 1: Regardless of whether the operations column was filled in yes or no, the Company shall state an appropriate explanation in the summary column.

Note 2: The continuing education of directors and managers in 2022

Title	Name	Training date	Training Institution	Course Name	Hours	Total Hours
Chairman	Chung-Cheng Lee	2022.11.11	Taiwan Corporate Governance Association	Protection of Trade Secret and Practice of Fraud Detection	3	6
		2022.12.06	Taiwan Corporate Governance Association	How to read the financial report to review the operation of the Company	3	
Vice Chairman	Jen-Ming Cheng	2022.05.13	Taiwan Corporate Governance Association	Prevention and governance of Insider Trading	3	6
		2022.05.27	Taiwan Corporate Governance Association	Build the sustainable competitiveness of the Company in response to climate change	3	
Director	Shih-Yang Chang	2022.09.26	Chinese National Association of Industry and Commerce	Looking ahead to 2023 the global industry and economy	3	6
		2022.10.07	Accounting Research and Development Foundation	ESG Information Disclosure Trends and Related Regulations	3	
Director	Shih-Yang Hsu	2022.09.19	Taiwan Insurance Institute	Directors and Supervisors (Including Independents) and Corporate Governance Supervisors Corporate Governance Lectures - ESG Sustainable Development Trends and Implementation of Responsible Investment	3	6
		2022.10.27	Taiwan Insurance Institute	Directors and Supervisors (Including Independents) and Corporate Governance Directors Lectures on Corporate Governance - IFRS17 Competition Blueprint and Sustainable Development	3	
Independent Director	Kua-Teng Su	2022.01.14	Taiwan Corporate Governance Association	Competitiveness vs. Viability, ESG Trends and Strategies	3	28
		2022.02.22	Taiwan Corporate Governance Association	ESG-related legal issues that the board of directors should consider	3	
		2022.05.12	Taiwan Stock Exchange, Taiwan Corporate Governance Association, Alliance Advisors	International Twin Summit Online Forum	2	
		2022.05.30	Chinese National Association of Industry and Commerce	The Influence of Commercial Event Trial Law and Expert Witness System on Directors and Supervisors	3	
		2022.06.07	Chinese National Association of	Research and Analysis regarding Disputes on Corporate Operation Right	3	

Title	Name	Training date	Training Institution	Course Name	Hours	Total Hours
			Industry and Commerce			
		2022.07.27	Taiwan Stock Exchange and Taipei Exchange (TPEx)	Sustainable Development Roadmap Industry Theme Promotion Conference	2	
		2022.07.29	Taiwan Corporate Governance Association	New Challenges in the Financial Industry—Anti-money Laundering and New Fair Hospitality	3	
		2022.08.31	Taiwan Corporate Governance Association	Economic outlook for the second half of 2022 & international connection	3	
		2022.09.07	Taiwan Corporate Governance Association	Emerging industry trends and the organizational structure of transnational investment in new industries	3	
		2022.10.26	Taiwan Corporate Governance Association	ESG and Sustainability: Taiwan's Latest Financial Services Regulator Trends and Sanctions	3	
Independent Director	Chun-Tsai Hung	2022.09.13	Taiwan Academy of Banking and Finance	Corporate Governance Lecture-Analysis of Important Practice Judgments of Corporate Governance	3	6
		2022.09.16	Taiwan Corporate Governance Association	Seminar on Misreporting and Directors' Responsibility	3	
Independent Director	Kuang-Yu Lee	2022.07.15	Consortium Body ROC Securities and Futures Market Development Foundation	Directors and supervisors (including independence) and advanced corporate governance executive practice seminar-challenges and opportunities of sustainable development path and introduction of greenhouse gas inventory	3	15
		2022.08.15	Consortium Body ROC Securities and Futures Market Development Foundation	Advanced Seminar on Directors and Supervisors (Including Independence) - How Directors Can Diagnose Financial Statements and Grasp Enterprise Risk Management	3	
		2022.08.25	Taipei Exchange	Insider shareholding publicity briefing for companies emerging from the OTC	3	
		2022.09.02	Consortium Body ROC Securities and Futures Market Development Foundation	Directors and Supervisors (Including Independents) and Corporate Governance Supervisor Practice Advanced Seminar - The latest development trend of international carbon tariffs and corresponding practices	3	

Title	Name	Training date	Training Institution	Course Name	Hours	Total Hours
		2022.09.20	Consortium Body ROC Securities and Futures Market Development Foundation	Directors and Supervisors (Including Independents) and Corporate Governance Supervisor Practice Advanced Seminar - Viewing Emerging Risk Management of Enterprises from Ransomware Virus, Protection of Business Secrets and Honest Management	3	
Audit Supervisor	Shou-Ping Yan	2022.09.08	Consortium Body China Republic of China Accounting Research Development Foundation	"Revision of Internal Control Management Standards" and "Information Security" Legal Compliance and Fraud Prevention Practices	6	12
		2022.09.18	Consortium Body China Republic of China Accounting Research Development Foundation	The development trend of Internet technology and the new thinking of internal auditors	6	
Accounting Officer	Chiung-Ru Chiu	2022.09.26~ 2022.09.27	Consortium Body China Republic of China Accounting Research Development Foundation	Class for Further Studies of Issuer Securities Dealer Securities 􏰀 Exchange Principal Accounting Officers	12	12
Corporate Governance Officer	Chiung-Ru Chiu	2022.07.26~ 2022.07.27	Consortium Body ROC Securities and Futures Market Development Foundation	Directors and Supervisors (Including Independents) and Corporate Governance Supervisor Practical Workshop	12	12
Financial Officer (Proxy of Accounting Officer)	Mei-Chi, Lee	2022.08.29~ 2022.08.30	Consortium Body China Republic of China Accounting Research Development Foundation	Class for Further Studies of Issuer Securities Dealer Securities Exchange Principal Accounting Officers	12	12

Note 3: Evaluation form of independence of CPAs

Evaluation form of independence and competency of CPAs	
I. **Explanation:** According to Article 29 of the Governance Best Practice Principles of TWSE/GTSM Listed Companies, TWSE/GTSM Listed Companies shall choose a professional, responsible and independent CPA, and shall regularly (at least once a year) evaluate the independence and competency of the CPA.	
II. **Evaluation unit:** Administration Department	
III. **Evaluation year:** 2023	
IV. **Evaluated and appointed accounting firms and name of CPA:** Deloitte & Touche Jui-Chuan Chih/ Li-Huang Lee	
V. **Reference indicator:** Professional Ethics Standard Bulletin No. 10 "Integrity, Justice, Objectivity and Independence"	
Independence evaluation item	**Evaluation result**
(I) Self-interest (Explanation: Refers to obtaining financial benefits from audit clients, or conflicts of interest with audit clients due to other stake)	**None**
1. Members of the CPA and audit service team have a direct or major indirect financial interest relationship with the Company	**None**
2. Members of the CPA and audit service team have financing or guarantee behavior with the Company or its directors	**None**
3. Members of the CPA and audit service team have a close commercial relationship with the Company	**None**
4. Members of the CPA and audit service team have potential employment relationship with the Company	**None**
(II) Self-evaluation (Explanation: Refers to the reports issued or judgments made by CPAs in the execution of non-audit service cases, which serve as an important basis for the audit conclusions in the process of auditing or reviewing financial information; or members of the audit service team have served as directors or supervisors of the audit client, or duties that directly and significantly affect the audit case)	
1. The CPAs and members of the audit service team serving as directors or managerial officers or holding positions with significant influence on the audit case of the Company at present or in the past two years	**None**
2. CPA's non-audit service of the Company will directly affect the important items of audit cases	**None**
(III) Defense (Explanation: It means that members of the audit service team become defenders of audit customers' positions or opinions, causing their objectivity to be questioned)	
1. The CPAs and members of the audit service team publicize or promote the shares or other securities issued by the Company	**None**
2. The CPAs and members of the audit service team serve as a defender of the Company or represent the Company in mediating conflicts with third parties	**None**
(IV) Familiarity (Explanation: It refers to the close relationship with audit customers, directors, supervisors, and managers, so that the interests of CPAs or the members of the audit service team pay too much attention or sympathize with the interests of audit customers)	
1. CPAs or the members of the audit service team have a kinship with a director or managerial officer or person holding a position that has a significant impact on the audit case of the Company	**None**
2. Co-practicing CPAs who have resigned within one year serve as directors or managerial officers or holding positions with significant influence on the audit case of the Company	**None**
3. CPAs or the members of the audit service team receive presents or gifts of great value from the Company or its directors or managers	**None**
(V) Coercion (Note: It means that the members of the audit service team bear or feel the intimidation from audit customers, so that they cannot maintain their objectivity or clarify their professional doubts)	
1. The Company requires the CPAs or the members of the audit service team to accept the improper selection of the management level in the accounting policy or the inappropriate exposure of the financial statement	**None**
2. In order to reduce public expenses, the Company puts pressure on the CPAs or the members of the audit service team to reduce improperly their investigation to be executed	**None**
Competency evaluation item	**Evaluation result**
1. Whether they are qualified as accountants to execute the accountant business	**Yes**
2. Whether they have been disciplined by the competent authority and the CPA Association, or have been punished in accordance with Paragraph 3 of Article 37 of the Securities and Exchange Act	**Yes**
3. CPAs have not provided audit services for the Company for seven consecutive years	**Yes**
4. Whether they provide the Company's finance and tax consulting services irregularly	**Yes**
5. Whether they have knowledge of related industries of the Company	**Yes**
(VI) Evaluation results: The evaluation results show that Jui-Chuan Chih and Li-Huang Li, CPAs of Deloitte & Touche, meet the Company's independence and competency evaluation standards, and they are enough to serve as the Company's CPAs. Deloitte & Touche has issued a letter of independence declaration, and the relevant evaluation results are submitted to the Board of Directors for approval.	

Note 4: Deloitte & Touche issued a letter of independence declaration

Deloitte.

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受文者：大園汽電共生股份有限公司

主　旨：本所接受委託查核　貴公司民國 112 年度財務報表，依照中華民國會計師公會全國聯合會「職業道德規範公報第十號正直、公正客觀及獨立性」之規定，審計小組成員聲明已遵守下列規範，未有違反獨立性情事。

說　明：

一、審計小組成員及其配偶與受扶養親屬未有下列情事：

1. 持有　貴公司直接或間接重大財務利益。

2. 與　貴公司或其董監事、經理人間，有影響獨立性之商業關係。

二、在審計期間，審計小組成員及其配偶與受扶養親屬未擔任　貴公司之董監事、經理人或對審計工作有直接且重大影響之職務。

三、審計小組成員與　貴公司之董監事或經理人未有配偶、直系血親、直系姻親或二親等內旁系血親之關係。

四、審計小組成員未收受　貴公司或其董監事、經理人或主要股東價值重大之饋贈或禮物（其價值超越一般社交禮儀標準）。

五、審計小組成員已執行必要之獨立性／利益衝突程序，未發現有違反獨立性情事或未解決之利益衝突。

勤業眾信聯合會計師事務所

會計師　池　瑞　全

會計師　李　麗　凰

(IV) Composition and operation of the Remuneration Committee:

Information of members of the Salary Remuneration Committee April 18, 2023

Identity (Note 1)	Condition / Name	Professional Qualification and Work Experience (Note 2)	Independence Criteria (Note 3)	Number of other public companies where the individual concurrently serves as a remuneration committee member
Independent Director	Chun-Tsai Hung	As for disclosure of information on the professional qualifications of directors and the independence of independent directors, refer to Page 16.		
Independent Director	Bao-Guang Chang (Note 4)	1. Specializing in management accounting, performance evaluation, accounting industry related topics. 2. Serving as a full -time professor at Tamkang University for more than 20 years. 3. Not under any of the categories stated in Article 30 of the Company Act.	There are no matters listed in Article 3 of the Regulations on the Establishment of Independent Directors of a Public Issuance Company and the Matters to be Followed.	None
Independent Director	Kuang-Yu Lee	As for disclosure of information on the professional qualifications of directors and the independence of independent directors, refer to Page 16.		
Independent Director (Convening proxy)	Kua-Teng Su	As for disclosure of information on the professional qualifications of directors and the independence of independent directors, refer to Page 16.		

Note 1: Please specify the relevant working years, professional qualifications and experience and independence of the members of the Salary and Remuneration Committee in the form. For the title, please fill in director, independent director, or others (In case of a convener, please indicate with a mark).

Note 2: Professional qualifications and experience: Please specify the professional qualifications and experience of the members of the Salary and Remuneration Committee separately.

Note 3: Compliance with independence: Specify the compliance of members of the Salary and Remuneration Committee with independence, including but not limited to whether they, their spouses or lineal relatives within the second degree of kinship serve as directors, supervisors or employers of the Company or its associates; number and proportion of shares of the Company held by them, their spouses or lineal relatives within the second degree of kinship (or in the name of others); whether they serve as directors, supervisors or employees of a company with a specific relationship with the Company (Refer to Paragraphs 5-8, Section 1 of Article 6 of the Measures for the Establishment and Exercise of Powers of the Compensation and Remuneration Committee of Companies Listed in Stocks or Selling at Securities Firms; Provide the amount of compensation obtained by the business, legal affairs, finance, accounting and other services of the Company or its associate in the recent two years.

Note 4: Died and discharged on February 17, 2022.

Operational Status of the Remuneration Committee

1. The company's Remuneration Committee consists of 3 members.
2. The term of office of the current Remuneration Committee is from August 3, 2020 to July 31, 2023. A total of 5 meetings of the Remuneration Committee (A) were held in 2022, and the fourth session Remuneration Committee held 12 meetings, with the qualifications of members and attendance records as follows:

Title	Name	Number of attendance in person (B)	By proxy	Attendance Rate (%) (B/A) (Note)	Remark
Committee Member	Chun-Tsai Hung	5	0	100	Re-elected on August 3, 2020
Committee Member	Bao-Guang Chang	0	0	0	Died and discharged on February 17, 2022
Committee Member	Kuang-Yu Lee	4	0	100	Appointed on June 16, 2022
Convener	Kua-Teng Su	5	0	100	Re-elected on August 3, 2020

Other matters:

I. If the Board of Directors does not adopt or wishes to amend the proposals of the Remuneration Committee, please state the date and session of the Board meeting, proposals, resolutions from the Board of Directors, and handling of the Remuneration Committee's opinions (such as the difference between the salary and remuneration approved by the Board of Directors and those proposed by the Remuneration Committee and the reason): None.

II. If the resolutions to which the members of the Remuneration Committee have an objection or reservation are recorded or written, please state the date and session of the meeting of the Remuneration Committee, proposals, opinions of the members, and handling of the opinions: None.

Note:

(1) Where members of the Remuneration Committee resign before the end of the year, the Notes column shall be annotated with the date of resignation. Actual presence rate (%) shall be calculated using the number of Remuneration Committee meetings convened and actual presence during the term of service.

(2) If any member was re-elected before the end of the year, incoming and outgoing members shall be listed accordingly, and the Remark column shall indicate whether the member's status is "Outgoing," "Incoming" or "Re-elected," and the date of re-election. Actual attendance rate (%) shall be calculated using the number of Remuneration Committee meetings convened and actual attendance during the term of service.

3. Resolutions of the Salary and Remuneration Committee:

Salary and Remuneration Committee	Major Resolutions	Salary and Remuneration Committee's Opinions	The Company's Response
2022.03.10 The 4th board 8th meeting	The distribution of employee compensation for 2021	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
	Proposal of the amendment to the Company's Internal Control System	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
	Managers' performance appraisals and salary adjustments in accordance with the Peer Performance Assessment Implementation Measures	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
2022.06.16 The 4th board 9th meeting	Proposal of additional payment of directors' (excluding independent directors) transportation fees in the first half of 2022	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
	Proposal of the independent directors' transportation fees suggestion in the first half of 2022	Except for the recusal of relevant personnel due to their interests, the rest committee member present approved the proposal unanimously	Approved by all the Directors present unanimously
	The distribution of manager employee remuneration	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
	By-election independent directors' transportation fees	Except for the recusal of relevant personnel due to their interests, the rest committee member present approved the proposal unanimously	Approved by all the Directors present unanimously
2022.08.09 The 4th board 10th meeting	Proposal of suggestion of the by-election appointed independent directors' transportation fees	Except for the recusal of relevant personnel due to their interests, the rest committee member present approved the proposal unanimously	Approved by all the Directors present unanimously

Salary and Remuneration Committee	Major Resolutions	Salary and Remuneration Committee's Opinions	The Company's Response
2022.11.08 The 4th board 11th meeting	Formulate the “Measures for the implementation of Employee Retention Bonus”	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
	Add certain provisions of the “Regulations Governing Salaries of Employees”	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
2022.12.27 The 4th board 12th meeting	Suggestion proposal of payment of directors' (excluding independent directors) transportation fees in 2023	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
	Suggestion proposal of payment of directors' transportation fees in 2023	The case was not discussed and sent directly to the Board of Directors because of the interest involved	Approved by all the Directors present unanimously
	Increasing the salary of the all employees of the Company	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
	2022 manager and supervisor bonus distribution suggestion proposal	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
	Relevant matters related to the special leave of the chairman and the change of the number of untaken days of special leave	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
	Formulate 2022 Functional Committees Performance Evaluation Questionnaire	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously

(V) Promotion and Implementation Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

<table>
<tr><th rowspan="2">Promotion Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>I. Does the Company establish a governance framework of promotion of sustainable development, set up an exclusively (or concurrently) dedicated unit to implement sustainable development and have senior management appointed by the Board of Directors to be in charge of handling and supervision by the Board of Directors?</td><td></td><td>V</td><td>The Company has not established a governance framework of promotion of sustainable development or set up an exclusively (or concurrently) dedicated unit.</td><td>Although the Company has not established a governance framework or an exclusively (or concurrently) dedicated unit, there is no material deviation from the "Corporate Social Responsibility Best Practice Principles.”</td></tr>
<tr><td>II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)</td><td>V</td><td></td><td>To promote the management of integrated risk, the Company established risk management promotion organizations in February 2021, including the task -type "Risk Management Committee" and the "Risk Management Promotion Team", and approved the "Risk Management Implementation Plan” and the "2023 Risk Management Plan” on December 27, 2022. The Company conducts risk assessments on environmental, social and corporate governance issues related to the business operations as follows:
<table><tr><th>Type</th><th>Issues</th><th>strategy</th></tr><tr><td>Environment</td><td>Environment Protection Events</td><td>1. Implement daily audit and identification of laws and regulations, and</td></tr></table></td><td>There is no significant deviation from the operation of the "Sustainable Development Best Practice Principles."</td></tr>
</table>

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			<table><tr><td></td><td></td><td>seek improvement. 2. The regulatory identification of air pollution, water pollution prevention and waste cleaning.</td></tr><tr><td>Environment</td><td>Drought and Water Shortage</td><td>1. Reduce process water and waste water recycling. 2. Establish an emergency response plan.</td></tr><tr><td>Environment</td><td>Greenhouse Gases</td><td>1. Add storage pits and conveying equipment to increase the proportion of waste-derived fuels. 2. Planning gas turbines to replace coal boilers.</td></tr></table>	

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			Society / Occupational Disaster / Implement daily audit and identification of laws and regulations, and seek improvement.	
			Society / Personnel Training / 1. Actively participate in talent recruitment activities on campus. 2. Set up scholarships for colleges and universities to increase the willingness of fresh graduates to work in the company.	

<table>
<tr><th rowspan="2">Promotion Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Corporate Governance</td><td>Operating Revenue</td><td>1. Strive for agent operation business and expand revenue.
2. Renewable resource factories increase SRF raw materials into the factory to increase the processing capacity.</td></tr></table></td><td></td></tr>
<tr><td>III. Environmental issues
(I) Does the Company establish an environmental management system proper to its industry's characteristics?</td><td>V</td><td></td><td>1. According to the production characteristics of each plant, in addition to passing the certification of Environmental Management Systems (ISO-14001) and Occupational Health & Safety Management Systems (ISO-45001) of two plants in 2022, the renewable energy plant further passed the Quality Management Systems (ISO-9001), and other certifications. We continue to promote the concept of environmental protection, implement energy conservation and carbon reduction, strengthen</td><td>There is no significant deviation from the operation of the "Sustainable Development Best Practice Principles."</td></tr>
</table>

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			education and training, set up labor safety and health management units, effectively implement environmental management policies and deal with environmental protection issues, safety, and health and other related issues.	
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	V		2. The Company operates in the energy and electricity industry, mainly providing users with high efficiency and low pollution steam and electricity. The Company's G2 plant boilers are designed as circulating fluidized bed boilers. Its characteristics include that it can be added with waste tires and textile sludge as auxiliary fuel to reduce the use of coal, which not only enhances the economic efficiency of operation, resource reuse efficiency and assists the government in decontaminating waste tires, but also reduces the negative impact on the environment, realizes the concept of friendly environment and fulfills the corporate social responsibility.	

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(III) Does the company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?	V		3. In response to the potential risks and opportunities caused by climate change to the Company, we will reduce the consumption of raw coal year by year and use auxiliary fuel with the same calorific value as an alternative. We are also committed to developing a variety of alternative fuels, which can not only reduce coal demand and avoid the risk of international coal price fluctuation but also reduce greenhouse gas emissions and environmental impact.	
(IV) Does the Company calculate the amount of greenhouse gas emissions, water consumption, and waste production in the past two years and implement policies to cut down greenhouse gas emissions, waste production, or other waste management?	V		4. The Company has promoted various energy conservation measures in response to climate change issues. Every year, the cogeneration plant area entrusts an external institution to carry out greenhouse gas inventory and obtain verification from a third party. In 2022, passed the certification of ISO14064-1 and ISO14064-3. The Company's total greenhouse gas emissions were 590,000 tons in 2022 and 588,850 tons in 2021. In terms of electricity conservation, the Company reduced the total electricity consumption by more than 1% every year under the standards prescribed by the Energy Bureau, with the power saving rate of 1.74%~1.77% from 2021 to 2022, reaching the standard. The total water consumption of the Company was 2,034,731 tons in 2022 and 1,994,196 tons in 2021. In 2020, the Company	There is no significant deviation from the operation of the "Sustainable Development Best Practice Principles."

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			established a wastewater recovery system through which to recycle partial boiler wastewater and process wastewater. In terms of waste, the Company's boiler generated 17,663 tons of fly ash and bottom ash in 2022 and 22,948 tons in 2021. Through the waste recycling policy, the Company has treated the above waste into alternative raw materials for bricks by concrete manufacturers to reduce the impact on the environment.	
IV. Social issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (II) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	 V V		 1. The Company implements various labor acts and regulations and formulates the Company's labor contract, work regulations, and personnel rules to ensure that employees are treated and respected fairly. 2. The Company implements various labor acts and regulations and formulates the Company's labor contract, work regulations, and personnel rules to ensure that employees are treated and respected fairly. The basic wages, working hours, holidays, retirement benefits, labor, and health insurance benefits, occupational disaster compensation of the employees employed by the Company are in line with the Labor Act. Besides, the Company provides employees with free lunch, medical treatment allowance for employees and their families, birthday, marriage, funeral allowance, birth gift	The Company attaches great importance to labor rights and complies with relevant regulations, and there is no significant deviation from the "Corporate Social Responsibility Best Practice Principles.”

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			allowance, emergency relief fund, children's scholarship, and other welfare measures. The Company will also share its profits with employees in the form of an annual bonus.	
(III) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		3. The Company conducts a health check and provides a traveling subsidy for employees yearly, to promote their physical and mental well-being. The Company has also established ISO-14001 Environmental Management System, ISO-9001 Quality Management System and ISO-45001 Occupational Health & Safety Management Systems, which are used to improve environmental performance.	
(IV) Does the company establish effective career development and training plans for its employees?	V		4. In order to cultivate professional talents that meet the needs of the Company and explore employees' self-potential, the Company has established a complete talent development system to customize learning development plans for all levels of employees. Provide employees a full range of external training courses and rich diversity of learning resources, to enhance the competitiveness of enterprises. In 2022, the Company provided a total of 135 people with specialized training courses. We also promote the implementation of	

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			objectives, supplemented by annual performance management and development, assess achievement, and ensure to achieve key development of organizational business and persons.	
(V) Has the Company followed relevant laws, regulations and international guidelines for issues such as the customer health and safety, customer privacy, and marketing and labeling of its products and services and established related consumer or customer protection policies and grievance procedures? (VI) Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	V V		5. The Company is mainly engaged in the energy and electricity industry. Due to the nature of the industry, there is no product marketing or labeling. The safety and privacy, health and safety of products and services for customers are handled in accordance with relevant laws and regulations. A dedicated hotline and email are provided to ensure smooth communication and complaint channels for customers. 6. The Company reviews suppliers in a fair, open, and rigorous manner. If the supplier has a significant violation of relevant policies, the Company will immediately reinvestigate, review, and terminate the purchase contract if necessary.	There is no significant deviation from the operation of the "Sustainable Development Best Practice Principles."
V. Does the company refer to internationally-used standards or guidelines for the preparation of reports such as sustainability reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?		V	The Company has not yet prepared the Sustainability Report but has disclosed the system and measures adopted by the Company for sustainable development and the performance of social responsibility in the Annual Report.	Although the Sustainability Report is not prepared, there is no material deviation from the "Corporate Social Responsibility Best Practice Principles.”

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
VI. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", describe the implementation and any deviations from such principles: The Company has yet to draw up the "Sustainable Development Best-practice Principles." No deviation from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" has been found in practical operation.				
VII. Other important information to facilitate a better understanding of sustainable development practices: The purpose of the Company's establishment is the efficient use of energy, in the spirit of "Cherish Natural Resources and Efficient Application of Energy" to serve the society, combined with the core business of environmental protection and customer trust, to create concrete goals of sustainable development jointly. The Company's environmental policies are "Pollution Prevention, Regulations Compliance," "Environmental Protection, Resource Conservation," "Energy Conservation and Carbon Reduction, Continuous Improvement," "Coordination and Communication, Harmony With Neighborhood And Communities," "Full Participation and Sustainable Business."				

Note 1: If "Yes" is checked in the operating status column, please explain the important policies, strategies, measures and implementation situations; if "No" is checked in the operating status column, please explain the reasons, as well as give relevant policies, strategies and measures to counter the situation in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof". However, regarding promotion items 1 and 2, TWSE/TPEx Listed Companies should describe the governance and supervision structure of sustainable development, including but not limited to management guidelines, strategy and goal formulation, review measures, etc. In addition, describe the Company's risk management policies or strategies assessments and the status of environmental, social, and corporate governance issues.

Note 2: The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the Company's investors and other stakeholders.

Note 3: For disclosure methods, please refer to the Reference Examples for Best Practice on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

(VI) Implementation Status of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof:

Evaluation Item	Implementation Status (Note 1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs (I) Does the company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	V		1. The Company's Board of Directors approved the "Code of Ethical Conduct" and "Procedures for Ethical Management and Guidelines for Conduct" formulated by the Company on March 11, 2020, both were disclosed on the Company's website and are the executive basis of the Company's business activities and internal management. The Board of Directors and the management actively implement the commitment of the ethical management policy.	There is no significant deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(II) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		2. The Company has established the "Code of Ethical Conduct" and "Procedures for Ethical Management and Guidelines for Conduct" to clarify the procedures for preventing the receipt of improper benefits and to regularly adopt them to implement its commitment to the policy of integrity management. In addition, the Company has established an effective accounting system and internal control system to prevent business activities with a higher risk of dishonest conduct. The Company also reviewed the effectiveness of the design and	

Evaluation Item	Implementation Status (Note 1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons thereof
	Yes	No	Description	
			implementation of the system from time to time, and kept the identity of the whistle-blower and the content confidential if a breach of integrity is found.	
(III) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	V		3. The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" to specify the procedures, guidelines for conduct, disciplinary actions and complaint procedures to be observed by the Company's personnel in conducting business. The Company reviews from time to time whether employees are following the procedures to which they should pay attention, and holds regular meetings to review the above guidelines for any omissions or amendments.	
II. Fulfillment of ethical corporate management (I) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	V		1. The Company's "Procedures for Ethical Management and Guidelines for Conduct" has clearly required to evaluate the legality of business transaction counterparties and whether they involve unethical behavior, and refused to conduct transactions with dishonest parties. Besides, the contract signed with the trading counterparties shall stipulate the terms of ethical management.	There is no significant deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."

Evaluation Item	Implementation Status (Note 1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons thereof
	Yes	No	Description	
(II) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?	V		2. The Company designates the management and market division as the dedicated unit and reports to the Board of Directors at least once a year on the integrity management policy and the plan to prevent dishonest acts and monitor the implementation.	
(III) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		3. The Company's "Code of Ethical Conduct" sets out guidelines for the prevention and avoidance of conflicts of interest, followed by all relevant personnel. The Company provides appropriate statement channels for employees to report violations and complaints to the Human Resource Unit, the immediate supervisor, or the audit unit.	
(IV) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	V		4. The Company has established and implemented an effective accounting system and internal control. Also, the internal auditors shall regularly draw up the audit plan, check the compliance of the operation of unethical conduct risk assessment standards, prepare the audit report, and regularly report to the Board of Directors and the Audit Committee.	
(V) Does the company regularly hold internal and external training on ethical corporate management?	V		5. The Company conducts annual promotion and internal and external educational training on requirements relating to the ethical corporate management best practice principles. In 2022,	

Evaluation Item	Implementation Status (Note 1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons thereof
	Yes	No	Description	
			the Company conducted such training (including courses on compliance with ethical corporate management regulations, accounting system and internal control) with a total of 40 participants and 20 hours.	
III. Operation of Whistle-blowing System (I) Does the Company have a specific whistle-blowing and reward system, establish convenient whistle-blowing channels, and assign the appropriate personnel responsible for dealing with the reporting? (II) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms? (III) Does the Company provide protection for whistle-blowers against receiving improper treatment?	V V V		1. The Company has a specific system and convenient reporting channels in the "Procedures for Ethical Management and Guidelines for Conduct". Employees and stakeholders can report directly to the Company through the reporting mailbox. Appropriate designate units and personnel will be assigned to deal with different targets. 2. The Company's auditors will immediately ascertain the relevant facts and make a report on the investigation results when receiving different reported subjects If a director or senior executive is involved, the auditors shall report in writing to the independent directors and instruct the relevant unit to review the relevant internal control systems and operating procedures to propose improvement measures. 3. The Company has formulated measures to protect whistle-blowers in the "Procedures for Ethical Management and Guidelines for	There is no significant deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>Conduct". The Company upholds the principle of impartiality and non-disclosure in the investigation process, and will protect employees from unfair retaliation or treatment for reporting and participating in the investigation process.</td><td></td></tr>
<tr><td>IV. Enhanced disclosure of ethical corporate management information
Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?</td><td>V</td><td></td><td>The Company has disclosed its "Procedures for Ethical Management and Guidelines for Conduct" and its implementation results on the Company's website.</td><td>There is no significant deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."</td></tr>
<tr><td colspan="5">V. If the Company has established the ethical corporate management best-practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe the implementation and any deviations from the Principles:
In order to establish an ethical corporate management culture and sound development, as well as to create a good business operation model, the Company has formulated "Procedures for Ethical Management and Guidelines for Conduct" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", and implemented such principles in accordance with the regulations. In addition, the Company has set forth in the "Code of Ethical Conduct" the contents and methods of operation to comply with the Code of Ethical Conduct, avoid opportunities for personal gains, ensure duty of confidentiality and fair dealing, protect proper use of Company assets, comply with laws and regulations, prevent conflicts of interest, gifts and business hospitality, and stipulate disciplinary and reporting measures, etc. There is no difference between the above operations and the Code.</td></tr>
<tr><td colspan="5">VI. Other important information that facilitate the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles):
On March 16, 2021, the Board of Directors approved the amendment to certain provisions of the "Procedures for Ethical Management and Guidelines for Conduct".</td></tr>
</table>

Note 1: Regardless of whether the operations column was filled in yes or no, the Company shall state an appropriate explanation in the summary column.

(VII) Method for Inquiring into the "Corporate Governance Best-practice Principles" and Relevant Regulations:

The Company’s Website/Investor Section/Corporate Governance (https://www.tycc.com.tw/investors)

(VIII) Other Important Information on Enhanced Understanding of Corporate Governance:

Set up capital risk management policies and found risk management promotion organizations, establish an integrated risk management system, identify, analyze and evaluate possible risks, and handle them in a cost-effective planned way to reduce the possibility of risk occurrence , and reduce or avoid the impact of risks, so that the Company can operate normally and achieve the overall business goals.

(IX) Implementation of Internal Control System:

1. Statement on Internal Control

Ta-Yuan Cogen Co., Ltd.
Statement on Internal Control

Date: March 7, 2023

The Company makes the following statement according to the self-evaluation conducted of the internal control system in 2022:

I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company will refer to the "Regulations Governing Establishment of Internal Control System by Public Companies" (hereinafter referred to as "ICS Regulations") to identify assessment items for determining the effectiveness of ICS as well as the performance of design and implementation of the system. The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each key component includes several items. Please refer to the Regulations for the aforementioned items.

IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2022, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.

VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved on March 7, 2023, by the Board of Directors, and out of the 7 Board members in attendance, none has objected to this statement and all consented to the content expressed herein.

Ta-Yuan Cogen Co., Ltd.
Chairman: Chung-Cheng Lee

President: Shih-Yang Chang

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(X) Penalties Imposed upon the Company and the Company's Employees According to Law, Penalties Imposed by the Company upon Employees for the Violation of the Internal Control System Policy, or Principal Deficiencies, and Improvement Status during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

(XI) Major resolutions of shareholders' meeting and board meeting in the most recent year up to the publication date of the Annual Report

(I) Significant resolutions in the annual shareholders' meeting

1. General Shareholders' Meeting 2022 - Time: June 16, 2022

Proposal 1 Approval of the Company's 2021 annual business report and final statement recognition.

Proposal 2 Approval of the Company's 2021 earnings distribution plan.

Proposal 3 Approval of the amendment to certain provisions of the "Articles of Association" of the Company.

Proposal 4 Approval of the Company by-election of one seat of independent director.

Proposal 5 Approval of the amendment to the Company's "Procedures for the Acquisition or Disposal of Assets".

2. Significant resolutions at the shareholders' meeting and the implementation

Proposal 1 Resolution approved.

Proposal 2 Set July 21, 2022, as the ex-dividend record date, which was fully paid on August 25, 2022 in accordance with the resolution of the shareholders' meeting.

Proposal 3	Amendment to certain provisions of the Company's "Articles of Association” in accordance with the resolution of the shareholders' meeting.
Proposal 4	Approval of the Company by-election of one seat of independent director.
Proposal 5	The amendment to the Company's "Procedures for the Acquisition or Disposal of Assets” by resolution.

(II) Major Resolutions of Board Meetings

1. The 13th meeting of the 10th session Board of Directors - March 10, 2022

Proposal 1	Approval of the Company's 2021“Statement on Internal Control”.
Proposal 2	Approval of the Company's 2021 consolidated financial statements, individual financial statements, and business report.
Proposal 3	Approval of the Company's 2021 earnings distribution plan.
Proposal 4	Approval of CPAs' independence and competency assessment.
Proposal 5	Approval of appointed CPAs and their remuneration.
Proposal 6	Approval of the amendments to the Company's "Procedure for the Acquisition or Disposal of Assets”.
Proposal 7	Approval of obtain short and medium term credit loans to financial institutions.
Proposal 8	Approval of the Company's 2021 employee remuneration distribution.

Proposal 9 Approval of the Chairman's remuneration suggestion proposed and submitted by the Salary and Remuneration Committee.

Proposal 10 Approval of the managerial officer's performance appraisals and salary adjustments and suggestion proposed and submitted by the Salary and Remuneration Committee.

Proposal 11 Approval of the amendment to certain provisions of the Company's "Articles of Association".

Proposal 12 Approval of the amendment to certain provisions of the “Measures for the Implementation of Employee Salary Management”.

Proposal 13 Approval of the independent director by-election and nominated candidates.

Proposal 14 Approval of the proposal to formulate the agenda, time, and venue of the 2022 Shareholders' General Meeting.

2. The 14th meeting of the 10th session Board of Directors - May 3, 2022

Proposal 1 Approval of the Company's consolidated financial statements for the first quarter of 2022.

Proposal 2 Proposal to retain and reformulate the Company’s Statement on Internal Control.

Proposal 3 Approval of the proposal to formulate the "Regulations Governing Salaries of Officers”.

Proposal 4 Approval of the implementation measures for the appointment of external personnel of the Company.

Proposal 5 Approval of the amendment to certain contents of the Company's “Decision-making Authority

Table” from "Regulations Governing the Management of Various Affairs by Levels".

Proposal 6 Approval of the donated by related parties Cheng Loong Care for Children Foundation.

Proposal 7 Approval of the supplementary appointment of salary and remuneration committee.

3. The 15th meeting of the 10th session Board of Directors - June 16, 2022

Proposal 1 Approval of the additional payment of directors' (excluding independent directors) transportation fees in the half of 2022 proposed and submitted by the Company's Salary and Remuneration Committee.

Proposal 2 Approval of the additional payment of independent directors' transportation fees in the first half of 2022 proposed and submitted by the Company's Salary and Remuneration Committee.

Proposal 3 Approval of the distribution of managerial officer compensation and suggestion proposed and submitted by the Salary and Remuneration Committee.

Proposal 4 Approval of independent directors' transportation fees suggestion proposed and submitted by the Company's Remuneration Committee.

Proposal 5 Approval of the Company's 2022 ex-dividend date.

4. The 16th meeting of the 10th session Board of Directors - August 9, 2022

   Proposal 1 The Company's consolidated financial statements for the second quarter of 2022.

   Proposal 2 Approval of the amendment to the Company’s Internal Control System.

   Proposal 3 Approval of the obtaining short term credit loans to financial institutions.

   Proposal 4 Approval of the independent directors' transportation fees suggestion proposed and submitted by the Company's Remuneration Committee.

   Proposal 5 Approval of the amendment to certain provisions of the “Measures for the Salary Management”.

5. The 17th meeting of the 10th session Board of Directors - September 7, 2022

   Proposal 1 Approval of the SRF storage pit and conveyor system added conveyor system subcontract.

   Proposal 2 Approval of the adding certain provisions of the “Regulations Governing Salaries of Employees”.

6. The 18th meeting of the 10th session Board of Directors - November 8, 2022

   Proposal 1 Approval of the Company's consolidated financial statements for the third quarter of 2022.

   Proposal 2 Approval of obtaining short and medium term credit loans to financial institutions.

   Proposal 3 Approval of the amendment to certain contents to the Company’s “Internal Control System”.

   Proposal 4 Approval of the SRF’s new storage pit and conveying equipment project expected to be completed and changing the date of commercially operated.

Proposal 5 Approval of the amendment to certain contents of the Company's "Regulations Governing the Management of Various Affairs by Levels".

Proposal 6 Approval of the amendment to certain Articles in the Company's "Rules of Procedure for Board of Directors Meeting".

Proposal 7 Approval of the amendments to certain provisions of the Company’s "Procedures for Handling Inside Material Information”.

Proposal 8 Approval of the proposal to formulate the “Measures for the implementation of Employee Retention Bonus”

Proposal 9 Approval of the adding certain provisions of the “Regulations Governing Salaries of Employees”.

7. The 19th meeting of the 10th session Board of Directors - December 27, 2022

Proposal 1 Approval of the Company’s audit plan for 2023.

Proposal 2 Approval of the proposal to formulate the Company’s “Company-level Risk Management Plan for 2023”.

Proposal 3 Approval of the Company intends to obtain short- and medium-term comprehensive credit loans from financial institutions to meet the Company's capital requirements.

Proposal 4 Postponement the proposal for new establishment of gas turbine units.

Proposal 5 Approval of the Company's business plan and budget for 2023.

Proposal 6 Approval of the 2023 donated by related parties Cheng Loong Care for Children Foundation.

Proposal 7 Amendments to the certain provisions of the Company’s "Administrative Measures for Prevention of Insider Trading”.

Proposal 8 Approval of the suggestion proposal of payment of directors' (excluding independent directors) transportation fees in 2023.

Proposal 9 Approval of the suggestion proposal of payment of independent directors' transportation fees in 2023.

Proposal 10 Approval of the increasing the salary of the all employees of the Company.

Proposal 11 Approval of the Company's 2022 manager and supervisor bonus distribution suggestion proposal.

Proposal 12 Approval of the matters related to the special leave of the chairman and the number of untaken days of special leave.

8. The 20th meeting of the 10th session Board of Directors - March 7, 2023

Proposal 1 Approval of the Company's 2022 “Statement on Internal Control”.

Proposal 2 Approval of the Company's 2022 consolidated financial statements, individual financial statements, and business report.

Proposal 3 Approval of the distribution of earnings for 111.

Proposal 4 Approval of CPAs' independence and competency assessment.

Proposal 5 Approval of appointed CPAs and their remuneration.

Proposal 6 Election of the 11th Board of Directors (including

Independent Directors).

Proposal 7 Approval of the agenda, time, and venue of the 2023 Shareholders' General Meeting.

Proposal 8 Approval of revise the "Organization Form" of the Company.

Proposal 9 Approval of the Company's distribution of employee remuneration in 2022.

Proposal 10 Approval of Managers' performance appraisals and salary adjustments in accordance with the Peer Performance Assessment Implementation Measures.

9. The 1th meeting of the 10th session Interim Board of Directors - April 11, 2023

Proposal 1 Approved of the real estate auction of the company's proposed bid for No. 7 and No. 9, Gongsi Road, Dayuan District.

10. The 21th meeting of the 10th session Board of Directors - April 18, 2023

Proposal 1 Approved of new project of gas turbine unit.

Proposal 2 Approved of the nominated candidates of the 11th Board of Directors (including Independent Directors).

Proposal 3 Approved of the shareholders' meeting for abolishing the "Non-Compete Clause" for the Company's next new directors (including Independent Directors) and their representatives.

Proposal 4 Approved of the establishment of the company's "Pre-approval Measures for Visa Accountants to Provide Non-Confirmation Services"

(XII) Any Dissenting Opinions Expressed by Directors with Respect to Major Resolutions Passed by the Board of Directors during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report, where Said Dissenting Opinions Have Been Recorded or Prepared as a Written Declaration: None.

(XIII) A Summary of Resignations and Dismissals of the Chairman, President, Accounting Manager, Financial Manager, Chief Internal Auditor, Corporate Governance Officer or Research and Development Officer during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

V. Information on CPA Professional Fees

Unit: NT$1000

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Deloitte & Touche	Jui-Chuan Chih	2022/01/01~ 2022/12/31	2,125	499	2,624	
	Li-Huang Lee					

(I) The amount of non-audit fees paid to the CPAs, the firm to which the CPAs belong and its affiliated enterprises and the service content: In 2022, the non-audit fee was NT$499 thousand. The service content includes Business Registration Fee, BVI maintenance fee and taxes.

(II) II. Where the CPA firm was replaced, and the audit fees in the fiscal year, when the replacement was made, were less than that in the previous fiscal year before replacement, the amount of audit fees paid before/after replacement and reasons for paying this amount shall be disclosed: None.

(III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount, proportion, and cause of the reduction shall be disclosed: None.

VI. Information on replacement of CPA

The replacement of CPAs in the recent two years and subsequent periods of the Company is as follows:

(I) About former accountants

<table>
<tr><td>Date of Replacement</td><td colspan="5">None</td></tr>
<tr><td>Cause and details of the replacement</td><td colspan="5">None</td></tr>
<tr><td rowspan="3">Any details for the termination or rejection of the commissioner or CPA</td><td colspan="3">Counterparty
Condition</td><td>CPA</td><td>Commissioner</td></tr>
<tr><td colspan="3">Active termination of the commission</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="3">Rejection of (continuing) commission</td></tr>
<tr><td>Opinion and reasons for audit report issued during the two past fiscal years containing an observation other than unqualified ones</td><td colspan="5">None</td></tr>
<tr><td rowspan="6">Any disagreement with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="3">Generally Accepted Accounting Principles (GAAP) or activities</td></tr>
<tr><td></td><td colspan="3">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="3">Scope or procedure of audits</td></tr>
<tr><td></td><td colspan="3">Other</td></tr>
<tr><td>None</td><td colspan="4">ˇ</td></tr>
<tr><td colspan="5">Note: N/A</td></tr>
<tr><td>Other items for disclosure (items in Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Regulations shall be disclosed)</td><td colspan="5">None</td></tr>
</table>

(II) About the succeeding accountant

Name of CPA Firm	N/A
Name of CPA	N/A
Date of Appointment	N/A
Accounting treatment or accounting principle for specific transactions as well as consultation items and results on audit assessment on the financial report prior to formal engagement	N/A
Written views on disagreements between the successor and former independent auditors	N/A

(III) Former CPAs' Reply to Disclosures under Items 1 and 2-3, Subparagraph 6, Article 10 of the Guidelines: None.

VII. If the Company's Chairman, President, or any managerial officer in charge of finance or accounting has worked at the CPA firm or its affiliated company within the past year, the name, position and time period in the CPA accounting firm or its affiliated company shall be disclosed: None.

VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10% in the most recent year and up to the date of publication of the annual report. The relative person relationship of the equity transfer or equity pledge shall disclose the name of the counterpart, the relationship with the company, Directors, Supervisors, shareholding ratio of more than 10% of the shareholders and the number of shares acquired or pledged:

(I) Change in Equity Interests by Directors, Managerial Officers, and Major Shareholders

Title (Note 1)	Name	2022		Current year as of April 18, 2023	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Director	Cheng Loong Corporation	—	—	—	—
Director	Taiwan Cogeneration Corporation	—	—	—	—
Director and President	Shih-Yang Chang	—	—	26,000	—
Independent Director	Chun-Tsai Hung	—	—	—	—
Independent Director	Kuang-Yu Lee	—	—	—	—
Independent Director	Kua-Teng Su	—	—	—	—
Accounting Officer	Chiung-Ru Chiu	—	—	—	—
Financial Officer	Mei-Chi, Lee	—	—	—	—

Note 1: Shareholders who hold more than ten (10) percent of the Company's shares shall be noted as major shareholders and listed separately.

Note 2: Where the counterparts of the equity interest transfer or pledge of equity interest are related parties, the following table shall be filled in.

(II) Information about transfer of equity: None

(III) Information about pledge of equity: None

IX. Relationship Information between Top 10 Shareholders in Terms of the Shareholding Ratio

NAME (NOTE 1)	CURRENT SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		SHAREHOLDING BY NOMINEES		AMONG 10 LARGEST SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP (NOTE 3)		REMARK
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Designation (or Name)	Relation	
Cheng Loong Corporation	50,201,180	41.06	-	-	-	-	None	None	
Representative: Jen-Ming Cheng	323,000-	0.26	-	-	-	-	None	None	
Taiwan Cogeneration Corporation	35,833,827	29.31	-	-	-	-	None	None	
Representative: Shun-I Huang	-	-	-	-	-	-	None	None	
Sunny Special Dyeing and Finishing Co., Ltd.	2,204,776	1.80	-	-	-	-	None	None	
Representative: Chen-Cheng Shih	-	-	-	-	-	-	None	None	
Cheng Fong Chemical Co., Ltd.	959,231	0.78	-	-	-	-	None	None	
Representative: Li-Tsiu Chang	-	-	-	-	-	-	None	None	
Bin Huang	890,100	0.73	-	-	-	-	None	None	
Jia-Hong Lu	766,000	0.63	-	-	-	-	None	None	
Mei-Chu Chiang	641,000	0.52	-	-	-	-	None	None	
Yi-Xiang Yu	630,000	0.52	-	-	-	-	None	None	
Yi-Ting Fang	537,000	0.44	-	-	-	-	None	None	
Chase Custodian JP Morgan Securities Co., Ltd. investment account	534,000	0.44	-	-	-	-	None	None	

Note 1: All the top 10 shareholders shall be listed. For legal entity shareholders, their names and the name of their representatives shall be listed separately.

Note 2: Shareholding ratio is calculated separately based on the percentage of shares held in the name of the person, his/her spouse, minor children, or others.

Note 3: Relationship between the aforementioned shareholders, including legal entity and natural person shareholders should be disclosed based on the financial reporting standards used by the issuer.

X. Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, Its Directors, Managerial Officers, and Any Companies Controlled Directly or Indirectly by the Company: None.

Capital Overview

I. Capital and Shares

(I) Source of Capital

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Other
1993.8	10	2,500,000	NT$25,000,000	2,500,000	NT$25,000,000	Established with fully paid in shares of NT$25,000,000	None	Founding Capital
1993.12	10	12,500,000	NT$125,000,000	12,500,000	NT$125,000,000	Capital increase by cash NT$100,000,000	None	1993.12.30 Ministry of Economic Affairs (82) Shang No.126915
1994.8	10	50,000,000	NT$500,000,000	50,000,000	NT$500,000,000	Capital increase by cash NT$375,000,000	None	1994.6.28 SFC (83) Taiwan Finance Certificate (1) No. 230824
1998.5	10	75,000,000	NT$750,000,000	75,000,000	NT$750,000,000	Capital increase by cash NT$250,000,000	None	1998.2.23 SFC (87) Taiwan Finance Certificate(1) No. 20970
1999.11	10	78,750,000	NT$787,500,000	78,750,000	NT$787,500,000	Capital increase from earnings NT$37,500,000	None	1999.10.4 SFC (88) Taiwan Finance Certificate(1) No. 89168
2000.8	10	112,599,488	NT$1,125,994,880	87,599,488	NT$875,994,880	Recapitalization of retained earnings of NT$88,494,880 (including employee bonus of NT$1,869,880)	None	2000.7.17 SFC (89) Taiwan Finance Certificate (1) No. 61944
2001.5	10	112,599,488	NT$1,125,994,880	96,592,822	NT$965,928,220	Recapitalization of retained earnings of NT$89,933,340 (including employee bonus of NT$2,333,860)	None	2001.4.2 SFC (90) Taiwan Finance Certificate (1) No. 116792

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Other
2002.9	10	112,599,488	NT$1,125,994,880	106,623,811	NT$1,066,238,110	Recapitalization of retained earnings of NT$100,309,890 (including employee bonus of NT$3,717,070)	None	2002.7.30 SFC (91) Taiwan Finance Certificate (1) No. 142481
2015.8	10	112,599,488	NT$1,125,994,880	111,955,002	NT$1,119,550,020	Recapitalization of retained earnings of NT$53,311,910	None	2015.7.13 FSC Issued Certificate No. 1040026115
2016.9	10	150,000,000	NT$1,500,000,000	116,433,202	NT$1,164,332,020	Recapitalization of retained earnings of NT$44,782,000	None	Effective after declaration on July 1, 2016
2019.9	10	150,000,000	NT$1,500,000,000	122,254,862	NT$1,222,548,620	Recapitalization of retained earnings of NT$58,216,601	None	Effective after declaration on July 2, 2019

Note 1: Please specify the information for the current year available until the date of the publication of the annual report.
Note 2: The capital increase part shall be identified by effective (approval) date and document No. additionally.
Note 3: The stock issued at the price less than the par value shall be identified prominently.
Note 4: Please specify the offset by monetary creditor's rights and technology, if any, and note the type and amount of offset.
Note 5: The private placement, if any, shall be identified prominently.

Unit: share; April 18, 2023

Share Type	Authorized Capital			Remark
	Outstanding Shares (Note)	Unissued Shares	Total	
Registered common shares	122,254,862 shares	27,745,138 shares	150,000,000 shares	None

Note: The issued shares are OTC stocks

(II) Structure

April 18, 2023

Structure / Item	Government Agencies	Financial Institutions	Other institutional shareholders	Domestic Natural Persons	Foreign institutions & natural persons	Total
Number of shareholders	—	—	47	22,778	23	22,848
Shares Held	—	—	91,244,856	29,535,799	1,474,207	122,254,862
Shareholding Ratio %	—	—	74.63	24.16	1.21	100.00

Note: An initial TWSE/TPEx-listed company or an emerging stock company shall disclose the shareholding percentage of the company's shares held by companies in Mainland China; companies in Mainland China refers to companies invested by people, juridical persons, organizations, and other institutions in Mainland China or investments made in third regions by Mainlanders as stipulated in the Article 3 of the "Rules Governing Permits for People from Mainland China Investing in Taiwan".

(III) Dispersion of Equity Ownership

Par value per share: NT$10; April 18, 2023

Range of Shares	Number of Shareholders	Shares Held	Shareholding Ratio %
1~999	20,287	272,317	0.22
1,000~5,000	1,946	3,573,655	2.92
5,001~10,000	227	1,679,979	1.37
10,001~15,000	100	1,257,370	1.03
15,001~20,000	62	1,118,540	0.91
20,001~30,000	58	1,440,266	1.18
30,001~40,000	28	958,876	0.78
40,001~50,000	18	829,814	0.68
50,001~100,000	49	3,416,718	2.80
100,001~200,000	27	3,633,821	2.97
200,001~400,000	33	9,531,968	7.80
400,001~600,000	5	2,415,424	1.98
600,001~800,000	3	2,037,000	1.67
800,001~1,000,000	2	1,849,331	1.51
Over 1,000,001	3	88,239,783	72.18
Total	22,848	122,254,862	100.00

(IV) List of major shareholders

Par value per share: NT$10; April 18, 2023

Shareholding / Name of Major Shareholders	Shares Held	Shareholding Ratio%
Cheng Loong Corporation	50,201,180	41.06
Taiwan Cogeneration Corporation	35,833,827	29.31
Sunny Special Dyeing and Finishing Co., Ltd.	2,204,776	1.80
Cheng Fong Chemical Co., Ltd.	959,231	0.78
Bin Huang	890,100	0.73
Jia-Hong Lu	766,000	0.63
Mei-Chu Chiang	641,000	0.52
Yi-Xiang Yu	630,000	0.52
Yi-Ting Fang	537,000	0.44
Chase Custodian JP Morgan Securities Co., Ltd. investment account	534,000	0.44

(V) Share Price for the Past 2 Fiscal Years, with Net Worth per Share, Earnings per Share, Dividends per Share, and Related Information

Item \ Year			2021	2022	Current year as of April 18, 2023 (Note 8)
Market Price Per Share (Note 1)	Highest		34.20	44.2	84.7
	Lowest		27.30	28.5	41.6
	Average		30.46	32.21	58.77
Net Worth per share (Note 2)	Before distribution		16.72	17.81	—
	After distribution		15.22	(Note 9)	—
Earnings Per Share	Weighted average shares		122,254,862	122,254,862	—
	Earnings Per Share (Note 3)		1.39	3.01	—
Dividends Per Share	Cash		1.50	(Note 9)	—
	Stock grants	Dividends from retained earnings	—	(Note 9)	—
		Dividends from capital surplus	—	(Note 9)	—
	Accumulated undistributed dividends (Note 4)		—	—	—
Return on Investment	Price-to-earnings ratio (Note 5)		21.92	10.70	—
	Price-to-dividend ratio (Note 6)		20.31	(Note 9)	—
	Cash dividend yield (Note 7)		4.92%	(Note 9)	—

* In the case of retained earnings or capital surplus transferred to common stocks, the information about the market value and cash dividend adjusted retroactively based on the quantity of shares distributed shall also be disclosed.

Note 1: List the highest and lowest market price of the common shares for each year, and calculate average market price for each year in reference to the transaction value and volume.

Note 2: These rows are filled based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the Shareholders' Meeting in the subsequent fiscal year.

Note 3: If there is any retrospective adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.

Note 4: If there is any condition in issuing equity securities that allow for an undistributed dividend for the fiscal year to be accumulated to subsequent fiscal years in which there is profit, the Company shall separately disclose cumulative undistributed dividends up to that fiscal year.

Note 5: Price/earnings Ratio = Average closing price per share for the current year/Earnings Per Share.

Note 6: Price-to-dividend ratio = Average closing price per share for the year/Cash dividends per share.

Note 7: Cash dividend yield = Cash dividends per share/Average closing price per share for the year.

Note 8: Net worth per share and earnings per share shall be filled with the data of the most recent quarter that has been verified (examined) by CPAs up to the date of printing of this annual report: The rest of the columns should be filled.

Note 9: Distribution of earnings for 2022 has not yet been approved by the resolution of shareholders' meeting.

(VI) The Company's Dividend Policy and Implementation Status:

1. Dividend policy

(1) Dividend policy as per the Articles of Incorporation

If the Company has fiscal year-end earnings, after paying taxes required by law and offsetting accumulated losses of previous years, the Company shall allocate 10% as legal reserve. In case legal reserve has reached the Company's paid-in capital, no allocation may be made, and the balance may be in recognition or allocation for special reserve return earnings in accordance with laws and regulations. No less than 50% of the balance, if any, shall be distributed as shareholders' dividends and submitted by the Board of Directors as a motion to the Shareholders' Meeting for approval.

The Company's dividend policy is in line with profitability of current period and the types of appropriation of net income takes into consideration the Company's future growth, capital budgeting planning, and evaluates the Company's capital needs. The distribution of dividends will be done in two ways: share dividend and cash dividends. A balanced dividend distribution principle is adopted in which cash dividend will be no less than 20% of the total dividends, and the remaining balance may be distributed in share dividends. However, in case of material new investment plan and other financing is unavailable, the Shareholders' Meeting will be asked in a motion to approve either the decrease in the ratio of cash dividend distribution or no cash dividend may be distributed.

(2) Distribution of dividends proposed at the Shareholders' Meeting

The Shareholders' Meeting proposes to distribute cash dividends of NT$2.5 per share.

Dividend Implementation Status

On June 16, 2022, the Shareholders' Meeting passed a resolution to distribute the 2021 cash dividend of NT$1.5.

(VII) Impact of Stock Dividends issued by the resolution of the Shareholders' Meeting on the Company's business performance and earnings per Share: This is not applicable as the Company did not distribute any stock dividends this year.

(VIII) Compensation for employees and directors

1. Percentage or range of employee, Director, and Supervisor remuneration as set forth in the Company's Articles of Incorporation

   If the Company makes any profits within a fiscal year, it shall set aside no less than 0.75% of the profits as the employees' compensation; however, in case of accumulated losses, the Company shall have reserved a sufficient amount for offset before calculating the employees' compensations from the balance.

   The employee compensation in the previous Paragraph can be distributed in the form of Company shares or cash, and the recipients of the said compensation shall include employees of affiliated companies that satisfy specific criteria.

2. The basis for estimating the amount of employees, directors, and supervisors' remuneration, for calculating the number of shares to be distributed as employees' remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: It will be recognized as profit and loss in next year.

3. Proposed compensation approved by the Board of Directors

   (1) The total remuneration of employees distributed in cash is NT$6,731,000 in 2022, which is no different from the expenses recognized by the Company.

   (2) Amount of stock distributed as employee compensation and as a percentage to net profit after income tax in the individual financial reports and to aggregate compensation to employees for the current year: In 2022, the Company did not distribute employees'

compensation with stocks.

4. The actual distribution of remuneration for employees, directors, and supervisors (including the number, sum, and price of shares distributed), and where there were discrepancies with the recognized compensations for employees, directors, and supervisors, the difference, cause, and treatment of the discrepancy shall be described:

Unit: NT$1,000

2021 Remuneration Distribution of Employees, Directors and Supervisors				
Item	Actual distributed amount as resolved by the Board of Directors	Accounting	Discrepancies	Deviation Reasons
Remuneration to Directors and Supervisors	-	-	-	N/A
Employee Remuneration	NT$3,235 thousand	NT$3,235 thousand	-	N/A

(IX) Share Repurchases: None.

II. Issuance of Corporate Bonds: None

III. Preferred Shares: None

IV. Overseas Depository Shares: None

V. Employee Share Subscription Warrants: None

VI. New Restricted Employee Shares: None

VII. Issuance of New Shares in Connection with Mergers or Acquisitions of Other Companies: None

VIII. Implementation of Capital Utilization Plans:

(I) Plan content: Not applicable

(II) Implementation of plan: Not applicable

Operational Highlights

I. Business Activities

(I) Scope of Business

(1) Primary business content of the Company

D101050 Steam and Electricity Paragenesis

F113990 Wholesale of Other Machinery and Equipment

F213990 Retail Sale of Other Machinery and Equipment

I199990 Other Consultancy

E604010 Machinery Installation Construction

I599990 Other Designing

J101030 Waste Clearing

J101040 Waste Disposing

C801020 Petrochemical Manufacturing

C801030 Precision Chemical Materials Manufacturing

C801990 Other Chemical Material Manufacturing

C803990 Other Petroleum and Charcoal Manufacturing

C901990 Other Non-metallic Mineral Products Manufacturing

F401010 International Trade

EZ99990 Other Construction

JA02990 Other Repair Shops

ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

(2) The Company's current primary service income and its operating ratio

2022

Unit: NT$1,000

Revenue from primary services	Amount	Ratio
Sales	2,462,407	86
Revenue from rendering of services	398,601	14
Total	2,861,008	100

(3) Services developed by the Company: development of renewable energy business and new energy business.

(II) Industry Overview

(1) Industry Situation and Development

Cogeneration Plant

Due to limited self-produced energy, 92% of Taiwan's primary energy needs to be imported, which is highly dependent on imported energy. The Company's cogeneration system uses coal as the main fuel. In line with the government's net-zero emission policy and in response to rising coal prices, the proportion of renewable fuels is gradually increasing. The exit mechanism of the coal-fired cogeneration system is planned, and new turbine gas units are added. Planning and design, and has transformed heavy oil into natural gas generation units. The Company strives to provide stable steam and electric power to meet the manufacturers' needs. At this stage, the market structure of steam and electricity has not changed significantly in the short term. The Company now has three electricity generation units and two cogeneration systems for use by most of the manufacturers in Dayuan Industrial Park. In addition to expanding the development of steam and electricity, the Company also uses renewable fuels. The above equipment uses high-efficiency operation and operating methods to provide stable power and steam for the manufacturers to enhance the effective utilization of energy in line with the government's policy of fully promoting energy and resource recycling.

Renewable Energy Plant

The main business of the renewable energy plant is to product waste treatment related products as auxiliary fuel for steam and electricity units. The digital transformation and industrial upgrading have also brought explosive growth to the semiconductor and optoelectronics industries, resulting in significant growth in waste solvents generated from the manufacturing process, which will help expand the Company's business opportunities in the product development of the reuse of environmental resources. In response to the semiconductor industry's own development of waste resource regeneration and activation technology, the Company has also developed SRF process, adding the treatment of D-0299 waste plastic mixture, D-0803 waste cloth, D-0899 waste fiber or other cotton, cloth and other mixtures and wastes, and the manufactured derivative solid fuel can be used as the fuel of the Company's co-firing cogeneration system. Economically, it can not only effectively increase the income of the renewable energy plant, but also reduce the fuel cost of the cogeneration plant, creating revenue and reducing costs. Furthermore, its carbon emission is lower than that of coal and more environmentally friendly, achieving a win-win situation.

(2) Various development trends and competitive situations of products

A. Steam and electricity

Cogeneration has many advantages, such as energy conservation, reliability of power supply, reducing environmental pollution, and reducing the production cost of energy users. Also, it is an industry with mature technology, with stable growth of market demand, oligopoly, and large-scale market. Steam and electricity are also the basis of industrial development, so the Company continues to develop towards the sustainable operation. In addition to the stable supply of steam and electricity power, we will gradually reduce the use of coal and switch to alternative renewable fuels to achieve the goal of protecting the natural environment and maintaining economic development.

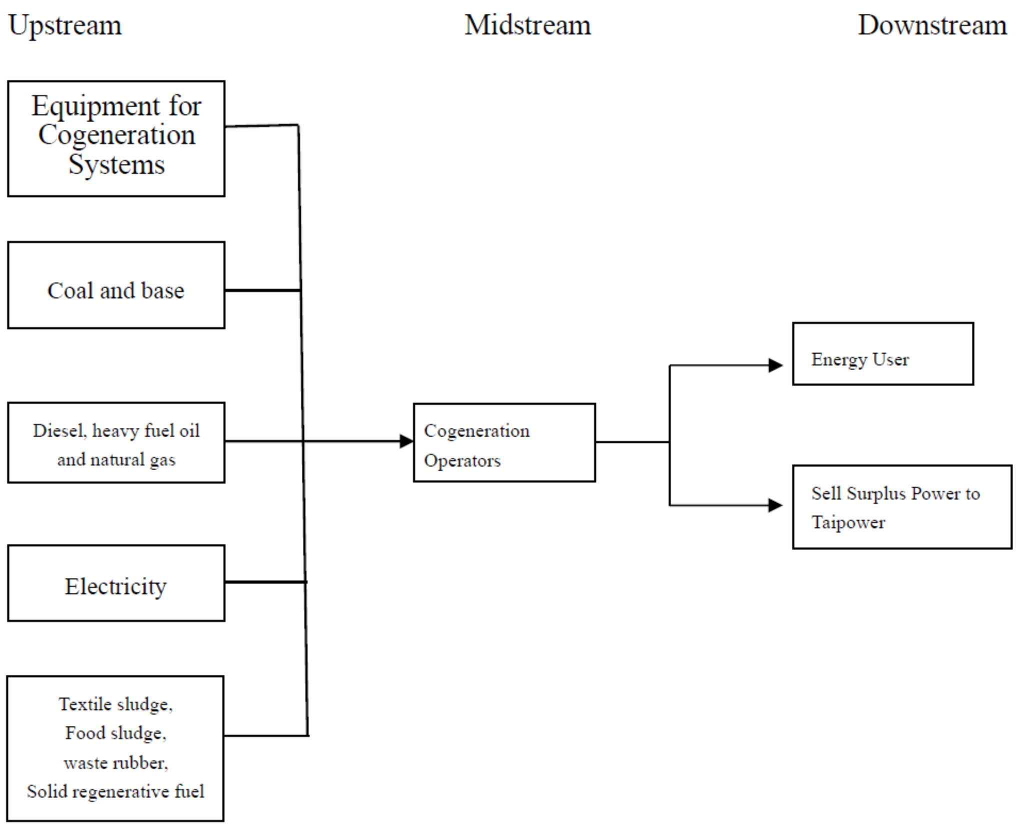
B. Waste treatment and reuse

At present, organic waste solvents treatment mainly adopts the methods of incineration or reuse as raw materials. The above treatment methods are also the current economic treatment methods acceptable by business organizations. However such type of service benefits from the government's policy of resource utilization and reuse. It is expected that the volume of business waste treatment will increase year by year, while the rate of increase depends on the acceptance of business organizations to other treatment methods and the effectiveness of the government's promotion of resource utilization. Although it is not easy to obtain a license, the threshold of the professional technology is relatively low, resulting in oversupply and a vicious cycle of price cutting competition in the current market. In spite of the tough market condition, the Company leverages on its advantages regarding the application of products after waste treatment, which can increase the types of waste treatment to counteract the changes of market environment.

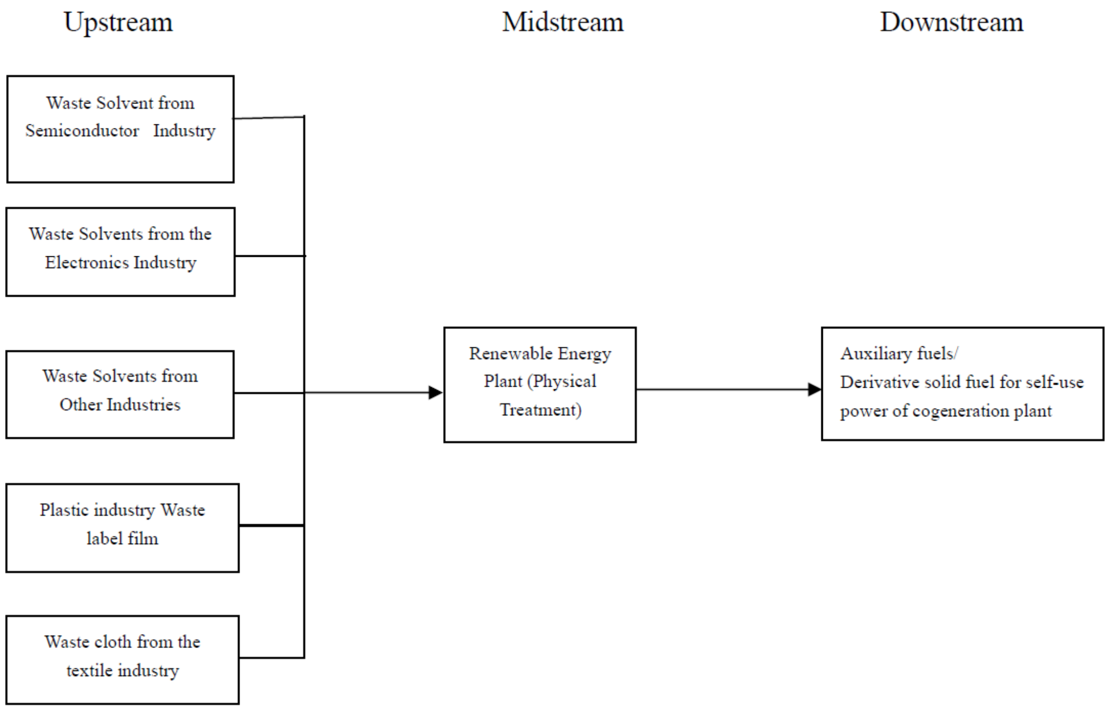
(3) Correlation between Upstream, Midstream, and Downstream of the Industry

Cogeneration Plant

The upstream industry is the supplier of fuel and system equipment at home and abroad, while the downstream industry is the energy users. The correlations of the upstream, middle, and downstream industries of this industry are listed as follows:



Renewable Energy Plant



(III) Technologies and Recent R&D Efforts

(1) Cogeneration Plant

1. Research on fly ash and bottom ash products.
2. Optimization of the incinerator subcontracted sales operations technology to enhance the treatment capacity.
3. Development of diversified renewable fuels.
4. Newly added the planning and design of the turbine gas unit.
5. The carbon emission reduction technology of the cogeneration system is used to gradually reduce the carbon emission.

(2) Renewable Energy Plant

1. Research on the feasibility of EBR waste liquid recycling.
2. Optimization and development of waste solvents treatment technology.
3. Development of waste solvent recycling process product diversification.
4. Introduction of experiment quality management system.

(IV) Long Term and Short Term Business Development Plan

Short-term Development Plan

A. Increase the proportion of renewable fuels and reduce dependence on coal.

B. Give full play to the advantages of energy conservation, environmental protection and economy, flexibly schedule production capacity, and arrange the most appropriate production to reduce production costs.

C. Make good use of fly ash and bottom ash reuse mechanism to effectively reduce production costs.

Expand steam demand and revise the selling price benchmark to facilitate higher steam selling prices.

D. On the basis of waste solvent treatment technology, invest in the research and development of optimized process technology.

E. On the basis of waste solvent treatment technology, the research and development of optimized process technology was put into operation.

F. Prepare solid waste treatment process and establish a comprehensive treatment plant.

Long-term Development Plan

Objective: to become a regional large-scale circular economy center.

A. In line with the government's policy to reduce coal use and promote renewable energy, the Company is developing alternative fuels to replace coal. Effectively control the production process and management system, and achieve the goal of process optimization, to improve the efficiency of power production and the stability of steam supply

B. Continue to invest in research and development of diverse waste treatment technologies to maintain competitive edge.

C. In line with the industry's development trend, the Company actively evaluates the development opportunities of domestic and foreign markets.

D. Use diversified and low-cost fund-raising channels at the right time to meet the needs of the Company's future development plans, and give back to shareholders with reasonable investment returns at the right time.

II. Markets and the Overview of Production and Sales

(I) Market Analysis

1. Sales and service regions of main products and services of the Company

Unit: NT$1,000

Year / Sales Territory	2021		2022	
	Amount	%	Amount	%
Domestic Sales	1,997,736	100	2,861,008	100
Foreign Sales	-	-	-	-
Total	1,997,736	100	2,861,008	100

2. Market Share

(1) Capacity share of cogeneration market installations

Unit: MW

Item	2020	2021	2022
Domestic cogeneration system	7,149	6,536	6,522
Ta-Yuan Cogen Co., Ltd.	68	82	82
Market Share	0.95%	1.25%	1.26%

Source: Bureau of Energy, Ministry of Economic Affairs and the Company

(2) Market share of waste disposal

Unit: NT$1,000

Waste code	2021		2022	
	Amount (tons)	Market share (Note)	Amount (tons)	Market share (Note)
C-0301	6,327	1.99%	6,134	1.79%
D-1504	11,160	5.55%	12,565	6.67%
R-0906	6,319	10.47%	5,729	10.80%
R-0902	2,078	3.32%	2,171	3.36%
D-0299			702	0.41%
D-0803			58	1.30%
D-0899			56	0.20%

Note: The market share is based on (the amount of waste received/the amount of joint declaration)

3. Supply and Demand in the Market and Possible Future Growth

(1) Cogeneration Plant

Our Ta-Yuan plant is located in Da-Yuan Industrial Park. The park is mainly engaged in paper manufacturing, dyeing and finishing, chemical, electroplating, and food businesses. The manufacturers in the park use electricity and steam as the source of kinetic and thermal energy for production. The above-mentioned industries have always maintained a certain ratio of electricity and steam expenses to corporate income. The Company not only provides steam and electricity with high efficiency and stable quality, but also sells all steam and electricity to manufacturers and resells any surplus electricity to Taipower. Therefore, it is demonstrated that the market demand for electricity and steam is very stable. In addition, the Company has further developed R-0906 textile sludge and R-0902 food processing sludge treatment business and will use the received sludge as an alternative raw material. According to the statistics of joint declaration of the Environmental Protection Administration (EPA), the amount of food processing sludge processing is higher than that in 2021, and the part of the textile sludge is due to the Russian-Ukrainian war that severely damaged the textile dyeing and finishing industry, resulting in a decrease in the output of sludge. After the end of the Russian-Ukrainian war, the economic recovery will return to the growth trend of the textile dyeing and finishing industry.

Waste code	Waste code name	Amount of joint declaration (tons)		
		2021	2022	Growth Rate
R-0906	textile sludge	60,367	53,029	-12%
R-0902	food processing sludge	62,588	64,706	3%
Total		122,955	117,735	

Source: Environmental Protection Administration, Executive Yuan

(2) Renewable Energy Plant

The main business of the renewable energy plant is the treatment and reuse of hazardous business waste, the source of which is mainly from organic waste liquid of domestic semiconductor industry, photovoltaic panel industry and chemical industry. The following table summarizes the annual output of organic waste liquid from the EPA and comparable projects:

Waste code	Waste code name	Amount of joint declaration (tons)		
		2021	2022	Growth Rate
C-0301	Waste liquid with flash point less than 60°C (excluding alcohol waste with ethanol concentration less than 24%)	317,289	342,994	8%
D-1504	Non-hazardous organic waste liquids or waste solvents	200,934	188,505	-6%
Total		518,223	531,499	

Source: Environmental Protection Administration, Executive Yuan

Through the above table, it is known that the Amount of joint declaration of C-0301 and D-1504 has grown. And at present, chips and panels around the world will continue to show an insufficient supply, which will drive the considerable growth of semiconductor process and packaging and high-end packaging of optoelectronic panels. It will also lead to a year-on-year growth of cleaning demand from the process, resulting in a proportional increase in the use of pure water and solvents, thereby leading to the corresponding growth of organic waste liquid production volume. Therefore, it is estimated that the demand for waste solvent treatment will maintain a positive growth trend at the same time.

The newly established SRF process has increased the waste treatment of D-0299 waste plastic mixture, D-0803 waste cloth, D-0899 waste fiber or other cotton, cloth and other mixtures, and according to the statistics of the Environmental Protection Administration (EPA) of Executive Yuan, the total declared volume in 2022 is 205,449tons, which has sufficient market demand.

4. Competitive Niches

(1) Improve production efficiency and reduce costs to enhance competitive advantage

We are actively accelerating the optimization of industrial processes to enhance productivity and production capacity, integrating resources to utilize two cogeneration systems through mechanical deployment. In addition, the transformation of heavy oil units into natural gas generating units this year will further reduce costs to provide a stable supply of steam and electricity services.

(2) Outstanding technology that provides one-stop integrated services

With "stability, efficiency, and flexibility" as our business goal, the greatest competitive advantage of the Company lies in the comprehensive services for subcontracted operations and management of incinerators, waste treatment services, and the planning, construction, operation and maintenance of cogeneration plants.

(3) Stable customer relationship

The Company has formed a long-term partnership with our customers by providing a stable supply of steam and electricity, and a one-stop integrated waste treatment service, creating a continuous and positive cycle.

5. Positive and Negative Factors Relating to Future Development and Action Plans

(1) Favorable Factors

A. The advantage of integration: The Company has mature market development capability and experience in building and operating domestic large scale co-generation plants, which is able to cater to customers' needs of long-term and stable electricity and steam supply.

B. Low financial risks: Our clients have all undergone extensive evaluation by the Company to ensure the health of their financial status and therefore the risks of bad debts is low.

C. We have an excellent reputation for quality reliability and corporate image.

(2) Negative Factors

A. The government has proposed the "Climate Change Response Act", which is expected to increase the carbon tax in the future, resulting in higher operating costs.

B. The increasingly stringent environmental regulations, the policy direction of coal reduction and conversion to gas-fired power generation will increase the urgency of fuel change for existing cogeneration plants.

C. The price of raw materials fluctuates greatly and it is not easy to control costs.

D. The waste treatment market is oversupplied and under pressure of price cutting competition.

(3) Response

A. Actively control and manage the efficiency of operation and implement carbon reduction measures to comply with the carbon emission standards of environmental protection laws and regulations to avoid an increase in operating costs.

B. Stabilize existing steam customers, evaluate the change of the use of surplus electricity for bulk sales as auxiliary services, enhance environmental protection equipment and increase the proportion of renewable fuels to develop other auxiliary fuels to meet environmental regulations.

C. We have agreed with our major raw material suppliers on the actual market price of coal and flexibly adjusted the ratio of contract price to spot price to reduce the risk arising from fluctuations in international coal prices. The Company increases the ratio of contract price to spot price when international coal prices are high and vice versa when international coal prices are low.

D. Optimize the organic waste liquid treatment technology to avoid the price cutting competition of low price business and maintain the market share of high professional technology and quality.

(II) Usage and Manufacturing Processes for Main Products

(1) Major application and production process of the Cogeneration Plant's primary products

The main products of the Cogeneration Plant are electricity and steam. Electricity can be converted into power for starting motor, lighting, heating, and other purposes. Steam can be used in factories such as dye heating, cloth drying, and pulp drying. Heating and drying are almost indispensable for industrial production. Cogeneration plants use coal, natural gas, water and waste as raw materials, boilers, as energy conversion equipment. The equipment converts fuel energy into steam energy, and then uses steam turbines to convert steam energy into kinetic energy to drive a generator to produce electricity. In the electricity generation process, the plant will pump out a certain steam pressure and temperature to supply the plant for the operation to make the most effective use of energy.

(2) Major application and production process of the Renewable Energy Plant's primary products

The Renewable Energy Plant mainly produces a single auxiliary fuel and Solid recycled fuel products, which can be used as auxiliary fuel and primary fuel of heat boiler due to its high calorific value. The auxiliary fuel can be converted into electric energy and thermal energy and can be used as a substitute for some heavy fuel oil or coal.

The Renewable Energy Plant obtains the organic waste solvent from various industries and uses the distillation method to separate components, to improve and stabilize the calorific value and use it as the heat boiler fuel. Solid renewable fuel is made into fuel rods through physical treatments such as crushing, magnetic separation and granulation. The above productions process can meet the energy demand.

(III) Supply situation of main raw materials

Main material	Source of Supply	State of supply
Coal	Chiung Yuan Inc., Energy Taiwan Limited, Sino-Indo Company Ltd.	Sufficient and stable
Natural gas	CPC Corporation, Taiwan	Sufficient and stable
Waste organic solvent	Domestic semiconductor industry, photovoltaic panel industry and chemical industry	Sufficient and stable
Textile Sludge	Domestic textile, fiber and chemical industries	Sufficient and stable
food processing sludge	food industry	Sufficient and stable

(IV) List of major customers in the most recent two years

(1) List of major sales customers

Unit: NT$1,000

	2021				2022				2023 as of previous quarter (Note 2)			
Item	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the Issuer	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the Issuer	Name	Amount	Accounted for percentage of net sales in the current year up to the previous quarter (%)	Relationship with the Issuer
1	Cheng Loong	451,499	22.60	Related parties	Company A	945,910	33.06	None	N/A			
2	Company A	453,694	22.71	None	Cheng Loong	513,709	17.96	Related parties				
3	Others	1,092,543	54.69	None	Others	1,401,389	48.98	None				
	Net sales	1,997,736	100.00		Net sales	2,861,008	100.00					

Note 1: Please specify the name and total trade amount of major clients that have accounted for at least 10% of sales in either of the past two years and the percentage against total sales. However, for those clients whose name cannot be disclosed according to the contract or the trade counterpart is a non-related party individual, a code name can be used instead.

Note 2: As of the publication date of this annual report, if financial information of companies that are publicly listed or whose shares are traded on the TPEx were recently audited or reviewed by CPAs, such information shall be disclosed.

(2) List of major suppliers

Unit: NT$1,000

	2021				2022				2023 as of previous quarter (Note 2)			
Item	Name	Amount	Proportion to Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Proportion to Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Accounted for percentage of net purchase in the current year up to the previous quarter (%)	Relationship with the Issuer
1	Company B	458,855	40.02	None	Company B	476,905	41.61	None	N/A			
2	Company C	185,805	16.20	None	Company J	318,194	27.76	None				
3	Company H	183,530	16.01	None	Company E	223,764	19.52	None				
4	Others	318,458	27.77	None	Others	127,227	11.11	None				
	Net purchase	1,146,648	100.00		Net purchase	1,146,090	100.00					

Note 1: Please specify the name and total trade amount of major clients that have accounted for at least 10% of purchases in either of the past two years and the percentage against total purchases. However, for those clients whose name cannot be disclosed according to the contract or the trade counterpart is a non-related party individual, a code name can be used instead.

Note 2: As of the publication date of this annual report, if financial information of companies that are publicly listed or whose shares are traded on the TPEx were recently audited or reviewed by CPAs, such information shall be disclosed.

(V) Output volume and value for the last two years

Year / Production Volume and Value / Main Products	2021			2022		
	Production Capacity	Production Volume	Production value (NT$1,000)	Production Capacity	Production Volume	Production value (NT$1,000)
Electricity (1,000kWh)	414,050	414,050	815,178	490,558	490,558	1,186,644
Steam (ton)	704,211	704,211	571,857	709,730	709,730	793,363
Labor costs			246,945			278,975
Total			1,633,980			2,258,982

(VI) Sales volume and value for the last two years

Year / Sales volume / Main Products	2021		2022	
	Sales volume	Sales value (NT$1,000)	Sales volume	Sales value (NT$1,000)
Electricity (1,000kWh)	354,451	961,479	427,244	1,475,752
Steam (ton)	704,211	674,488	709,730	986,655
Revenue from rendering of services		361,769		398,601
Total		1,997,736		2,861,008

Note: Sales volume = production volume + power purchase - internal power consumption

III. Employee Information

The distribution ratio of the number of employees, average service years, average age, and education background in the last two years up to the publishing date of the Annual Report is as follows:

Year		2021	2022	April 18, 2023
Number of Employees	Management	56	63	65
	Technical staff	22	21	20
	Engineering personnel	92	94	97
	Total	170	178	182
Average Age		37.73	37.18	37.42
Average Service Year		8.48	8.21	8.12
Academic distribution ratio	Master's	5%	3%	5%
	Bachelor's	55%	55%	55%
	High school	38%	40%	38%
	Below high school	2%	2%	2%

IV. Environmental Protection Expenditures

The total amount of losses (including compensation) and penalties incurred due to environmental pollution in recent two years up to the publication date of this annual report : None.

V. Labor Relations

(I) Employee Benefits

1. The Company has set up an Employee Welfare Committee, which is responsible for working on various staff welfare issues. Follow regulations, 0.15% of the monthly revenue, and 40% of the income from the sale of tailings waste shall be allocated as welfare fund.
2. Provide National Health Insurance, labor insurance, and group insurance for employees.
3. The Company establishes welfare measures that regulate welfare benefits for employees, such as wedding gift, funeral sympathy allowance, health care subsidy, birth allowance, wedding ceremony gifts for son or daughter, accident relief, major injury relief aid, family support, and activities of recreation or tourism.

(II) Workplace Safety Measures For Employees

1. Develop a Manual for Occupational Health and Safety that stipulates safety management matters for employees to follow. It is also for the reference of the Ministry of labor.
2. Set up the occupational safety and health management entity, Safety Management Section, according to the "Enforcement Rules of the Occupational Safety and Health Act," to promote the automatic inspection of safety and health, plan, organize and supervise the labor safety and health management, safety and health education training, safety and health inspection of each department.
3. Both the Cogeneration Plant and the Renewable Energy Plant have Safety and Health Personnel to conduct workplace safety inspections and audits to maintain workers' safety and health.
4. The noise rating number and heat index inspection of the working

environment carried out once every six months and met the requirements of laws and regulations. Every year, the Company will entrust a safety inspection institution recognized by the Ministry of Labor to carry out the public safety inspection of buildings. The results are in line with laws and regulations standards.

5. New employees and transferred employees must receive safety and health education training immediately. The Company assigns employees to accept external training regularly, including training for supervisors in charge of harmful operations, Supervisor in charge of occupational safety and health affairs, and dangerous machinery operators.
6. Dedicated personnel shall carry out patrol inspection on dangerous machinery and equipment every day, and regularly carry out safety inspection plan. When signing the project contract, the Company shall inform the contractor of safety-related precautions. On-site personnel shall wear a safety helmet.
7. All plants of the Company comply with the Fire Services Act and set up fire safety systems, including fire sprinkler systems, escape systems, and other related facilities. Every year, a professional fire safety company is appointed to conduct the inspection, test, and regular fire safety knowledge training.
8. The Company arranges health checks for employees every year. The medical institution for health checks shall be designated by the public health department of the Executive Yuan.

(III) Continuing education and training of employees

Course Name	Number of Trainees
Operators engaging in metal welding, cutting and heating using acetylene welding device or gas collecting device	3
Vehicles of aerial work	5
Dangerous Machinery & Equipment(specified high-pressure gas equipment, high-pressure gas vessels, Category A pressure vessels, boilers) operators	12
Operator of fixed cranes (overhead - ground operation) with lifting load of more than three metric tons	13
Operator of forklift with load capacity of 1 metric ton or more	32
Fire Prevention Personnel	1
Heavy machinery operation engineer	1
Directors of hazardous operations (organic solvent operations, specified chemical substance operations, dusty operations, lead operations, hypoxia operations)	20
Organic Solvent Operations Supervisors	3
First Aid Personnel	36
Specific Chemical Operations Supervisors	2
Supervisor in charge of dusty operations	2
Supervisor in charge of oxygen-deficient operations	1
Operator of Category A pressure vessels	1
Safety and health education and training for class-1 manager of Occupational safety and health affairs	1
Supervisor in charge of occupational safety and health affairs	2

(IV) Retirement System and Implementation

The Company established the Labor Pension Reserve Supervision Committee under the Labor Standards Act and relevant regulations, which is responsible for pension income and expenditure. The payment of employee pension is calculated based on the length of service and the average salary of the 6 months before the approved retirement date, and the pension is allocated at a monthly rate of 4% of the total salary of employee, which is deposited into the special account of the Bank of Taiwan. Under the Labor Pension Act, the Company allocates 6% of the employee pension to the individual account of the Bureau of labor insurance every month to protect the employee's retirement life.

(V) Code of ethical conducts for employees

To let employees understand the Company's ethical concepts, rights, obligations, and practices guideline, achieve the purpose of protecting employees' rights and interests, the Company formulates relevant work rules as the yardstick for employees to follow. And it is distributed to all units for employees to check at any time. Its primary contents are as follow:

1. Measures for the Implementation of Employee Salary Management: provide the Company as the basis for employee salary management, such as salary accounting, payment, and other salary management matters.
2. The Living Allowance Issuing Measures for Cross-region Transferred Employees: to take care of the transferred employees and encourage them to expand their work domains to enrich their work contents.
3. Employees Special Leave Method: the basis for the Company to calculate the number of special leaves and the way of arrangement.
4. Implementation Measures for the Employees' Leave: stipulate the leave, salary, application procedures, and other related matters that employees of the Company should allow due to marriage, funeral, disease, injury on duty, nursery, or other proper reasons.
5. Overtime work method: to provide a basis for the management of overtime work and overtime pay for the Company's employees on paid holidays or outside of regularly scheduled hours.
6. The Method for Employees' Reporting of Expenses Incurred For Business Travel (domestic or overseas): explicitly specify the Company's employees of the reporting of business travel (domestic or overseas) and travel expenses.
7. Measures for the implementation of Employee Retirement: explain the pension granting, labor pension contribution, and retirement application, etc.

8. Method for The Employee Receiving Severance Pay: the Company will give Severance Pay to the employees who receive the payment due to the Company's factors.
9. Methods of Compensation and Pension for Employee's Injury on Duty: payment of compensation or pension will be given to the employee due to injury, disability, or death.
10. Measures for Implementing Labor-Management Meetings: To coordinate labor-management relations, promote labor-management cooperation, and improve efficiency at work, and explain the operation of Measures for Implementing Labor-Management Meetings.
11. Measures of Prevention and Control of Sexual Harassment in The Workplace: prevent the Company's sexual harassment in the workplace and maintain gender equality at work and personal dignity of employees.

(VI) The loss arising from labor disputes in the most recent two fiscal year up to the date of publication of the Annual Report: None.

VI. Management of information safety

(I) Consulting security management structure, information security policy, specific management plan and resources invested in information security management

1. Framework of information safety and risk management

   The authority and responsibility unit of the company's information security is the General Affairs Department of the Management Department, which is responsible for revising the company's information security policy to standardize the company's security matters related to the information, and regularly informing all employees in writing, electronic or other means to comply with it, so as to prevent the company from suffering serious losses due to the information safety accidents, and to ensure the safety and sustainable operation of the Company's consultation. The Company's auditors regularly audit the internal control system - cycle of the information operation every year.

2. Establishment and evaluation of information safety policies

   The importance of information safety issues will increase when the degree of computerization of the Company's operation. In order to avoid the Company suffer losses due to the negligence of information safety, the operation specifications are specially formulated to establish the concept of "Information safety, everyone is responsible", and to implement a good information safety measures in all aspects. The Company's information safety policy is as follows:

   (1) Confidentiality: Ensure the confidentiality and security of various business related materials to satisfy the needs of users.

   (2) Integrality: Ensure the integrality of various information and assets so that it can be used correctly

   (3) Availability: Ensure that various information and assets can provide timely and correct service to satisfy the needs of users.

3. Scope of information safety

   The scope of consulting security are respectively the formulation and evaluation of information safety policies, the organization and responsibility of information safety, the safety management and education and training of personnel, the safety management of computer systems, the safety management of networks, the safety management of system access and control, the safety management of system development and maintenance, the safety management of information and assets, the management of entity and environmental safety, and the planning and management of business sustainable operation plans.

4. Specific management project

   (1) System access and control: The Company's information system is applied according to the access authority authorized by the unit and the position, and when the employee changes the unit or the work is adjusted, the access authority of system access and control is adjusted according to the work needs.

(2) Safety management of computer systems: The Company's server of information system is set up in a dedicated computer room, with independent air conditioning and uninterruptible power system inside to ensure the stable operation of the server; Important data should use the backup host data of local and off-site storage devices.

(3) Safety management of networks: The Company sets up new firewall equipment, and purchases authorization of integrated threat management, including human body and general update, intrusion prevention, virus detection and blocking, web filtering, etc., to continuously update and effectively detect and block intrusion events; The Company's computer system installs anti-virus software and continuously updates and renews the version and virus code.

(4) Safety Management of Email: Turn on email verification mechanisms and corresponding protection measures.

(II) The loss, possible impact and measures arising from major accidents of information safety in the most recent year up to the date of publication of the Annual Report: None.

VII. Important Contracts

Type of Contract	Party	Contract start / end date	Contract Content	Restrictions
Power purchase and sales contract	Taiwan Power Company	2002.4.1 (No objections remain valid)	Power purchase and sales contract	—

Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

(I) Balance Sheet Information

1. IFRS Consolidated Condensed Balance Sheet

Unit: NT$1,000

Item \ Year		Consolidated Financial Statements for the last five years (Note 1)					2023 First quarter (Note 3)
		2018	2019	2020	2021	2022	
Current Assets		932,453	939,702	1,034,826	1,148,317	1,108,306	N/A
Property, plant and equipment (Note 2)		1,502,969	1,712,004	2,287,668	2,788,418	3,012,022	
Intangible Assets		693	336	1,210	1,155	460	
Other assets (Note 2)		703,330	1,151,482	1,012,249	477,995	334,453	
Total Assets		3,139,445	3,803,524	4,335,953	4,415,885	4,455,241	
Current Liabilities	Before distribution	909,142	424,640	1,813,130	388,411	774,010	
	After distribution	979,002	559,121	1,984,287	571,793	(Note 4)	
Non-current Liabilities		674,627	1,557,203	533,048	1,983,530	1,504,106	
Total Liabilities	Before distribution	1,380,821	1,981,843	2,346,178	2,371,941	2,278,116	
	After distribution	1,450,681	2,116,324	2,517,335	2,555,323	(Note 4)	
Equity Attributable to Owners of the Parent		-	-	-	-	-	
Capital Stock		1,164,332	1,222,549	1,222,549	1,222,549	1,222,549	
Capital Surplus		-	-	-	-	-	
Retained Earnings	Before distribution	561,008	580,714	629,985	733,314	924,310	
	After distribution	432,931	446,233	458,828	549,932	(Note 4)	
Other Equity		33,284	18,418	137,241	88,081	30,266	
Treasury Stock		-	-	-	-	-	
Non-controlling Interests		-	-	-	-	-	
Total Equity	Before distribution	1,758,624	1,821,681	1,989,775	2,043,944	2,177,125	
	After distribution	1,630,547	1,687,200	1,818,618	1,860,562	(Note 4)	

Note 1: The above annual financial information has been audited by CPAs.

Note 2: Where an asset has been revalued in the current year, the date of its application and the amount of the revaluation and appreciation shall be noted.

Note 3: As of the publication date of this annual report, a company whose stock is listed on the TWSE or traded over the counter should disclose the most recent financial information audited or attested by a CPA.

Note 4: The 2022 earnings distribution proposal has not been approved and allocated by the shareholders' meeting.

Note 5: If the financial data should be corrected or restated by the competent authority, the corrected or restated figures shall be listed, and the circumstances and reasons shall be indicated.

2. IFRS Individual Condensed Balance Sheet

Unit: NT$1,000

Item \ Year		Financial statements for the last five years (Note 1)					2023 First quarter (Note 3)
		2018	2019	2020	2021	2022	
Current Assets		932,427	939,676	1,034,798	1,148,317	1,108,306	N/A
Property, plant and equipment (Note 2)		1,502,969	1,712,004	2,287,668	2,788,418	3,012,022	
Intangible Assets		693	336	1,210	1,155	460	
Other assets (Note 2)		703,356	1,151,508	1,012,277	477,995	334,453	
Total Assets		3,139,445	3,803,524	4,335,953	4,415,885	4,455,241	
Current Liabilities	Before distribution	909,142	424,640	1,813,130	388,411	774,010	
	After distribution	979,002	559,121	1,984,287	571,793	(Note 4)	
Non-current Liabilities		471,679	1,557,203	533,048	1,983,530	1,504,106	
Total Liabilities	Before distribution	1,380,821	1,981,843	2,346,178	2,371,941	2,278,116	
	After distribution	1,450,681	2,116,324	2,517,335	2,555,323	(Note 4)	
Equity Attributable to Owners of the Parent		-	-	-	-	-	
Capital Stock		1,164,332	1,222,549	1,222,549	1,222,549	1,222,549	
Capital Surplus		-	-	-	-	-	
Retained Earnings	Before distribution	561,008	580,714	629,985	733,314	924,310	
	After distribution	432,931	446,233	458,828	549,932	(Note 4)	
Other Equity		111,987	18,418	137,241	88,081	30,266	
Treasury Stock		-	-	-	-	-	
Non-controlling Interests		-	-	-	-	-	
Total Equity	Before distribution	1,758,624	1,821,681	1,989,775	2,043,944	2,177,125	
	After distribution	1,630,547	1,687,200	1,818,618	1,860,562	(Note 4)	

Note 1: The above annual financial information has been audited by CPAs.

Note 2: Where an asset has been revalued in the current year, the date of its application and the amount of the revaluation and appreciation shall be noted.

Note 3: As of the publication date of this annual report, a company whose stock is listed on the TWSE or traded over the counter should disclose the most recent financial information audited or attested by a CPA.

Note 4: The 2022 earnings distribution proposal has not been approved and allocated by the shareholders' meeting.

Note 5: If the financial data should be corrected or restated by the competent authority, the corrected or restated figures shall be listed, and the circumstances and reasons shall be indicated.

(II) Income Statement Information

1. IFRS Consolidated Condensed Statement of Comprehensive Income

Unit: NT$1,000

Item \ Year	Consolidated Financial Statements for the last five years (Note 1)					2023 First quarter (Note 2)
	2018	2019	2020	2021	2022	
Operating Revenue	1,778,517	1,629,623	1,842,558	1,997,736	2,861,008	N/A
Gross Profit	292,389	296,715	383,888	363,756	602,026	
Operating Income	173,111	181,411	261,117	229,398	436,975	
Non-operating Income and Expenses	2,046	1,634	-47,302	-16,945	5,047	
Income before Tax	175,157	183,045	213,815	212,453	442,022	
Income from Continuing Operations	138,557	146,843	182,213	170,371	368,069	
Loss from Discontinued Operations	-	-	-	-	-	
Net income (loss)	138,557	146,843	182,213	170,371	368,069	
Other Comprehensive Income (net value after tax)	-78,381	-13,926	120,362	54,955	-51,506	
Total Comprehensive Income	60,176	132,917	302,575	225,326	316,563	
Net Income Attributable to Shareholders of the Parent	138,557	146,843	182,213	170,371	368,069	
Net Income Attributable to Non-controlling Interests	-	-	-	-	-	
Comprehensive Income Attributable to Owners of the Parent	60,176	132,917	302,575	225,326	316,563	
Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-	
Earnings Per Share	1.19	1.20	1.49	1.39	3.01	

Note 1: The above annual financial information has been audited by CPAs.

Note 2: As of the publication date of this annual report, a company whose stock is listed on the TWSE or traded over the counter should disclose the most recent financial information audited or attested by a CPA.

Note 3: To list the net amount which is obtained after deducting income tax from the amount of the loss of closed businesses.

Note 4: If the financial data should be corrected or restated by the competent authority, the corrected or restated figures shall be listed, and the circumstances and reasons shall be indicated.

2. IFRS Individual Condensed Statement of Comprehensive Income

Unit: NT$1,000

Year / Item	Financial statements for the last five years (Note 1)					2023 First quarter (Note 2)
	2018	2019	2020	2021	2022	
Operating Revenue	1,778,517	1,629,623	1,842,558	1,997,736	2,861,008	N/A
Gross Profit	292,389	296,715	383,888	363,756	602,026	
Operating Income	173,111	181,411	261,117	229,399	436,975	
Non-operating Income and Expenses	2,046	1,634	-47,302	-16,946	5,047	
Income before Tax	175,157	183,045	213,815	212,453	442,022	
Income from Continuing Operations	138,557	146,843	182,213	170,371	368,069	
Loss from Discontinued Operations	-	-	-	-	-	
Net income (loss)	138,557	146,843	182,213	170,371	368,069	
Other Comprehensive Income (net value after tax)	-78,381	-13,926	120,362	54,955	-51,506	
Total Comprehensive Income	60,176	132,917	302,575	225,326	316,563	
Net Income Attributable to Shareholders of the Parent	138,557	146,843	182,213	170,371	368,069	
Net Income Attributable to Non-controlling Interests	-	-	-	-	-	
Comprehensive Income Attributable to Owners of the Parent	60,176	132,917	302,575	225,326	316,563	
Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-	
Earnings Per Share	1.19	1.20	1.49	1.39	3.01	

Note 1: The above annual financial information has been audited by CPAs.

Note 2: As of the publication date of this annual report, a company whose stock is listed on the TWSE or traded over the counter should disclose the most recent financial information audited or attested by a CPA.

Note 3: To list the net amount which is obtained after deducting income tax from the amount of the loss of closed businesses.

Note 4: If the financial data should be corrected or restated by the competent authority, the corrected or restated figures shall be listed, and the circumstances and reasons shall be indicated.

(III) Names of CPA and Audit Opinions

Year	2018	2019	2020	2021	2022
CPA	Po-Jen Weng	Jui-Chuan Chih	Jui-Chuan Chih	Jui-Chuan Chih	Jui-Chuan Chih
	Su-Huan You	Su-Huan You	Li-Huang Lee	Li-Huang Lee	Li-Huang Lee
Opinions	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

II. Financial Analyses for the Five Most Recent Years

(I) IFRS consolidated financial analysis

Analysis Item \ Year		Most Recent 5-Year Financial Information					2023 First quarter (Note 2)
		2018	2019	2020	2021	2022	
Financial structure %	Debt ratio	43.98	52.11	54.11	53.71	51.13	N/A
	Ratio of long-term capital to property, plant and equipment	148.39	197.36	110.28	144.44	122.22	
Debt service ability %	Current ratio (%)	102.56	221.29	57.07	295.64	143.19	
	Quick ratio (%)	83.92	139.85	45.62	187.12	85.23	
	Interest coverage ratio (multiples)	19.44	28.21	29.28	13.56	18.03	
Operating ability	Receivables Turnover Rate (times)	9.27	7.51	8.53	9.54	10.25	
	Average days for cash receipts	39.37	48.63	42.79	38.25	35.60	
	Inventory turnover rate (times)	10.25	7.28	8.79	7.61	6.94	
	Accounts payable turnover rate (times)	34.20	34.18	42.19	35.96	41.47	
	Average days for sale of goods	35.61	59.93	41.51	47.95	52.59	
	Property, plant, and equipment turnover rate (times)	1.22	1.01	0.92	0.79	0.99	
	Total assets turnover rate (times)	0.59	0.47	0.45	0.46	0.65	
Profitability	Return on total assets (%)	4.84	4.39	4.63	4.20	8.77	
	Return on equity (%)	7.77	8.20	9.56	8.45	17.44	
	Ratio of net profit before tax to paid-in capital	15.04	14.97	17.49	17.38	36.16	
	Net profit margin (%)	7.79	9.01	9.89	8.53	12.87	
	Earnings Per Share (NT$)	1.19	1.20	1.49	1.39	3.01	
Cash flow	Cash flow ratio (%)	31.37	24.15	27.37	55.82	69.99	
	Cash flow adequacy ratio (%)	121.65	102.92	77.28	71.43	73.67	
	Cash reinvestment ratio (%)	4.17	0.63	7.92	0.67	5.76	
Leverage	Operating leverage	1.88	1.88	1.56	1.90	1.53	
	Financial leverage	1.06	1.04	1.03	1.08	1.06	

Please explain changes in financial ratios for the most recent two years (over 20%):

1. An decrease in current ratio and quick ratio, is mainly due to the transfer of partial long-term loans due within one year to long-term loans.
2. Interest coverage ratio, property, plant and equipment turnover ratio, total asset turnover ratio, asset return ratio, equity return ratio, ratio of net profit before tax to paid-in capital, net profit ratio, earnings per share, cash flow ratio increase and cash reinvestment ratio increase: are mainly due to the good operating conditions in the current period.

(II) IFRS individual financial analysis

Analysis Item		Most Recent 5-Year Financial Information 2018	2019	2020	2021	2022	2023 First quarter (Note 2)
Financial structure %	Debt ratio	43.98	52.11	54.11	53.71	51.13	N/A
	Ratio of long-term capital to property, plant and equipment	148.39	197.36	110.28	144.44	122.22	
Debt service ability %	Current ratio (%)	102.56	221.29	57.07	295.64	143.19	
	Quick ratio (%)	83.92	139.84	45.61	187.12	85.23	
	Interest coverage ratio (multiples)	19.44	28.21	29.28	13.56	18.03	
Operating ability	Receivables Turnover Rate (times)	9.27	7.51	8.53	9.54	10.25	
	Average days for cash receipts	39.37	48.63	42.79	38.25	35.60	
	Inventory turnover rate (times)	10.25	7.28	8.79	7.61	6.94	
	Accounts payable turnover rate (times)	34.20	34.18	42.19	35.96	41.47	
	Average days for sale of goods	35.61	50.17	41.51	47.95	52.59	
	Property, plant, and equipment turnover rate (times)	1.22	1.01	0.92	0.79	0.99	
	Total assets turnover rate (times)	0.59	0.47	0.45	0.46	0.65	
Profitability	Return on total assets (%)	4.84	4.39	4.63	4.20	8.77	
	Return on equity (%)	7.77	8.20	9.56	8.45	17.44	
	Ratio of net profit before tax to paid-in capital	15.04	14.97	17.49	17.38	36.16	
	Net profit margin (%)	7.79	9.01	9.89	8.53	12.87	
	Earnings Per Share (NT$)	1.19	1.20	1.49	1.39	3.01	
Cash flow	Cash flow ratio (%)	31.25	24.15	26.98	56.09	69.99	
	Cash flow adequacy ratio (%)	121.55	102.83	76.78	71.06	73.35	
	Cash reinvestment ratio (%)	4.14	0.63	7.76	0.67	5.76	
Leverage	Operating leverage	1.88	1.88	1.56	1.90	1.53	
	Financial leverage	1.06	1.04	1.03	1.08	1.06	

Please explain changes in financial ratios for the most recent two years (over 20%):

1. An decrease in current ratio and quick ratio, is mainly due to the transfer of partial long-term loans due within one year to long-term loans.
2. Interest coverage ratio, property, plant and equipment turnover ratio, total asset turnover ratio, asset return ratio, equity return ratio, ratio of net profit before tax to paid-in capital, net profit ratio, earnings per share, cash flow ratio increase and cash reinvestment ratio increase: are mainly due to the good operating conditions in the current period.

Note 1: The above annual financial information has been audited by CPAs.

Note 2: As of the publication date of this annual report, a company whose stock is listed on the TWSE or traded over the counter should analyze the most recent financial information audited or attested by a CPA.

Note 3: The following calculation formulas shall be listed at the end of this Table in the Annual Report:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (total equity + non-current liabilities)/net amount of property, plant, and equipment.
2. Debt-paying capability
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable resulting from operation) turnover = Net sales/balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
   (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
   (3) Inventory turnover rate = Cost of goods sold/Average inventories.
   (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
   (5) Average days for sale of goods = 365/Inventory turnover rate.
   (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
   (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
   (1) Return on assets (ROA) = [Net income after income tax + Interest expenses * (1 - tax rate)]/Average total assets.
   (2) Return on equity = Income after tax/Average total equity.
   (3) Net profit margin = Income after tax/Net sales.
   (4) Earnings Per Share (EPS) = (Gain (loss) attributable to the owner of the parent company - Dividend for preferred shares)/Weighted average of issued shares (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
   (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
   (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital). (Note 5)
6. Leverage:
   (1) Degree of operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income (Note 6).
   (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 4: Special attention shall be paid to the following matters when using the formula of Earnings Per Share above:

1. The calculation shall be based on the weighted average quantity of common shares, instead of the number of shares outstanding as of the end of the year.
2. When calculating the weighted average shares after capital increase or treasury stock trades, their effective term shall be taken into consideration.
3. Where retained earnings or capital surplus are transferred to common stocks, retrospective adjustment shall be made in proportion to the quantity of shares issued in calculating the semiannual or annual EPS of the year. The period for the release of such new shares may be omitted.
4. If the preferred stock is non-convertible cumulative preferred stocks, dividend for the year (whether it is being distributed or not) shall be subtracted from net profit after income tax or added to net loss after income tax. If the preferred stock is not cumulative, dividend thereon shall be subtracted from net profit after income tax if net profit after income tax is earned, or no adjustment is required if loss arises.

Note 5: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the cash outflow to annual capital investment.
3. The increase in inventory is included only when the balance at the end of the period is larger

than the balance at the beginning of the period. If the inventory decreases at the end of the year, it shall be calculated as zero.

4. Cash dividends include the cash dividends paid to holders of common shares and preferred shares.
5. Gross property, plant, and equipment refer to total property, plant and equipment before the accumulated depreciation is subtracted.

Note 6: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

Note 7: Where company shares have no par value or where the par value per share is not NT$10, any abovementioned calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio belonging to the owner of the parent company of the asset balance sheet.

III. Audit Committee's Review Report for the Financial Report in the Most Recent Year

Audit Committee's Review Report, Ta-Yuan Cogen Co., Ltd.

The Board of Directors has prepared the Company's 2022 Financial Statements, including Business Report, Individual Financial Statements, Consolidated Financial Statements, and Appropriations of Net Income. The Audit Committee has reviewed the aforementioned reports and determined them to be correct and accurate. The Individual Financial Statements and Consolidated Financial Statements have also been audited by Certified Public Accounts Jui-Chuan Chih and Li- Huang Lee of Deloitte Taiwan. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit these reports along with the CPA Audit Report for Your Shareholders' review.

To Your Shareholders,

Presented by the 2023 Annual Shareholders' Meeting

Ta-Yuan Cogen Co., Ltd.

Convener of the Audit Committee

Date:March 7, 2023

IV. Financial Statements for the Most Recent Fiscal Year

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Ta-Yuan Cogeneration Company Limited as of and for the year ended December 31, 2022 under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10 "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements has already been disclosed in the consolidated financial statements. Consequently, Ta-Yuan Cogeneration Company Limited and subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

TA-YUAN COGENERATION COMPANY LIMITED

CHUNG-CHENG LEE
Chairman
March 7, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Ta-Yuan Cogeneration Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.
The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

<u>Revenue Recognition</u>

The Group's revenue from the sale of goods in 2022 accounted for approximately 86% of total revenue. In accordance with Statements on Auditing Standards, there is a presumption of significant risk in revenue recognition due to the impact of revenue recognized on the consolidated financial statements. Therefore, the occurrence of sales revenue from specific customers was identified as a key audit matter.

Refer to Note 4(k) for the accounting policy related to revenue recognition and Note 17 for significant accounting policies of revenue.

Our main audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the design and implementation of internal controls over revenue recognition from the specific customers.

2. We selected samples and performed tests of details to verify the occurrence of sales transactions from specific customers.

Other Matter

We have also audited the parent company only financial statements of Ta-Yuan Cogeneration Company Limited as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jui-Chuan Chih and Li-Huang Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 7, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 348,759	8	$ 520,307	12
Accounts receivable from unrelated parties (Notes 8 and 17)	289,512	7	156,348	4
Accounts receivable from related parties (Notes 8, 17 and 24)	62,214	1	50,083	1
Inventories (Note 9)	285,630	6	324,491	7
Prepayments (Note 12)	122,191	3	96,976	2
Other current assets	-	-	112	-
Total current assets	1,108,306	25	1,148,317	26
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	217,640	5	181,795	4
Property, plant and equipment (Notes 10, 24 and 25)	3,012,022	68	2,788,418	63
Right-of-use assets (Note 11)	7,313	-	5,209	-
Intangible assets	460	-	1,155	-
Deferred tax assets (Note 19)	8,157	-	941	-
Prepayments for equipment (Notes 12 and 24)	69,124	2	263,947	6
Refundable deposits (Note 12)	6,406	-	7,686	-
Prepaid pension cost - non-current (Note 15)	21,053	-	12,937	1
Other non-current assets (Note 12)	4,760	-	5,480	-
Total non-current assets	3,346,935	75	3,267,568	74
TOTAL	$ 4,455,241	100	$ 4,415,885	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 100,000	2	$ -	-
Contract liabilities - current (Note 17)	9,759	-	5,633	-
Notes payable	-	-	99	-
Accounts payable to unrelated parties	51,995	1	56,333	1
Accounts payable to related parties (Note 24)	122	-	495	-
Other payables (Notes 14 and 24)	204,506	5	151,688	4
Current tax liabilities (Note 19)	64,866	1	38,502	1
Lease liabilities - current (Notes 11 and 24)	3,510	-	2,226	-
Current portion of long-term borrowings (Notes 13 and 25)	338,333	8	131,667	3
Other current liabilities	919	-	1,768	-
Total current liabilities	774,010	17	388,411	9
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 25)	1,488,333	34	1,968,333	45
Deferred tax liabilities (Note 19)	4,211	-	3,472	-
Lease liabilities - non-current (Notes 11 and 24)	3,862	-	3,025	-
Guarantee deposits received	7,700	-	8,700	-
Total non-current liabilities	1,504,106	34	1,983,530	45
Total liabilities	2,278,116	51	2,371,941	54
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 16)				
Share capital				
Ordinary shares	1,222,549	27	1,222,549	28
Retained earnings				
Legal reserve	292,902	7	265,453	6
Unappropriated earnings	631,408	14	467,861	10
Total retained earnings	924,310	21	733,314	16
Other equity	30,266	1	88,081	2
Total equity	2,177,125	49	2,043,944	46
TOTAL	$ 4,455,241	100	$ 4,415,885	100

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

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 17 and 24)				
Sales	$ 2,462,407	86	$ 1,635,967	82
Service revenue	398,601	14	361,769	18
Total operating revenue	2,861,008	100	1,997,736	100
OPERATING COSTS (Notes 9, 18 and 24)				
Cost of sales	(1,980,007)	(69)	(1,387,035)	(70)
Service costs	(278,975)	(10)	(246,945)	(12)
Total operating costs	(2,258,982)	(79)	(1,633,980)	(82)
GROSS PROFIT	602,026	21	363,756	18
OPERATING EXPENSES (Notes 18 and 24)				
Selling and marketing expenses	(24,229)	(1)	(21,260)	(1)
General and administrative expenses	(123,380)	(4)	(99,513)	(5)
Research and development expenses	(17,442)	-	(13,585)	(1)
Total operating expenses	(165,051)	(5)	(134,358)	(7)
PROFIT FROM OPERATIONS	436,975	16	229,398	11
NON-OPERATING INCOME AND EXPENSES (Notes 18 and 24)				
Interest income	733	-	323	-
Other income	30,828	1	15,697	1
Other gains and losses	(563)	-	(16,044)	(1)
Finance costs	(25,951)	(1)	(16,921)	(1)
Total non-operating income and expenses	5,047	-	(16,945)	(1)
PROFIT BEFORE INCOME TAX	442,022	16	212,453	10
INCOME TAX EXPENSE (Note 19)	(73,953)	(3)	(42,082)	(2)
NET PROFIT	368,069	13	170,371	8

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	$ 7,886	-	$ (1,915)	-
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income (Note 16)	(57,815)	(2)	43,391	2
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 19)	(1,577)	-	13,479	1
Other comprehensive income, net of income tax	(51,506)	(2)	54,955	3
TOTAL COMPREHENSIVE INCOME	$ 316,563	11	$ 225,326	11
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 368,069	13	$ 170,371	9
Non-controlling interests	-	-	-	-
	$ 368,069	13	$ 170,371	9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 316,563	11	$ 225,326	11
Non-controlling interests	-	-	-	-
	$ 316,563	11	$ 225,326	11
EARNINGS PER SHARE (Note 20)				
Basic	$ 3.01		$ 1.39	
Diluted	$ 3.01		$ 1.39	

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

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						
	Share Capital		Retained Earnings		Other Equity		
	Shares (In Thousands)	Amount	Legal Reserve	Unappropriated Earnings	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total	Total Equity
BALANCE, JANUARY 1, 2021	122,254.9	$ 1,222,549	$ 247,078	$ 382,907	$ 137,241	$ 1,989,775	$ 1,989,775
Appropriation of 2020 earnings							
Legal reserve	-	-	18,375	(18,375)	-	-	-
Cash dividends distributed by the Company	-	-	-	(171,157)	-	(171,157)	(171,157)
Net profit for the year ended December 31, 2021	-	-	-	170,371	-	170,371	170,371
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(1,532)	56,487	54,955	54,955
Total comprehensive income for the year ended December 31, 2021	-	-	-	168,839	56,487	225,326	225,326
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	105,647	(105,647)	-	-
BALANCE, DECEMBER 31, 2021	122,254.9	1,222,549	265,453	467,861	88,081	2,043,944	2,043,944
Appropriation of 2021 earnings							
Legal reserve	-	-	27,449	(27,449)	-	-	-
Cash dividends distributed by the Company	-	-	-	(183,382)	-	(183,382)	(183,382)
Net profit for the year ended December 31, 2022	-	-	-	368,069	-	368,069	368,069
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	6,309	(57,815)	(51,506)	(51,506)
Total comprehensive income for the year ended December 31, 2022	-	-	-	374,378	(57,815)	316,563	316,563
BALANCE, DECEMBER 31, 2022	122,254.9	$ 1,222,549	$ 292,902	$ 631,408	$ 30,266	$ 2,177,125	$ 2,177,125

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

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 442,022	$ 212,453
Adjustments for:		
Depreciation expense	230,732	203,894
Amortization expense	2,384	1,999
Finance costs	25,951	16,921
Interest income	(733)	(323)
Dividend income	(14,762)	(9,072)
(Gain) loss on disposal of property, plant and equipment	(457)	17,637
Write-down of inventories	40,723	31
Changes in operating assets and liabilities		
Accounts receivable	(145,295)	5,787
Inventories	(1,862)	(219,818)
Prepaid pension cost	(230)	(257)
Prepayments	(18,337)	1,082
Other current assets	112	688
Contract liabilities	4,126	5,633
Notes payable	(99)	99
Accounts payable	(4,711)	22,880
Other payables	65,123	11,626
Other current liabilities	221	(1,034)
Cash generated from operations	624,908	270,226
Interest paid	(27,502)	(22,260)
Income tax paid	(55,643)	(31,166)
Net cash generated from operating activities	541,763	216,800
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(93,660)	(21,628)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	252,029
Payments for property, plant and equipment	(224,474)	(142,009)
Proceeds from disposal of property, plant and equipment	2,903	661
Decrease in refundable deposits	1,280	1,105
Payments for intangible assets	(500)	(1,069)
Increase in other non-current assets	(470)	-
Increase in prepayments for equipment	(52,658)	(236,660)
Interest received	733	323
Dividend received	14,762	9,072
Net cash used in investing activities	(352,084)	(138,176)

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 300,000	$ -
Decrease from short-term borrowings	(200,000)	-
Proceeds from long-term borrowings	100,000	1,350,000
Repayments of long-term borrowings	(373,333)	(1,350,000)
Increase in guarantee deposits received	-	1,000
Decrease in guarantee deposits received	(1,000)	-
Repayment of the principal portion of lease liabilities	(3,512)	(2,262)
Dividends paid to owners of the Company	(183,382)	(171,157)
Net cash used in financing activities	(361,227)	(172,419)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(171,548)	(93,795)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	520,307	614,102
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 348,759	$ 520,307

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

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

1. GENERAL INFORMATION

Ta-Yuan Cogeneration Company Limited (the "Company") was incorporated in August 1993. The Company and its subsidiaries (collectively referred to as "Group") engage mainly in operating the cogeneration business, operating and repairing equipment, processing waste disposal, managing incinerators and processing refuse derived fuel. In June 1994, registration of the Company's shares was approved for public offering by Securities and Futures Bureau. Besides, the Company's shares have been listed for trading on the Taipei Exchange since May 10, 2001.

The consolidated financial statements of the Group are presented in the Company's functional currency, the New Taiwan dollar (NT$).

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 7, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The application of the amended IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

b. The IFRSs endorsed by the FSC for application starting from 2023

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

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Company chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable, is described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, including coal and heavy oil, and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date except for coal which is recorded using the first-in first-out (FIFO) method.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those goods and the cost of those goods are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If their respective lease terms are shorter than their useful lives, such assets are depreciated over their lease terms. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.

- The intention to complete the intangible asset and use or sell it.

- The ability to use or sell the intangible asset.

- How the intangible asset will generate probable future economic benefits.

- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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 estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable and lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on the weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods comes from sales of steam and electricity. Revenue from electricity generation is recognized when the electricity generated is transmitted to clients' substations. Revenue from steam generation is recognized when steam generated is distributed to clients' steam pipelines.

2) Service revenue

Service revenue comes from subcontracted operation of incinerators and processing of refuse derived fuel (RDF). Revenue from subcontracted operation of incinerators is calculated based on the contracts, of which revenue is recognized by adding 5% to the total cost from the incinerator operation department. Revenue from processing of RDF which assists in processing recycled RDF from electric factories is recognized by rates determined from each contract.

l. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of COVID-19 in Taiwan and its economic environment implications of the military conflict between Russia and Ukraine and related international sanctions when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	$ 226	$ 226
Checking accounts and demand deposits	348,533	520,081
	$ 348,759	$ 520,307

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
Non-current		
Domestic investments		
Publicly traded shares	$ 217,640	$ 181,795

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

Based on the consideration of operating strategy and fund activation, the board of directors in their meeting approved to sell 4.149% of shares in Chung Loong Paper Holdings Limited to Omis International Ltd., on August 3, 2021. The shares were sold for $252,029 thousand (US$9,067 thousand) and the payment for disposing of investment has all been received.

Dividends of $14,762 thousand and $9,072 thousand were recognized during 2022 and 2021, respectively.

8. ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
Accounts receivable from unrelated parties		
At amortized cost		
Gross carrying amount	$ 289,512	$ 156,348
Less: Allowance for impairment loss	-	-
	$ 289,512	$ 156,348
Accounts receivable from related parties		
At amortized cost		
Gross carrying amount	$ 62,214	$ 50,083
Less: Allowance for impairment loss	-	-
	$ 62,214	$ 50,083

The average credit period of sales of goods is 30 to 120 days. No interest was charged on accounts receivable. The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates and the industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2022

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	$ 351,726	$ -	$ -	$ -	$ -	$ 351,726
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$ 351,726	$ -	$ -	$ -	$ -	$ 351,726

December 31, 2021

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	$ 206,431	$ -	$ -	$ -	$ -	$ 206,431
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$ 206,431	$ -	$ -	$ -	$ -	$ 206,431

9. INVENTORIES

	December 31	
	2022	2021
Raw materials	$ 285,630	$ 324,491

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

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	$ 1,939,284	$ 1,387,004
Inventory write-downs	40,723	31
	$ 1,980,007	$ 1,387,035

The Group did not pledge inventories as collateral for bank borrowings.

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
Cost							
Balance at January 1, 2022	$ 328,984	$ 1,252,246	$ 4,381,340	$ 3,154	$ 45,487	$ 7,021	$ 6,018,232
Additions	-	6,128	198,234	3,091	-	4,082	211,535
Disposals	-	(7,103)	(569,792)	(1,352)	(14,222)	-	(592,469)
Reclassification	-	5,657	248,223	-	-	(11,007)	242,873
Balance at December 31, 2022	$ 328,984	$ 1,256,928	$ 4,258,005	$ 4,893	$ 31,265	$ 96	$ 5,880,171
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 400,315	$ 2,788,645	$ 2,047	$ 38,807	$ -	$ 3,229,814
Disposals	-	(6,067)	(567,801)	(864)	(14,222)	-	(588,954)
Depreciation expenses	-	49,590	175,251	405	2,043	-	227,289
Balance at December 31, 2022	$ -	$ 443,838	$ 2,396,095	$ 1,588	$ 26,628	$ -	$ 2,868,149
Carrying amounts at December 31, 2022	$ 328,984	$ 813,090	$ 1,861,910	$ 3,305	$ 4,637	$ 96	$ 3,012,022
Cost							
Balance at January 1, 2021	$ 328,984	$ 782,489	$ 4,007,587	$ 5,704	$ 41,974	$ 174,194	$ 5,340,932
Additions	-	85,962	38,177	450	-	7,021	131,610
Disposals	-	-	(37,887)	(3,000)	(2,540)	-	(43,427)
Reclassification	-	383,795	373,463	-	6,053	(174,194)	589,117
Balance at December 31, 2021	$ 328,984	$ 1,252,246	$ 4,381,340	$ 3,154	$ 45,487	$ 7,021	$ 6,018,232

	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 362,232	$ 2,648,478	$ 4,711	$ 37,843	$ -	$ 3,053,264
Disposals	-	-	(20,205)	(3,000)	(1,924)	-	(25,129)
Depreciation expenses	-	38,083	160,372	336	2,888	-	201,679
Balance at December 31, 2021	$ -	$ 400,315	$ 2,788,645	$ 2,047	$ 38,807	$ -	$ 3,229,814
Carrying amounts at December 31, 2021	$ 328,984	$ 851,931	$ 1,592,695	$ 1,107	$ 6,680	$ 7,021	$ 2,788,418

No impairment loss or reversal of impairment loss was recognized for the years ended December 31, 2022 and 2021.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-40 years
Power plants	8-10 years
Engineering systems	3-10 years
Others	5-20 years
Machinery equipment	2-29 years
Transportation equipment	4-5 years
Other equipment	3-15 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 25.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	$ 1,434	$ 2,390
Buildings	4,327	-
Transportation equipment	1,552	2,819
	$ 7,313	$ 5,209

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 5,547	$ 1,830
Depreciation charge for right-of-use assets		
Land	$ 956	$ 956
Buildings	1,220	-
Transportation equipment	1,267	1,259
	$ 3,443	$ 2,215

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts		
Current	$ 3,510	$ 2,226
Non-current	$ 3,862	$ 3,025

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.015%	1.015%
Buildings	1.055%-1.060%	-
Transportation equipment	0.960%-1.300%	0.960%-1.300%

c. Material leasing activities and terms

The Group leases certain land, building, and transportation equipment a for the use in business operations with lease terms of 2 to 5 years. These arrangements do not contain the priority right of purchase.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 8,556	$ 2,454
Total cash outflow for leases	$(12,068)	$ (4,716)

The Group leases certain transportation equipment which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

12. OTHER ASSETS

	December 31	
	2022	2021
Current		
Prepayments		
Prepaid expense	$ 3,754	$ 14,937
Prepayments for goods	41,384	3,206
Supplies inventory	77,053	70,572
Tax overpaid retained for offsetting the future tax payable	-	8,261
	$ 122,191	$ 96,976
Non-current		
Prepayments for equipment	$ 69,124	$ 263,947
Refundable deposits	6,406	7,686
Others	4,760	5,480
	$ 80,290	$ 277,113

13. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings		
Line of credit borrowing	$ 100,000	$ -

The interest rate of the bank's revolving loan was 1.725% on December 31, 2022.

b. Long-term borrowings

	December 31	
	2022	2021
Secured borrowings (Note 25)		
Bank loans	$ 1,626,666	$ 1,900,000
Unsecured borrowings		
Bank loans	200,000	200,000
Less: Current portion	(338,333)	(131,667)
	$ 1,488,333	$ 1,968,333

Bank loans secured by the Group's land, buildings and machinery equipment (see Note 25) are due from July 27, 2023 to November 1, 2028. As of December 31, 2022 and 2021, the range of effective interest rates of the secured borrowings was 1.585%-1.775% and 0.960%-1.250%.

14. OTHER LIABILITIES

	December 31	
	2022	2021
Current		
Other payables		
Payables for purchases of equipment	$ 2,429	$ 15,464
Payables for salaries or bonuses	91,665	56,929
Payables for repair and maintenance	51,618	27,605
Payables for utilities	3,564	6,624
Payables for freight	16,098	15,389
Payables for business tax	10,530	-
Others	28,602	29,677
	$ 204,506	$ 151,688

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Group in accordance with the Labor Standards Act is operated by the government of the Republic of China (ROC). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 42,288	$ 50,223
Fair value of plan assets	(63,341)	(63,160)
Surplus	(21,053)	(12,937)
Net defined benefit assets (classified under prepaid pension cost)	$(21,053)	$(12,937)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 55,897	$(70,492)	$(14,595)
Service cost			
Current service cost	497	-	497
Net interest expense (income)	279	(356)	(77)
Recognized in profit or loss	776	(356)	420
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(868)	(868)
Actuarial (gain) loss			
Changes in financial assumptions	1,545	-	1,545
Experience adjustments	1,238	-	1,238

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Recognized in other comprehensive income	2,783	(868)	1,915
Contributions from the employer	-	(677)	(677)
Benefits paid	(9,233)	9,233	-
Balance at December 31, 2021	50,223	(63,160)	(12,937)
Service cost			
Current service cost	448	-	448
Net interest expense (income)	251	(318)	(67)
Recognized in profit or loss	699	(318)	381
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,874)	(4,874)
Actuarial (gain) loss			
Changes in financial assumptions	(3,412)	-	(3,412)
Experience adjustments	400	-	400
Recognized in other comprehensive income	(3,012)	(4,874)	(7,886)
Contributions from the employer	-	(611)	(611)
Benefits paid	(5,622)	5,622	-
Balance at December 31, 2022	$ 42,288	$(63,341)	$(21,053)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs	$ 135	$ 95
General and administrative expenses	246	325
	$ 381	$ 420

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2022	2021
Discount rate	1.500%	0.500%
Expected rate of salary increase	3.250%	3.000%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	$ (1,044)	$ (1,309)
0.25% decrease	$ 1,082	$ 1,359
Expected rate(s) of salary increase		
0.25% increase	$ 1,044	$ 1,304
0.25% decrease	$ (1,013)	$ (1,263)

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	$ 620	$ 618
Average duration of the defined benefit obligation	10 years	10.5 years

16. EQUITY

a. Share capital

Ordinary share

	December 31	
	2022	2021
Number of shares authorized (in thousands of shares)	150,000	150,000
Shares authorized	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (in thousands of shares)	122,255	122,255
Shares issued	$ 1,222,549	$ 1,222,549

The holders of issued share capital with a par value of $10 are entitled to the right to vote and to receive dividends.

b. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the accumulated legal capital reserve equals the Company's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved where not less than 50% of distributed retained earnings for the dividends to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors and supervisors in Note 18.g.

The Company's Articles also stipulate that the Company's profit, future development, budget planning and demand of funds should be taken into account when the Company determines the policy about dividends distribution. In Articles, there are two kinds of dividends for shareholders, share dividends and cash dividends. In order to follow the balanced policy about dividends distribution, cash dividends should not be less than 20% of the total dividends distributed. If there is an important investment project without other funds being provided, either by lowering the rate of distributing cash dividends or stopping the distribution of cash dividends should be resolved in the shareholders' meeting.

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

The appropriations of earnings for 2021 and 2020 were approved in the shareholders' meetings on June 16, 2022 and July 27, 2021, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	**2020**
Legal reserve	$ 27,449	$ 18,375
Cash dividends	$ 183,382	$ 171,157
Cash dividends per share (NT$)	$ 1.5	$ 1.4

The appropriations of earnings for 2022 had been proposed by the Company's board of directors on March 7, 2023 were as follows:

	For the Year Ended December 31, 2022
Legal reserve	$ 37,438
Cash dividends	305,637
Cash dividends per share (NT$)	2.5

The appropriation of earnings for 2022 is subject to the resolution of the shareholders in their meeting to be held in May 2023.

c. Other equity items

Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 88,081	$ 137,241
Recognized for the year		
Unrealized profit or loss		
Equity instruments	(57,815)	56,487
Other comprehensive income (loss) recognized for the year	(57,815)	56,487
Disposal of investments in equity instruments transferring accumulated profit (loss) to retained earnings	-	(105,647)
Balance at December 31	$ 30,266	$ 88,081

17. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods		
Revenue from the sale of electricity generation	$ 1,475,752	$ 961,479
Revenue from the sale of steam generation	986,655	674,488
	2,462,407	1,635,967
Service revenue		
Revenue from subcontracted operation of incinerators	146,110	121,767
Revenue from processing of refuse derived fuel (RDF)	252,491	240,002
	398,601	361,769
	$ 2,861,008	$ 1,997,736

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 8)	$ 289,512	$ 156,348	$ 161,046
Accounts receivable from related parties (Note 8)	$ 62,214	$ 50,083	$ 51,172
Contract liabilities - current	$ 9,759	$ 5,633	$ -

b. Disaggregation of revenue

Refer to Note 28 for information about the disaggregation of revenue.

18. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 733	$ 323

b. Other income

	For the Year Ended December 31	
	2022	2021
Dividends	$ 14,762	$ 9,072
Others	16,066	6,625
	$ 30,828	$ 15,697

c. Other gains and (losses)

	For the Year Ended December 31	
	2022	2021
Gain (loss) on disposal of property, plant and equipment	$ 457	$(17,637)
Net foreign exchange gains	229	1,593
Others	(1,249)	-
	$ (563)	$(16,044)

d. Finance costs

	For the Year Ended December 31	
	2022	**2021**
Interest on bank loans	$ 25,866	$ 16,874
Interest on lease liabilities	85	47
	$ 25,951	$ 16,921

Information about capitalized interests is as follows:

	For the Year Ended December 31	
	2022	**2021**
Capitalized interest amount	$ 2,366	$ 5,788
Capitalization rate	1.34%	1.10%

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	**2021**
An analysis of depreciation by function		
Operating costs	$ 224,028	$ 199,953
Operating expenses	6,704	3,941
	$ 230,732	$ 203,894

An analysis of amortization by function		
Operating costs	$ 876	$ 875
Operating expenses	1,508	1,124
	$ 2,384	$ 1,999

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits (Note 15)		
Defined contribution plan	$ 6,613	$ 6,519
Defined benefit plans	381	420
Other employee benefits	246,668	205,453
Total employee benefits expense	$ 253,662	$ 212,392
An analysis of employee benefits expense by function		
Operating costs	$ 151,269	$ 135,213
Operating expenses	102,393	77,179
	$ 253,662	$ 212,392

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees at rates of no less than 0.75%, of net profit before income tax and compensation of employees. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 7, 2023 and March 10, 2022, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	**2021**
Compensation of employees	1.5%	1.5%
Remuneration of directors	-	-

Amount

	For the Year Ended December 31	
	2022	**2021**
Compensation of employees	$ 6,731	$ 3,235
Remuneration of directors	$ -	$ -

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

19. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 94,300	$ 58,744
Adjustments for prior year	(12,293)	(11,870)
	82,007	46,874
Deferred tax		
In respect of the current year	(8,054)	(4,792)
Income tax expense recognized in profit or loss	$ 73,953	$ 42,082

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 442,022	$ 212,453
Income tax expense calculated at the statutory rate	$ 88,404	$ 42,491
Repatriated earnings	-	13,159
Nondeductible expenses in determining taxable income	794	116
Tax-exempt income	(2,952)	(1,814)
Adjustments for prior years' tax	(12,293)	(11,870)

Income tax expense recognized in profit	$ 73,953	$ 42,082

The Group applies for deduction in income tax of 2021 and 2020 in the amounts of $12,296 thousand and $11,915 thousand, respectively, according to "Regulations Governing Application of Tax Credits for Corporate or Limited Partnership in Smart Machines and 5th Generation Mobile Networks", which has been filed with Industrial Development Bureau, Ministry of Economic Affairs.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	**2021**
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ (1,577)	$ 383
Fair value changes of financial assets at FVTOCI	-	13,096
Total income tax recognized in other comprehensive income	$ (1,577)	$ 13,479

c. Current tax assets and liabilities

	December 31	
	2022	**2021**
Current tax liabilities		
Income tax payable	$ 64,866	$ 38,502

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 885	$ -	$ (885)	$ -
Unrealized foreign exchange losses	45	(45)	-	-
Unrealized loss on inventories	11	8,146	-	8,157
	$ 941	$ 8,101	$ (885)	$ 8,157
Deferred tax liabilities				
Temporary differences				
Defined benefit obligation	$ 3,472	$ 47	$ 692	$ 4,211

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 502	$ -	$ 383	$ 885
Unrealized foreign exchange losses	566	(521)	-	45
Unrealized loss on inventories	5	6	-	11
	$ 1,073	$ (515)	$ 383	$ 941

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Defined benefit obligation	$ 3,420	$ 52	$ -	$ 3,472
Others	18,455	(5,359)	(13,096)	-
	$ 21,875	$ (5,307)	$(13,096)	$ 3,472

(Concluded)

e. Income tax examination

The tax authorities have examined income tax of the Company through 2020.

20. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	$ 3.01	$ 1.39
Diluted earnings per share	$ 3.01	$ 1.39

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the Year

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	**2021**
Earnings used in the computation of basic earnings per share	$ 368,069	$ 170,371
Earnings used in the computation of diluted earnings per share	$ 368,069	$ 170,371

Number of Shares

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares used in the computation of basic earnings per share	122,255	122,255
Effect of potentially dilutive ordinary shares		
Compensation of employees	181	124
Weighted average number of ordinary shares used in the computation of diluted earnings per share	122,436	122,379

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

21. NON-CASH TRANSACTIONS

For the years ended December 31, 2022 and 2021, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

a. In 2022, the Group acquired property, plant and equipment with an aggregate fair value of $211,535 thousand with a decrease in payables for purchases of equipment of $13,035 thousand, an increase in capitalized interest of $96 thousand, and a cash outflow in the amount of $224,474 thousand (see Note 10).

b. In 2021, the Group acquired property, plant and equipment with an aggregate fair value of $131,610 thousand with a decrease in payables for purchases of equipment of $11,763 thousand, an increase in capitalized interest of $1,364 thousand, and a cash outflow in the amount of $142,009 thousand (see Note 10).

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group adopts a circumspect capital management and reviews it on a regular basis. The capital structure is determined depending on both the development strategy on business and the operating requirement.

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

   The Group's management believes that the carrying amount of financial assets and financial liabilities without measuring at fair value are either due to the maturity date or close to the fair value (i.e., the carrying amount equals the amount which will be received or paid in the future).

b. Fair value of 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 FVTOCI				
Investments in equity instruments				

	Level 1	Level 2	Level 3	Total
Domestic listed shares and emerging market shares	$ 217,640	$ -	$ -	$ 217,640

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 181,795	$ -	$	$ 181,795

There were no transfers between Levels 1 and 2 in the current and prior year.

2) Valuation techniques assumption applied for fair value measurement

The fair value of financial instruments, which were in the standard terms and active in the market was determined by the market price.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (1)	$ 706,891	$ 734,424
Financial assets at FVTOCI		
Equity instruments	217,640	181,795

Financial liabilities		
Amortized cost (2)	2,190,989	2,317,315

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable and refundable deposits.
2) The balances include financial liabilities at amortized cost, which comprise short-term borrowing, notes payable, accounts payable, other payables, guarantee deposits received, current portion of long-term borrowings and long-term borrowings.

d. Financial risk management objectives and policies

The Group seeks to ensure the Group having sufficient and cost-benefit funds for operation. The Group carefully manages risks associated with operating activities, such as foreign currency risk, price risk of equity instrument, credit risk and liquidity risk, to minimize the uncertainty of the market, which brings potential risks for finance of the Group.

1) Market risk

a) Foreign currency risk

The major types of business of the Group are operating cogeneration business, operating and repairing equipment, processing waste disposal, managing incinerators and processing refuse derived fuel (RDF). The foreign currency risk is not significant to the Group as less foreign currency is held and no derivative financial instruments are used.

b) Interest rate risk

Interest rate risk is the risk that appears when the fair value of financial instruments changes due to the variation of market rate. The Group is mainly exposed to interest rate risk because of bank loans. Therefore, the change in interest rate does not affect the cash flow in the future.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 348,759	$ 520,307
Cash flow interest rate risk		
Financial liabilities	1,926,666	2,100,000

Sensitivity analysis

The sensitivity analysis below was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. If interest rates had been 100 basis points higher and all other variables were held constant, the Group's post-tax profit for the years ended December 31, 2022 and 2021 would have decreased by \$15,413 thousand and \$16,800 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group only makes transaction with companies with good credits based on the policy. Collaterals held as security are required in some necessary situations to lower the risk of financial loss. In order to lower the credit risk, the controls about determining and approving the line of credit have been made to ensure accounts receivable overdue being received. Furthermore, the Group reviews the recoverable amount of accounts receivable at the balance sheet date to make sure that proper credit loss has been taken into consideration for those unrecoverable accounts receivables. Therefore, the Group considers credit risk has decreased significantly.

The Group's concentration of credit risk of 66.19% and 52.31% of total accounts receivable as of December 31, 2022 and 2021, respectively, was attributable to the Group's five largest customers. Other credit concentration risks are not relatively significant.

3) Liquidity risk

With stable profitability, the Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group relies on bank loans as a significant source of liquidity. As of December 31, 2022 and 2021, the available unutilized short-term bank loan facilities were \$600,000 thousand and \$500,000 thousand, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

	Effective Interest Rate	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Short-term borrowings	1.725%	$ 101,725	$ -	$ -	$ -	$ 101,725
Accounts payable	-	52,117	-	-	-	52,117
Other payables	-	204,506	-	-	-	204,506
Lease liabilities	0.960%-1.300%	3,568	2,021	1,890	-	7,479
Long-term borrowings	1.340%	342,871	441,610	902,004	202,157	1,888,642

December 31, 2021

	Effective Interest Rate	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Notes payable	-	$ 99	$ -	$ -	$ -	$ 99
Accounts payable	-	56,828	-	-	-	56,828
Other payables	-	151,688	-	-	-	151,688
Lease liabilities	0.960%-1.300%	2,272	1,994	1,058	-	5,324
Long-term borrowings	1.097%	133,111	601,315	990,225	440,480	2,165,131

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Cheng Loong Corporation	Investor with significant influence over the Group
Taiwan Cogeneration Corporation	Investor with significant influence over the Group
Star Energy Corporation	Other related party
Cheng Loong Children's Care Foundation	Other related party

b. Operating revenue

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2022**	**2021**
Sales of goods	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 513,709	$ 451,499

The sales of goods to Cheng Loong Corporation were made at the Group's usual unit prices less an average discount of 10% when the percentage of the purchase amount to the total production is no more than the percentage of shares held by Cheng Loong Corporation. Other purchase amounts were made at the usual unit prices. Besides, other terms of transaction between the Group and its related parties were not different from others.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Investor with significant influence over the Group	$ 3,135	$ 2,524

Purchases were made at the prices determined by each contract.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Accounts receivable from related parties	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 62,214	$ 50,083

The outstanding accounts receivable from related parties are unsecured. There is no allowance of accounts receivable listed in 2022 and 2021.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts payable to related parties	Investor with significant influence over the Group	$ 122	$ 495
Other payables	Investor with significant influence over the Group	$ 2,217	$ 1,463

The outstanding accounts payable to related parties are unsecured and will be paid by cash.

f. Prepayments

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Prepayments for equipment	Investor with significant influence over the Group	$ -	$ 1,530

g. Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2022	Purchase Price For the Year Ended December 31 2021
Other related party		
Star Energy Corporation	$ -	$ 84,699

The terms of transaction were determined by both sides as there were no similar kinds of transaction.

h. Lease arrangements

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Lease liabilities	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 1,463	$ 2,426

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Interest expense	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 19	$ 29

The Group leases land from investors with significant influence. The content of the lease is determined by agreement between the two parties, and the rent is paid monthly.

i. Other transactions with related parties

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Manufacturing expense	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 1,746	$ 1,320
Operating expense	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 1,381	$ 2,245
	Taiwan Cogeneration Corporation	4,620	3,610
	Cheng Loong Children's Care Foundation	200	300
		$ 6,201	$ 6,155
Other income	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 10,102	$ 1,195

j. Remuneration of key management personnel

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Short-term employee benefits	$ 32,451	$ 17,701

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2022	2021
Land	$ 300,115	$ 300,115
Buildings, net	252,554	272,134
Machinery equipment, net	914,257	658,086
	$ 1,466,926	$ 1,230,335

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Group on December 31, 2022 and 2021 were as follows:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	$ 5,033	$ 168,897

27. OTHER MATTER

On November 2, 2021, the Group's board of directors resolved to liquidate its subsidiary TYC International Company Ltd. and took December 22, 2021 as the liquidation base date. The liquidation amount of $251,023 thousand has been fully recovered, and the liquidation was completed on March 17, 2022.

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 2)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (None)

b. Information on investees (None)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (None)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (None)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (None)

c) The amount of property transactions and the amount of the resultant gains or losses (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (None)

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (None)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 3)

29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods delivered. Specifically, the Group’s reportable segments were steam and electricity segment and other segment.

a. Segment revenue and results

The following was an analysis of the Group’s revenue and results from continuing operations by reportable segments:

	Plant of Cogeneration	Plant of Renewable Energy	Total
For the year ended December 31, 2022			
Revenue from external customers	$ 2,608,517	$ 252,491	$ 2,861,008
Inter-segment revenue	-	-	-
Segment revenue	$ 2,608,517	$ 252,491	$ 2,861,008
Segment income	$ 369,082	$ 67,893	$ 436,975
Interest income			733
Finance costs			(25,951)
Other income			31,514
Other expense and losses			(1,249)
Profit before tax			$ 442,022

(Continued)

	Plant of Cogeneration	Plant of Renewable Energy	Total
For the year ended December 31, 2021			
Revenue from external customers	$ 1,757,734	$ 240,002	$ 1,997,736
Inter-segment revenue	-	-	-
Segment revenue	$ 1,757,734	$ 240,002	$ 1,997,736
Segment income	$ 157,544	$ 71,854	$ 229,398
Interest income			323
Finance costs			(16,921)
Other income			17,290
Other expense and losses			(17,637)
Profit before tax			$ 212,453

(Concluded)

b. Revenue from major products and services

The Group's revenue from continuing operations from its major products and services is disclosed in Note 17.

c. Geographical information

The Group operates only in Taiwan.

TABLE 1

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Shares							
	Cheng Loong Corporation	Investor with significant influence over the Group	Financial assets at fair value through other comprehensive income - non-current	7,922,000	$ 216,667	0.71	$ 216,667	
	Taiwan Cogeneration Corporation	〃	〃	30,000	973	0.01	973	

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Cheng Loong Corporation	Investor with significant influence over the Group	Sale	$ 513,709	17.96	Monthly	Note	Note	Accounts receivable $ 62,214	17.69	

Note: The sales of goods to Cheng Loong Corporation were made at the Group's usual unit prices less an average discount of 10% when the percentage of the purchase amount to the total production is no more than the percentage of shares held by Cheng Loong Corporation. Other purchase amounts were made at the usual unit prices. Besides, other terms of transaction between the Group and its related parties were not major different from others.

TABLE 3

TA-YUAN COGENERATION COMPANY LIMITED

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Cheng Loong Corporation	50,201,180	41.06
Taiwan Cogeneration Corporation	35,833,827	29.31

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Ta-Yuan Cogeneration Company Limited

Opinion

We have audited the accompanying financial statements of Ta-Yuan Cogeneration Company Limited (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2022. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter of the Company's financial statements for the year ended December 31, 2022 is stated as follows:

Revenue Recognition

The Company's revenue from the sale of goods in 2022 accounted for approximately 86% of total revenue. In accordance with Statements on Auditing Standards, there is a presumption of significant risk in revenue recognition due to the impact of revenue recognized on the financial statements. Therefore, the occurrence of sales revenue from specific customers was identified as a key audit matter.

Refer to Note 4(k) for the accounting policy related to revenue recognition and Note 17 for significant accounting policies of revenue.

Our main audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the design and implementation of internal controls over revenue recognition from the specific customers.

2. We selected samples and performed tests of details to verify the occurrence of sales transactions from specific customers.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jui-Chuan Chih and Li-Huang Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

TA-YUAN COGENERATION COMPANY LIMITED

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 348,759	8	$ 520,307	12
Accounts receivable from unrelated parties (Notes 8 and 17)	289,512	7	156,348	4
Accounts receivable from related parties (Notes 8, 17 and 24)	62,214	1	50,083	1
Inventories (Note 9)	285,630	6	324,491	7
Prepayments (Note 12)	122,191	3	96,976	2
Other current assets	-	-	112	-
Total current assets	1,108,306	25	1,148,317	26
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	217,640	5	181,795	4
Property, plant and equipment (Notes 10, 24 and 25)	3,012,022	68	2,788,418	63
Right-of-use assets (Note 11)	7,313	-	5,209	-
Intangible assets	460	-	1,155	-
Deferred tax assets (Note 19)	8,157	-	941	-
Prepayments for equipment (Notes 12 and 24)	69,124	2	263,947	6
Refundable deposits (Note 12)	6,406	-	7,686	-
Prepaid pension cost - non-current (Note 15)	21,053	-	12,937	1
Other non-current assets (Note 12)	4,760	-	5,480	-
Total non-current assets	3,346,935	75	3,267,568	74
TOTAL	$ 4,455,241	100	$ 4,415,885	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 100,000	2	$ -	-
Contract liabilities - current (Note 17)	9,759	-	5,633	-
Notes payable	-	-	99	-
Accounts payable to unrelated parties	51,995	1	56,333	1
Accounts payable to related parties (Note 24)	122	-	495	-
Other payables (Notes 14 and 24)	204,506	5	151,688	4
Current tax liabilities (Note 19)	64,866	1	38,502	1
Lease liabilities - current (Notes 11 and 24)	3,510	-	2,226	-
Current portion of long-term borrowings (Notes 13 and 25)	338,333	8	131,667	3
Other current liabilities	919	-	1,768	-
Total current liabilities	774,010	17	388,411	9
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 25)	1,488,333	34	1,968,333	45
Deferred tax liabilities (Note 19)	4,211	-	3,472	-
Lease liabilities - non-current (Notes 11 and 24)	3,862	-	3,025	-
Guarantee deposits received	7,700	-	8,700	-
Total non-current liabilities	1,504,106	34	1,983,530	45
Total liabilities	2,278,116	51	2,371,941	54
EQUITY (Note 16)				
Share capital				
Ordinary shares	1,222,549	27	1,222,549	28
Retained earnings				
Legal reserve	292,902	7	265,453	6
Unappropriated earnings	631,408	14	467,861	10
Total retained earnings	924,310	21	733,314	16
Other equity	30,266	1	88,081	2
Total equity	2,177,125	49	2,043,944	46
TOTAL	$ 4,455,241	100	$ 4,415,885	100

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

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 17 and 24)				
Sales	$ 2,462,407	86	$ 1,635,967	82
Service revenue	398,601	14	361,769	18
Total operating revenue	2,861,008	100	1,997,736	100
OPERATING COSTS (Notes 9, 18 and 24)				
Cost of sales	(1,980,007)	(69)	(1,387,035)	(70)
Service costs	(278,975)	(10)	(246,945)	(12)
Total operating costs	(2,258,982)	(79)	(1,633,980)	(82)
GROSS PROFIT	602,026	21	363,756	18
OPERATING EXPENSES (Notes 18 and 24)				
Selling and marketing expenses	(24,229)	(1)	(21,260)	(1)
General and administrative expenses	(123,380)	(4)	(99,512)	(5)
Research and development expenses	(17,442)	-	(13,585)	(1)
Total operating expenses	(165,051)	(5)	(134,357)	(7)
PROFIT FROM OPERATIONS	436,975	16	229,399	11
NON-OPERATING INCOME AND EXPENSES (Notes 18 and 24)				
Interest income	733	-	310	-
Other income	30,828	1	15,697	1
Other gains and losses	(563)	-	(14,998)	(1)
Finance costs	(25,951)	(1)	(16,921)	(1)
Share of profit or loss of subsidiaries, associates and joint ventures	-	-	(1,034)	-
Total non-operating income and expenses	5,047	-	(16,946)	(1)
PROFIT BEFORE INCOME TAX	442,022	16	212,453	10
INCOME TAX EXPENSE (Note 19)	(73,953)	(3)	(42,082)	(2)
NET PROFIT	368,069	13	170,371	8

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	$ 7,886	-	$ (1,915)	-
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income (Note 16)	(57,815)	(2)	3,223	-
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	-	-	40,168	2
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 19)	(1,577)	-	13,479	1
Other comprehensive income, net of income tax	(51,506)	(2)	54,955	3
TOTAL COMPREHENSIVE INCOME	$ 316,563	11	$ 225,326	11
EARNINGS PER SHARE (Note 20)				
Basic	$ 3.01		$ 1.39	
Diluted	$ 3.01		$ 1.39	

The accompanying notes are an integral part of the financial statements. (Concluded)

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings		Other Equity	
	Shares (In Thousands)	Amount	Legal Reserve	Unappropriated Earnings	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE, JANUARY 1, 2021	122,254.9	$ 1,222,549	$ 247,078	$ 382,907	$ 137,241	$ 1,989,775
Appropriation of 2020 earnings						
Legal reserve	-	-	18,375	(18,375)	-	-
Cash dividends	-	-	-	(171,157)	-	(171,157)
Net profit for the year ended December 31, 2021	-	-	-	170,371	-	170,371
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(1,532)	56,487	54,955
Total comprehensive income for the year ended December 31, 2021	-	-	-	168,839	56,487	225,326
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	105,647	(105,647)	-
BALANCE, DECEMBER 31, 2021	122,254.9	1,222,549	265,453	467,861	88,081	2,043,944
Appropriation of 2021 earnings						
Legal reserve	-	-	27,449	(27,449)	-	-
Cash dividends	-	-	-	(183,382)	-	(183,382)
Net profit for the year ended December 31, 2022	-	-	-	368,069	-	368,069
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	6,309	(57,815)	(51,506)
Total comprehensive income for the year ended December 31, 2022	-	-	-	374,378	(57,815)	316,563
BALANCE, DECEMBER 31, 2022	122,254.9	$ 1,222,549	$ 292,902	$ 631,408	$ 30,266	$ 2,177,125

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

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 442,022	$ 212,453
Adjustments for:		
Depreciation expense	230,732	203,894
Amortization expense	2,384	1,999
Finance costs	25,951	16,921
Interest income	(733)	(310)
Dividend income	(14,762)	(9,072)
Share of profit of subsidiaries, associates and joint ventures	-	1,034
(Gain) loss on disposal of property, plant and equipment	(457)	17,637
Write-down of inventories	40,723	31
Changes in operating assets and liabilities		
Accounts receivable	(145,295)	5,787
Inventories	(1,862)	(219,818)
Prepaid pension cost	(230)	(257)
Prepayments	(18,337)	1,082
Other current assets	112	688
Contract liability	4,126	5,633
Notes payable	(99)	99
Accounts payable	(4,711)	22,880
Other payables	65,123	11,626
Other current liabilities	221	(1,034)
Cash generated from operations	624,908	271,273
Interest paid	(27,502)	(22,260)
Income tax paid	(55,643)	(31,166)
Net cash generated from operating activities	541,763	217,847
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(93,660)	(21,628)
Net cash inflow from liquidating subsidiaries	-	251,023
Payments for property, plant and equipment	(224,474)	(142,009)
Proceeds from disposal of property, plant and equipment	2,903	661
Decrease in refundable deposits	1,280	1,105
Payments for intangible assets	(500)	(1,069)
Increase in other non-current assets	(470)	-
Increase in prepayments for equipment	(52,658)	(236,660)
Interest received	733	310
Dividend received	14,762	9,072
Net cash used in investing activities	(352,084)	(139,195)

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 300,000	$ -
Decrease from short-term borrowings	(200,000)	-
Proceeds from long-term borrowings	100,000	1,350,000
Repayments of long-term borrowings	(373,333)	(1,350,000)
Increase in guarantee deposits received	-	1,000
Decrease in guarantee deposits received	(1,000)	-
Repayment of the principal portion of lease liabilities	(3,512)	(2,262)
Dividends paid to owners of the Company	(183,382)	(171,157)
Net cash used in financing activities	(361,227)	(172,419)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(171,548)	(93,767)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	520,307	614,074
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 348,759	$ 520,307

The accompanying notes are an integral part of the financial statements. (Concluded)

TA-YUAN COGENERATION COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. GENERAL INFORMATION

Ta-Yuan Cogeneration Company Limited (the "Company") was incorporated in August 1993. The Company engages mainly in operating the cogeneration business, operating and repairing equipment, processing waste disposal, managing incinerators and processing refuse derived fuel. In June 1994, registration of the Company's shares was approved for public offering by Securities and Futures Bureau. Besides, the Company's shares have been listed for trading on the Taipei Exchange since May 10, 2001.

The financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar (NT$).

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 7, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The application of the amended IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and	January 1, 2023 (Note 3)

Liabilities arising from a Single Transaction"

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

1) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Company chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable, is described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, share of profits of subsidiaries, associates and joint ventures for using the equity method and other related equity items in the financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting financial statements, the financial statements of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, including coal and heavy oil, and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date except for coal which is recorded using the first-in first-out (FIFO) method.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of other equity of subsidiaries.

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

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those goods and the cost of those goods are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If their respective lease terms are shorter than their useful lives, such assets are depreciated over their lease terms. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.

- The intention to complete the intangible asset and use or sell it.

- The ability to use or sell the intangible asset.

- How the intangible asset will generate probable future economic benefits.

- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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 estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on the weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods comes from sales of steam and electricity. Revenue from electricity generation is recognized when the electricity generated is transmitted to clients' substations. Revenue from steam generation is recognized when steam generated is distributed to clients' steam pipelines.

2) Service revenue

Service revenue comes from subcontracted operation of incinerators and processing of refuse derived fuel (RDF). Revenue from subcontracted operation of incinerators is calculated based on the contracts, of which revenue is recognized by adding 5% to the total cost from the incinerator operation department. Revenue from processing of RDF which assists in processing recycled RDF from electric factories is recognized by rates determined from each contract.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

<u>The Company as lessee</u>

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

Lease liabilities are presented on a separate line in the balance sheets.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of COVID-19 in Taiwan and its economic environment implications of the military conflict between Russia and Ukraine and related international sanctions when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	$ 226	$ 226
Checking accounts and demand deposits	348,533	520,081
	$ 348,759	$ 520,307

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
Non-current		
Domestic investments		
Publicly traded shares	$ 217,640	$ 181,795

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

Dividends of $14,762 thousand and $9,072 thousand were recognized during 2022 and 2021, respectively.

8. ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
Accounts receivable from unrelated parties		
At amortized cost		
Gross carrying amount	$ 289,512	$ 156,348
Less: Allowance for impairment loss	-	-
	$ 289,512	$ 156,348
Accounts receivable from related parties		
At amortized cost		
Gross carrying amount	$ 62,214	$ 50,083
Less: Allowance for impairment loss	-	-
	$ 62,214	$ 50,083

The average credit period of sales of goods is 30 to 120 days. No interest was charged on accounts receivable. The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates and the industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2022

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	$ 351,726	$ -	$ -	$ -	$ -	$ 351,726
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$ 351,726	$ -	$ -	$ -	$ -	$ 351,726

December 31, 2021

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	$ 206,431	$ -	$ -	$ -	$ -	$ 206,431
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$ 206,431	$ -	$ -	$ -	$ -	$ 206,431

9. INVENTORIES

	December 31	
	2022	2021
Raw materials	$ 285,630	$ 324,491

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

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	$ 1,939,284	$ 1,387,004
Inventory write-downs	40,723	31
	$ 1,980,007	$ 1,387,035

The Company did not pledge inventories as collateral for bank borrowings.

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
Cost							
Balance at January 1, 2022	$ 328,984	$ 1,252,246	$ 4,381,340	$ 3,154	$ 45,487	$ 7,021	$ 6,018,232
Additions	-	6,128	198,234	3,091	-	4,082	211,535
Disposals	-	(7,103)	(569,792)	(1,352)	(14,222)	-	(592,469)
Reclassification	-	5,657	248,223	-	-	(11,007)	242,873
Balance at December 31, 2022	$ 328,984	$ 1,256,928	$ 4,258,005	$ 4,893	$ 31,265	$ 96	$ 5,880,171

(Continued)

	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 400,315	$ 2,788,645	$ 2,047	$ 38,807	$ -	$ 3,229,814
Disposals	-	(6,067)	(567,801)	(864)	(14,222)	-	(588,954)
Depreciation expenses	-	49,590	175,251	405	2,043	-	227,289
Balance at December 31, 2022	$ -	$ 443,838	$ 2,396,095	$ 1,588	$ 26,628	$ -	$ 2,868,149
Carrying amounts at December 31, 2022	$ 328,984	$ 813,090	$ 1,861,910	$ 3,305	$ 4,637	$ 96	$ 3,012,022
Cost							
Balance at January 1, 2021	$ 328,984	$ 782,489	$ 4,007,587	$ 5,704	$ 41,974	$ 174,194	$ 5,340,932
Additions	-	85,962	38,177	450	-	7,021	131,610
Disposals	-	-	(37,887)	(3,000)	(2,540)	-	(43,427)
Reclassification	-	383,795	373,463	-	6,053	(174,194)	589,117
Balance at December 31, 2021	$ 328,984	$ 1,252,246	$ 4,381,340	$ 3,154	$ 45,487	$ 7,021	$ 6,018,232
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 362,232	$ 2,648,478	$ 4,711	$ 37,843	$ -	$ 3,053,264
Disposals	-	-	(20,205)	(3,000)	(1,924)	-	(25,129)
Depreciation expenses	-	38,083	160,372	336	2,888	-	201,679
Balance at December 31, 2021	$ -	$ 400,315	$ 2,788,645	$ 2,047	$ 38,807	$ -	$ 3,229,814
Carrying amounts at December 31, 2021	$ 328,984	$ 851,931	$ 1,592,695	$ 1,107	$ 6,680	$ 7,021	$ 2,788,418

(Concluded)

No impairment loss or reversal of impairment loss was recognized for the year ended December 31, 2022 and 2021.

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-40 years
Power plants	8-10 years
Engineering systems	3-10 years
Others	5-20 years
Machinery equipment	2-29 years
Transportation equipment	4-5 years
Other equipment	3-15 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 25.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	**2021**
Carrying amount		
Land	$ 1,434	$ 2,390
Buildings	4,327	-
Transportation equipment	1,552	2,819
	$ 7,313	$ 5,209

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 5,547	$ 1,830
Depreciation charge for right-of-use assets		
Land	$ 956	$ 956
Buildings	1,220	-
Transportation equipment	1,267	1,259
	$ 3,443	$ 2,215

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts		
Current	$ 3,510	$ 2,226
Non-current	$ 3,862	$ 3,025

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.015%	1.015%
Buildings	1.055%-1.060%	-
Transportation equipment	0.960%-1.300%	0.960%-1.300%

c. Material leasing activities and terms

The Company leases certain lands, building, and transportation equipment for the use in business operations with lease terms of 2 to 5 years. These arrangements of lands do not contain the priority right of purchase.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 8,556	$ 2,454
Total cash outflow for leases	$(12,068)	$ (4,716)

The Company leases certain transportation equipment which qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

12. OTHER ASSETS

	December 31	
	2022	2021
Current		
Prepayments		
Prepaid expense	$ 3,754	$ 14,937
Prepayments for goods	41,384	3,206
Supplies inventory	77,053	70,572
Tax overpaid retained for offsetting the future tax payable	-	8,261
	$ 122,191	$ 96,976

	December 31	
	2022	2021
Current		
Non-current		
Prepayments for equipment	$ 69,124	$ 263,947
Refundable deposits	6,406	7,686
Others	4,760	5,480
	$ 80,290	$ 277,113

13. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings		
Line of credit borrowing	$ 100,000	$ -

The interest rate of the bank's revolving loan was 1.725% on December 31, 2022.

b. Long-term borrowings

	December 31	
	2022	2021
Secured borrowings (Note 25)		
Bank loans	$ 1,626,666	$ 1,900,000

Unsecured borrowings		
Bank loans	200,000	200,000
Less: Current portion	(338,333)	(131,667)
	$ 1,488,333	$ 1,968,333

Bank loans secured by the Company's land, buildings and machinery equipment (see Note 25) are due from July 27, 2023 to November 1, 2028. As of December 31, 2022 and 2021, the range of effective interest rates of the secured borrowings was 1.585%-1.775% and 0.960%-1.250%.

14. OTHER LIABILITIES

	December 31	
	2022	**2021**
Current		
Other payables		
Payables for purchases of equipment	$ 2,429	$ 15,464
Payables for salaries or bonuses	91,665	56,929
Payables for repair and maintenance	51,618	27,605
Payables for utilities	3,564	6,624
Payables for freight	16,098	15,389
Payables for business tax	10,530	-
Others	28,602	29,677
	$ 204,506	$ 151,688

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the Republic of China (ROC). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 42,288	$ 50,223
Fair value of plan assets	(63,341)	(63,160)
Surplus	(21,053)	(12,937)
Net defined benefit assets (classified under prepaid pension cost)	$(21,053)	$(12,937)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 55,897	$(70,492)	$(14,595)
Service cost			
Current service cost	497	-	497
Net interest expense (income)	279	(356)	(77)
Recognized in profit or loss	776	(356)	420
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(868)	(868)
Actuarial (gain) loss			
Changes in financial assumptions	1,545	-	1,545
Experience adjustments	1,238	-	1,238
Recognized in other comprehensive income	2,783	(868)	1,915
Contributions from the employer	-	(677)	(677)
Benefits paid	(9,233)	9,233	-
Balance at December 31, 2021	50,223	(63,160)	(12,937)
Service cost			
Current service cost	448	-	448
Net interest expense (income)	251	(318)	(67)
Recognized in profit or loss	699	(318)	381
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,874)	(4,874)

Actuarial (gain) loss			
Changes in financial assumptions	(3,412)	-	(3,412)
Experience adjustments	400	-	400
Recognized in other comprehensive income	(3,012)	(4,874)	(7,886)
Contributions from the employer	-	(611)	(611)
Benefits paid	(5,622)	5,622	-
Balance at December 31, 2022	$ 42,288	$(63,341)	$(21,053)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	**2021**
Operating costs	$ 135	$ 95
General and administrative expenses	246	325
	$ 381	$ 420

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2022	2021
Discount rate	1.500%	0.500%
Expected rate of salary increase	3.250%	3.000%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	$ (1,044)	$ (1,309)
0.25% decrease	$ 1,082	$ 1,359
Expected rate(s) of salary increase		
0.25% increase	$ 1,044	$ 1,304
0.25% decrease	$ (1,013)	$ (1,263)

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	$ 620	$ 618
Average duration of the defined benefit obligation	10 years	10.5 years

16. EQUITY

a. Share capital

Ordinary share

	December 31	
	2022	2021
Number of shares authorized (in thousands of shares)	150,000	150,000
Shares authorized	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (in thousands of shares)	122,255	122,255
Shares issued	$ 1,222,549	$ 1,222,549

The holders of issued share capital with a par value of $10 are entitled to the right to vote and to receive dividends.

b. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the accumulated legal capital reserve equals the Company's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved where not less than 50% of distributed retained earnings for the dividends to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors and supervisors in Note 18.g.

The Company's Articles also stipulate that the Company's profit, future development, budget planning and demand of funds should be taken into account when the Company determines the policy about dividends distribution. In Articles, there are two kinds of dividends for shareholders, share dividends and cash dividends. In order to follow the balanced policy about dividends distribution, cash dividends should not be less than 20% of the total dividends distributed. If there is an important investment project without other funds being provided, either by lowering the rate of distributing cash dividends or stopping the distribution of cash dividends should be resolved in the shareholders' meeting.

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

The appropriations of earnings for 2021 and 2020 were approved in the shareholders' meetings on June 16, 2022 and July 27, 2021, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	$ 27,449	$ 18,375
Cash dividends	$ 183,382	$ 171,157
Cash dividends per share (NT$)	$ 1.5	$ 1.4

The appropriations of earnings for 2022 had been proposed by the Company's board of directors on March 7, 2023 were as follows:

	For the Year Ended December 31, 2022
Legal reserve	$ 37,438
Cash dividends	305,637
Cash dividends per share (NT$)	2.5

The appropriation of earnings for 2022 is subject to the resolution of the shareholders in their meeting to be held in May 2023.

c. Other equity items

Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 88,081	$ 137,241
Recognized for the year		
Unrealized profit or loss		

Equity instruments	(57,815)	3,223
Share from investments in subsidiaries accounted for using the equity method	-	53,264
Other comprehensive income (loss) recognized for the year	(57,815)	56,487
Disposal of investments in equity instruments transferring accumulated profit (loss) to retained earnings	-	(105,647)
Balance at December 31	$ 30,266	$ 88,081

17. REVENUE

	For the Year Ended December 31	
	2022	**2021**
Revenue from contracts with customers		
Revenue from the sale of goods		
Revenue from the sale of electricity generation	$ 1,475,752	$ 961,479
Revenue from the sale of steam generation	986,655	674,488
	2,462,407	1,635,967
Service revenue		
Revenue from subcontracted operation of incinerators	146,110	121,767
Revenue from processing of refuse derived fuel (RDF)	252,491	240,002
	398,601	361,769
	$ 2,861,008	$ 1,997,736

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 8)	$ 289,512	$ 156,348	$ 161,046
Accounts receivable from related parties (Note 8)	$ 62,214	$ 50,083	$ 51,172
Contract liabilities - current	$ 9,759	$ 5,633	$ -

b. Disaggregation of revenue

Refer to Note 28 for information about the disaggregation of revenue.

18. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 733	$ 310

b. Other income

	For the Year Ended December 31	
	2022	2021
Dividends	$ 14,762	$ 9,072
Others	16,066	6,625
	$ 30,828	$ 15,697

c. Other gains and (losses)

	For the Year Ended December 31	
	2022	2021
Gain (loss) on disposal of property, plant and equipment	$ 457	$ (17,637)
Net foreign exchange gains	229	2,639
Others	(1,249)	-
	$ (563)	$ (14,998)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 25,866	$ 16,874
Interest on lease liabilities	85	47
	$ 25,951	$ 16,921

Information about capitalized interests is as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest amount	$ 2,366	$ 5,788
Capitalization rate	1.34%	1.10%

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 224,028	$ 199,953
Operating expenses	6,704	3,941
	$ 230,732	$ 203,894
An analysis of amortization by function		
Operating costs	$ 876	$ 875
Operating expenses	1,508	1,124
	$ 2,384	$ 1,999

f. Employee benefits expense

	For the Year Ended December 31	
	2022	**2021**
Post-employment benefits (Note 15)		
Defined contribution plan	$ 6,613	$ 6,519
Defined benefit plans	381	420
Other employee benefits	246,668	205,453
Total employee benefits expense	$ 253,662	$ 212,392
An analysis of employee benefits expense by function		
Operating costs	$ 151,269	$ 135,213
Operating expenses	102,393	77,179
	$ 253,662	$ 212,392

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees at rates of no less than 0.75%, of net profit before income tax and compensation of employees. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 7, 2023 and March 10, 2022, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	**2021**
Compensation of employees	1.5%	1.5%
Remuneration of directors	-	-

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees	$ 6,731	$ 3,235
Remuneration of directors	$ -	$ -

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

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

19. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 94,300	$ 58,744
Adjustments for prior year	(12,293)	(11,870)
	82,007	46,874
Deferred tax		
In respect of the current year	(8,054)	(4,792)
Income tax expense recognized in profit or loss	$ 73,953	$ 42,082

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 442,022	$ 212,453
Income tax expense calculated at the statutory rate	$ 88,404	$ 42,491
Repatriated earnings	-	13,159
Nondeductible expenses in determining taxable income	794	116
Tax-exempt income	(2,952)	(1,814)
Adjustments for prior years' tax	(12,293)	(11,870)
Income tax expense recognized in profit	$ 73,953	$ 42,082

The Company applies for deduction in income tax of 2021 and 2020 in the amounts of $12,296 thousand and $11,915 thousand, respectively, according to "Regulations Governing Application of Tax Credits for Corporate or Limited Partnership in Smart Machines and 5th Generation Mobile Networks", which has been filed with Industrial Development Bureau, Ministry of Economic Affairs.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ (1,577)	$ 383
Share of other comprehensive income of investments in subsidiaries accounted for using the equity method	-	13,096

	2022	2021
Total income tax recognized in other comprehensive income	$ (1,577)	$ 13,479

c. Current tax assets and liabilities

	December 31	
	2022	**2021**
Current tax liabilities		
Income tax payable	$ 64,866	$ 38,502

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	Opening Balance	**Recognized in Profit or Loss**	**Recognized in Other Compre-hensive Income**	**Closing Balance**
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 885	$ -	$ (885)	$ -
Unrealized foreign exchange losses	45	(45)	-	-
Unrealized loss on inventories	11	8,146	-	8,157
	$ 941	$ 8,101	$ (885)	$ 8,157

Deferred tax liabilities

Temporary differences				
Defined benefit obligation	$ 3,472	$ 47	$ 692	$ 4,211

For the year ended December 31, 2021

	Opening Balance	**Recognized in Profit or Loss**	**Recognized in Other Compre-hensive Income**	**Closing Balance**
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 502	$ -	$ 383	$ 885
Unrealized foreign exchange losses	566	(521)	-	45
Unrealized loss on inventories	5	6	-	11
	$ 1,073	$ (515)	$ 383	$ 941
Deferred tax liabilities				
Temporary differences				
Defined benefit obligation	$ 3,420	$ 52	$ -	$ 3,472
Others	18,455	(5,359)	(13,096)	-
	$ 21,875	$ (5,307)	$(13,096)	$ 3,472

e. Income tax examination

The tax authorities have examined income tax of the Company through 2020.

20. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	**2021**
Basic earnings per share	$ 3.01	$ 1.39
Diluted earnings per share	$ 3.01	$ 1.39

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the Year

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	**2021**
Earnings used in the computation of basic earnings per share	$ 368,069	$ 170,371
Earnings used in the computation of diluted earnings per share	$ 368,069	$ 170,371

Number of Shares

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	122,255	122,255
Effect of potentially dilutive ordinary shares		
Compensation of employees	181	124
Weighted average number of ordinary shares used in the computation of diluted earnings per share	122,436	122,379

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

21. NON-CASH TRANSACTIONS

For the years ended December 31, 2022 and 2021, the Company entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows:

a. In 2022, the Company acquired property, plant and equipment with an aggregate fair value of $211,535 thousand with a decrease in payables for purchases of equipment of $13,035 thousand, an increase in capitalized interest of $96 thousand, and a cash outflow in the amount of $224,474 thousand (see Note 10).

b. In 2021, the Company acquired property, plant and equipment with an aggregate fair value of $131,610 thousand with a decrease in payables for purchases of equipment of $11,763 thousand, an increase in capitalized interest of $1,364 thousand, and a cash outflow in the amount of $142,009 thousand (see Note 10).

22. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company adopts a circumspect capital management and reviews it on a regular basis. The capital structure is determined depending on both the development strategy on business and the operating requirement.

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company's management believes that the carrying amount of financial assets and financial liabilities without measuring at fair value are either due to the maturity date or close to the fair value (i.e., the carrying amount equals the amount which will be received or paid in the future).

b. Fair value of 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 FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 217,640	$ -	$ -	$ 217,640

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 181,795	$ -	$	$ 181,795

There were no transfers between Levels 1 and 2 in the current and prior year.

2) Valuation techniques assumption applied for fair value measurement

The fair value of financial instruments, which were in the standard terms and active in the market was determined by the market price.

c. Categories of financial instruments

	December 31	
	2022	**2021**
<u>Financial assets</u>		
Financial assets at amortized cost (1)	$ 706,891	$ 734,424
Financial assets at FVTOCI		
Equity instruments	217,640	181,795
<u>Financial liabilities</u>		
Amortized cost (2)	2,190,989	2,317,315

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowing, notes payable, accounts payable, other payables, guarantee deposits received, current portion of long-term borrowings and long-term borrowings.

d. Financial risk management objectives and policies

The Company seeks to ensure the Company having sufficient and cost-benefit funds for operation. The Company carefully manages risks associated with operating activities, such as foreign currency risk, price risk of equity instrument, credit risk and liquidity risk, to minimize the uncertainty of the market, which brings potential risks for finance of the Company.

1) Market risk

a) Foreign currency risk

The major types of business of the Company are operating cogeneration business, operating and repairing equipment, processing waste disposal, managing incinerators and processing refuse derived fuel (RDF). The foreign currency risk is not significant to the Company as less foreign currency is held and no derivative financial instruments are used.

b) Interest rate risk

Interest rate risk is the risk that appears when the fair value of financial instruments changes due to the variation of market rate. The Company is mainly exposed to interest rate risk because of bank loans. Therefore, the change in interest rate does not affect the cash flow in the future.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 348,759	$ 520,307
Cash flow interest rate risk		
Financial liabilities	1,926,666	2,100,000

<u>Sensitivity analysis</u>

The sensitivity analysis below was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. If interest rates had been 100 basis points higher and all other variables were held constant, the Company's post-tax profit for the years ended December 31, 2022 and 2021 would have decreased by $15,413 thousand and $16,800 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company only makes transaction with companies with good credits based on the policy. Collaterals held as security are required in some necessary situations to lower the risk of financial loss. In order to lower the credit risk, the controls about determining and approving the line of credit have been made to ensure accounts receivable overdue being received. Furthermore, the Company reviews the recoverable amount of accounts receivable at the balance sheet date to make sure that proper credit loss has been taken into consideration for those unrecoverable accounts receivable. Therefore, the Company considers credit risk has decreased significantly.

The Company's concentration of credit risk of 66.19% and 52.31% of total accounts receivable as of December 31, 2022 and 2021, respectively, was attributable to the Company's five largest customers. Other credit concentration risks are not relatively significant.

3) Liquidity risk

With stable profitability, the Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The Company relies on bank loans as a significant source of liquidity. As of December 31, 2022 and, 2021, the available unutilized short-term bank loan facilities were $600,000 thousand and $500,000 thousand, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

	Effective Interest Rate	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Short-term borrowings	1.725%	$ 101,725	$ -	$ -	$ -	$ 101,725
Accounts payable	-	52,117	-	-	-	52,117
Other payables	-	204,506	-	-	-	204,506
Lease liabilities	0.960%-1.300%	3,568	2,021	1,890	-	7,479
Long-term borrowings	1.340%	342,871	441,610	902,004	202,157	1,888,642

December 31, 2021

	Effective Interest Rate	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Notes payable	-	$ 99	$ -	$ -	$ -	$ 99
Accounts payable	-	56,828	-	-	-	56,828
Other payables	-	151,688	-	-	-	151,688
Lease liabilities	0.960%-1.300%	2,272	1,994	1,058	-	5,324
Long-term borrowings	1.097%	133,111	601,315	990,225	440,480	2,165,131

24. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Cheng Loong Corporation	Investor with significant influence over the Company
Taiwan Cogeneration Corporation	Investor with significant influence over the Company
Star Energy Corporation	Other related party
Cheng Loong Children's Care Foundation	Other related party

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Sales of goods	Investor with significant influence over the Company		
	Cheng Loong Corporation	$ 513,709	$ 451,499

The sales of goods to Cheng Loong Corporation were made at the Company's usual unit prices less an average discount of 10% when the percentage of the purchase amount to the total production is no more than the percentage of shares held by Cheng Loong Corporation. Other purchase amounts were made at the usual unit prices. Besides, other terms of transaction between the Company and its related parties were not different from others.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Investor with significant influence over the Company	$ 3,135	$ 2,524

Purchases were made at the prices determined by each contract.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Accounts receivable from related parties	Investor with significant influence over the Company		
	Cheng Loong Corporation	$ 62,214	$ 50,083

The outstanding accounts receivable from related parties are unsecured. There is no allowance of accounts receivable listed in 2022 and 2021.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts payable to related parties	Investor with significant influence over the Company	$ 122	$ 495
Other payables	Investor with significant influence over the Company	$ 2,217	$ 1,463

The outstanding accounts payable to related parties are unsecured and will be paid by cash.

f. Prepayments

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Prepayments for equipment	Investor with significant influence over the Company	$ -	$ 1,530

g. Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2022	Purchase Price For the Year Ended December 31 2021
Other related party		
Star Energy Corporation	$ -	$ 84,699

The terms of transaction were determined by both sides as there were no similar kinds of transaction.

h. Lease arrangements

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Lease liabilities	Investor with significant influence over the Company		
	Cheng Loong Corporation	$ 1,463	$ 2,426

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Interest expense	Investor with significant influence over the Company		
	Cheng Loong Corporation	$ 19	$ 29

The Company leases land from investors with significant influence. The content of the lease is determined by agreement between the two parties, and the rent is paid monthly.

i. Other transactions with related parties

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Manufacturing expense	Investor with significant influence over the Company		
	Cheng Loong Corporation	$ 1,746	$ 1,320
Operating expense	Investor with significant influence over the Company		
	Cheng Loong Corporation	$ 1,381	$ 2,245
	Taiwan Cogeneration	4,620	3,610

	Corporation		
	Cheng Loong Children's Care Foundation	200	300
		$ 6,201	$ 6,155
Other income	Investor with significant influence over the Company		
	Cheng Loong Corporation	$ 10,102	$ 1,195

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 32,451	$ 17,701

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2022	2021
Land	$ 300,115	$ 300,115
Buildings, net	252,554	272,134
Machinery equipment, net	914,257	658,086
	$ 1,466,926	$ 1,230,335

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Company on December 31, 2022 and 2021 were as follows:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	$ 5,033	$ 168,897

27. OTHER MATTER

On November 2, 2021, the Company's board of directors resolved to liquidate its subsidiary TYC International Company Ltd. and took December 22, 2021 as the liquidation base date. The liquidation amount of $251,023 thousand has been fully recovered, and the liquidation was completed on March 17, 2022.

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 2)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

b. Information on investees (None)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership

percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (None)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (None)

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (None)

   c) The amount of property transactions and the amount of the resultant gains or losses (None)

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (None)

   e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (None)

   f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 3)

29. SEGMENT INFORMATION

Financial information about operating segments was disclosed in notes to the Company’s consolidated financial statements.

TABLE 1

TA-YUAN COGENERATION COMPANY LIMITED

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Shares							
	Cheng Loong Corporation	Investor with significant influence over the Company	Financial assets at fair value through other comprehensive income - non-current	7,922,000	$ 216,667	0.71	$ 216,667	
	Taiwan Cogeneration Corporation	〃	〃	30,000	973	0.01	973	

TA-YUAN COGENERATION COMPANY LIMITED

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Cheng Loong Corporation	Investor with significant influence over the Company	Sale	$ 513,709	17.96	Monthly	Note	Note	Accounts receivable $ 62,214	17.69	

Note: The sales of goods to Cheng Loong Corporation were made at the Company's usual unit prices less an average discount of 10% when the percentage of the purchase amount to the total production is no more than the percentage of shares held by Cheng Loong Corporation. Other purchase amounts were made at the usual unit prices. Besides, other terms of transaction between the Company and its related parties were not major different from others.

TABLE 3

TA-YUAN COGENERATION COMPANY LIMITED

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Cheng Loong Corporation	50,201,180	41.06
Taiwan Cogeneration Corporation	35,833,827	29.31

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

TA-YUAN COGENERATION COMPANY LIMITED

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TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Petty cash		$ 226
Cash in banks		
Checking accounts		6,510
Demand deposits		341,882
Foreign currency deposits		141
		348,533
		$ 348,759

STATEMENT 2

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Non-related parties		
Company A	Trade receivables	$ 109,133
Company B	〃	21,562
Company C	〃	20,056
Company D	〃	19,828
Others (Note)	〃	118,933
		289,512
Less: Allowance for impairment loss		-
		289,512
Related parties		
Cheng Loong Corporation	Trade receivables	62,214
Less: Allowance for doubtful accounts		-
		62,214
		$ 351,726

Note: The amount of individual client included in others does not exceed 5% of the account balance.

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

		Amount				
			Lower of Cost or Net Realizable Value			
Item	Description	Cost	Cost	Net Realizable Value	Premium	Discount
Raw materials	Coal, heavy oil and others	$ 326,408	$ 326,408	$ 285,630	$ -	$ (40,778)
Less: Allowance for write-downs		(40,778)	(40,778)	-	-	-
		$ 285,630	$ 285,630	$ 285,630	$ -	$ (40,778)

STATEMENT 4

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF PREPAYMENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Prepaid expense	Prepaid insurance	$ 776
	Prepaid rental expense	2,193
	Others	785
		3,754
Supplies inventory		77,053
Prepayments for goods		41,384
		$ 122,191

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Balance, January 1, 2022		Additions		Deductions		Balance, December 31, 2022			
Name of Securities	Shares	Fair Value	Shares	Amount (Note)	Shares	Amount	Shares	Fair Value	Collateral	Note
Shares										
Cheng Loong Corporation	5,150,000	$ 181,795	2,772,000	$ 34,872	-	$ -	7,922,000	$ 216,667	None	
Taiwan Cogeneration Corporation	-	-	30,000	973	-	-	30,000	973	None	
		$ 181,795		$ 35,845		$ -		$ 217,640		

Note: The increased amount resulted from acquiring financial assets at FVTOCI of $93,660 thousand and decreased fair value adjustment of $57,815 thousand.

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2022	Additions	Deductions	Balance, December 31, 2022	Note
Land	$ 5,258	$ -	$ -	$ 5,258	
Building A	-	4,093	-	4,093	
Building B	-	1,454	-	1,454	
Vehicle C	1,969	-	-	1,969	
Vehicle D	1,830	-	-	1,830	
	$ 9,057	$ 5,547	$ -	$ 14,604	

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2022	Additions	Deductions	Balance, December 31, 2022	Note
Land	$ 2,868	$ 956	$ -	$ 3,824	
Building A	-	614	-	614	
Building B	-	606	-	606	
Vehicle C	929	657	-	1,586	
Vehicle D	51	610	-	661	
	$ 3,848	$ 3,443	$ -	$ 7,291	

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Related parties		
Cheng Loong Corporation	Trade payables	$ 122
Non-related parties		
Company E	Trade payables	16,389
Company F	〃	5,158
Company G	〃	4,861
Others (Note)	〃	25,587
		51,995
		$ 52,117

Note: The amount of individual client included in others does not exceed 5% of the account balance.

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Creditor	Description	Amount	Contract period	Interest rate (%)	Mortgage or Guarantee
First Commercial Bank	Credit loan	$ 100,000	2022.11.17-2023.02.17	1.725	None

STATEMENT 10

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF CURRENT PORTION OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Creditors	Description	Amount	Interest Rates (%)	Collateral
Chang Hwa Bank	Credit loan	$ 100,000	1.775	None
Taiwan Business Bank (1)	Secured loan	46,667	1.585	Note 26
Taiwan Business Bank (2)	〃	53,333	1.775	〃
Hua Nan Commercial Bank (1)	〃	100,000	1.590	〃
Hua Nan Commercial Bank (2)	〃	38,333	1.630	〃
		$ 338,333		

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Creditors	Description	Amount	Contract Period	Interest Rates (%)	Collateral
Chang Hwa Bank	Credit loan	$ 200,000	2021.10.12-2024.10.12	1.775	None
Mega International Commercial Bank	Secured loan	100,000	2022.08.23-2025.08.23	1.775	Note 26
Taiwan Business Bank (1)	〃	116,666	2020.06.24-2025.06.24	1.585	〃
Hua Nan Commercial Bank (1)	〃	100,000	2021.07.27-2023.07.27	1.590	〃
Hua Nan Commercial Bank (2)	〃	1,150,000	2021.11.01-2028.11.01	1.630	〃
Taiwan Business Bank (2)	〃	160,000	2020.12.10-2025.12.10	1.775	〃
		1,826,666			
Less: Current portion of long-term borrowings		(338,333)			
		$ 1,488,333			

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate (%)	Balance, End of Year	Note
Land	Land	2019.07.01-2024.06.30	1.015	$ 1,463	
Building A	Building	2022.04.15-2027.04.14	1.055	3,493	
Building B	Building	2022.03.01-2024.02.28	1.060	852	
Vehicle C	Transportation equipment	2020.07.31-2023.07.30	0.960	388	
Vehicle D	Transportation equipment	2021.11.30-2024.11.29	1.300	1,176	
				7,372	
Less: Lease liabilities - current				(3,510)	
				$ 3,862	

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials used	
Raw materials, beginning of year	$ 324,547
Add: Raw materials purchased	1,146,090
Less: Raw materials sold	(1,768)
Less: Raw materials, end of year	(326,408)
	1,142,461
Manufacturing expenses	1,114,133
Cost of goods sold	2,256,594
Add: Inventory write-downs	40,723
Less: Income from selling scrap	(1,049)
Less: Other operating cost	(37,286)
	$ 2,258,982

STATEMENT 14

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF OPERATING EXPENSES

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	$ 3,151	$ 82,387	$ 12,257	$ 97,795
Rental expense	-	364	-	364
Postage and phone expense	-	804	-	804
Insurance expense	32	1,059	3	1,094
Entertainment expense	1	7,085	-	7,086
Donation expense	-	889	-	889
Tax expense	11	2,238	-	2,249
Depreciation expense	263	3,806	2,635	6,704
Amortization expense	-	1,195	313	1,508
Others	20,771	23,553	2,234	46,558
	$ 24,229	$ 123,380	$ 17,442	$ 165,051

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary	$ 132,947	$ 76,909	$ 209,856	$ 118,360	$ 55,774	$ 174,134
Labor and health insurance	10,355	4,264	14,619	10,153	4,268	14,421
Pension	4,950	2,044	6,994	4,911	2,028	6,939
Remuneration of directors	-	12,990	12,990	-	9,600	9,600
Others	3,017	6,186	9,203	1,789	5,509	7,298
	$ 151,269	$ 102,393	$ 253,662	$ 135,213	$ 77,179	$ 212,392
Depreciation expense	$ 224,028	$ 6,704	$ 230,732	$ 199,953	$ 3,941	$ 203,894
Amortization expense	$ 876	$ 1,508	$ 2,384	$ 875	$ 1,124	$ 1,999

Note 1: On December 31, 2022 and 2021, the number of employees of the Company was 184 and 175 with 5 non-employee directors, respectively, which is consistent with the calculation basis of labor costs.

Note 2: Companies with shares issued in Taiwan Stock Exchange Corporation or Taipei Exchange should disclose the following information.

a. Average labor costs for the years ended December 31, 2022 and 2021 were $1,345 thousand and $1,193 thousand, respectively.

b. Average salaries for the years ended December 31, 2022 and 2021 were $1,172 thousand and $1,024 thousand, respectively.

c. Average salaries increased by 14.45% compared to previous year.

d. There is no supervisor in the Company.

e. Salary and compensation policy of the Company (including directors, independent directors, managers and employees):

Remuneration of directors:

The Company should pay transportation allowance to directors on a monthly basis according to the 31st Item of the Company's Articles and the amount is determined by the board of directors.

Managers and employees:

The distribution of salary, bonus and compensation of employees is based on related management's regulations and the amount depends on the operating situation and individual performance unless specified

V. List of the Impact on the Company's Financial Status due to Financial Difficulties Experienced by the Company and Its Related Companies

The Company has not experienced financial difficulty in 2022 and up to the date of publishing of the Annual Report.

Review and Analysis of the Financial Position and Operating Performance and Risk Assessment

I. Financial Position

Unit: NT$1,000

Item \ Year	2022	2021	Difference	
			Amount	%
Current Assets	1,108,306	1,148,317	(40,011)	(3.48)
Non-current assets	3,346,935	3,267,568	79,367	2.43
Total Assets	4,455,241	4,415,885	39,356	0.89
Current Liabilities	774,010	388,411	385,599	99.28
Non-current Liabilities	1,504,106	1,983,530	(479,424)	(24.17)
Total Liabilities	2,278,116	2,371,941	(93,825)	(3.96)
Capital Stock	1,222,549	1,222,549	-	-
Retained Earnings	924,310	733,314	190,996	26.05
Other Equity	30,266	88,081	(57,815)	(65.64)
Total shareholder equity	2,177,125	2,043,944	133,181	6.52

Explanation:

1. Increase in current liabilities and decrease in non-current liabilities: due to new repayment of G2 due within one year increase, and non-current liabilities are transferred to current.
2. Increase in retained earnings: mainly due to an increase in net profit of the year.
3. Decrease in other equity interest for the year: due to the decrease in unrealized profit and loss of financial assets measured at fair value through other comprehensive income.

II. Financial Performance

(I) Analysis of Operation Results

Unit: NT$1,000

Item	2022		2021		Change, by Amount	% of change
	Subtotal	Total	Subtotal	Total		
Operating Revenue		2,861,008		1,997,736	863,272	43.21
Operating Costs		(2,258,982)		(1,633,980)	625,002	38.25
Gross Profit		602,026		363,756	238,270	65.50
Operating Expenses		(165,051)		(134,358)	30,693	22.84
Net operating profit		436,975		229,398	207,577	90.49
Non-operating Income and Expenses		5,047		(16,945)	21,992	129.78
Interest income	733		323		410	126.93
Dividend income	14,762		9,072		5,690	62.72
Losses on disposal of property, plant and equipment	457		(17,637)		18,094	102.59
Gain (loss) on exchange	229		1,593		(1,364)	(85.62)
Other income	16,066		6,625		9,441	142.51
Other loss	(1,249)		0		1,249	100.00
Interest expenses	(25,951)		(16,921)		9,030	53.37
Income before Tax		442,022		212,453	229,569	108.06
Income Tax Expense		(73,953)		(42,082)	31,871	75.74
Net Profit		368,069		170,371	197,698	116.04

Analysis of the proportion of change:

1. Increase in operating revenue, gross profit, and income after tax: Mainly due to the heavy fuel transformed into natural gas generation units putting into commercial operation, and Taipower's revised the purchase of qualified cogeneration electric energy measures, making an increase in operating revenue and gross profit.

2. Increase in operating costs: International coal prices continue to rise, making an increase in production costs.
3. Increase in operating expenses: mainly due to the good operating conditions, so the related management and marketing expenses also increase accordingly.
4. Increase in non-operating income and expenses: mainly due to the decrease in the losses on disposal of property, plant and equipment.
5. Increase in income tax expenses: mainly due to the increase in net profit of the period.

(II) Possible impact on the Company's future financial policy and countermeasure and plans:

In response to the growth of the Company's business, we will seek long-term capital sources to meet the needs of capital expenditure in finance, and improve the financial ratio and financial structure.

III. Cash flow

Unit: NT$1,000

Cash at Beginning of Year	Net cash flow from operating activities of the period	Net cash flow from investment and financing activities of the period	Cash Balance, End of Year	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
520,307	541,763	(713,311)	348,759	-	-

1. Analysis of changes in consolidated cash flow for the current fiscal year:
   (1) Operating activities: Net cash inflow was approximately NT$542,000,000, mainly due to the increase in profit of the business.
   (2) Investing and financing activities: Net cash outflow was approximately NT$713,000,000, mainly due to cash dividends, repayment of loans, and additions to property, plant and equipment.
2. Remedial measures and liquidity analysis for cash inadequacy:
   No cash shortage in this period.

3. Consolidated cash liquidity analysis for the following year:

Cash at Beginning of Year ①	Expected net cash flow from operating activities of the period ②	Expected net cash flow from investment and financing activities of the period ③	Expected cash balance ①+②-③+④+⑤	Remedial Measures for Cash Inadequacy	
				Investment Plan ④	Financial Plan ⑤
348,759	588,697	(291,820)	645,636	-	-

Operating activities: Net cash inflow was approximately NT$589,000,000, mainly due to the increase in profit of the business.

Investing and financing activities: Net cash outflow was approximately NT$292,000,000, mainly due to the increase in cash dividends, capital expenditures and repayment of bank loans.

4. Remedial measures and liquidity analysis for cash inadequacy:
   No cash shortage in this period.

IV. Material Capital Expenditures of the Most Recent Year and Impact on the Company's Financial Operations: None.

V. Reinvestment policy for the most recent year, the main reasons for profit or loss, improvement plan, and investment plan for the coming year: None.

VI. Analysis and evaluation of risks up to the date of publication of the Annual Report

(I) Impact of interest rates and exchange rate fluctuations, as well as inflation on the Company's profit and loss, as well as future responsive measures

The list of interest and exchange gains and losses of the Company in 2022 is as follows:

Unit: NT$1,000

Item \ Year	2022
Net currency exchange gain (loss)	229
Net operating revenue	2,861,008
Income before Tax	442,022
Ratio of net currency exchange gain (loss) to net revenue	0.01 %
Ratio of net currency exchange gain (loss) to net income before tax	0.05 %
Interest expense	25,951
Ratio of interest expense to net operating revenue	0.91 %
Ratio of interest expense to net income before tax	5.87 %

Data source: Financial statements audited and certified by the CPAs.

1. Fluctuation of Interest Rates

   Although market interest rates are rising, the Company estimates that there should be no significant impact. The Company's interest expense is NT$25,941 thousand, accounting for the operating revenue, and the ratio of net income before tax is 0.01% and 0.05% respectively.

2. Fluctuation of Exchange Rates

   The Company's foreign-currency expenditure is mainly used to pay for the purchasing of fuel and major capital expenditure. The hedge plan of exchange rate risk is through forwarding exchange contracts to minimize the risk.

3. Inflation or deflation

At present, the company's primary market is the domestic market. As electricity power and steam are the basic needs of industry and people's livelihood, the impact of inflation and deflation on the Company is not significant.

(II) Policies on high risk, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives trading, are the main reasons for the profits or losses generated thereby, and future response measures to be undertaken.

The Company has not engaged in the businesses of high risk, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives trading.

(III) Future R&D projects and estimated R&D expenditures to be invested: None.

The Company mainly provides services related to energy generation and waste treatment, which are not applicable to research and development and therefore no related expenses are provided.

(IV) Changes to local and overseas policies and laws that impact the company's financial operations, and response measures:

The Company's financial operation has not been affected by changes in important domestic and foreign policy and laws in the most recent year.

(V) The Impacts of Technology Changes and Industry Changes on the Company's Finance and Business, and the Countermeasures: None

(VI) Effect on the Crisis Management of Changes in the Corporate Image, and Measures to Be Taken in Response

The Company has an excellent corporate image and has not changed significantly in recent years, resulting in a crisis in corporate management.

(VII) The expected benefits and possible risks to engaging in mergers and acquisitions and responsive measures: None.

(VIII) The expected benefits and possible risks to expand facilities: None.

(IX) Risks resulting from consolidation of purchasing or sales operations:

The Company's Cogeneration Plant products must be sold immediately after producing. The target sales customers are limited in the industrial zone, due to the characteristics of regional industrial clusters, so the sales customers are located in a more concentrated region than the general industry. In terms of purchase, the Company purchases from the lowest price manufacturers through processes of inquiry and negotiation. At present, though concentrated in some manufacturers, the stock can be adjusted according to the actual situation. On the other hand, we are also reducing the risk of over-concentration of purchase. Russia and Ukraine outbreak of military conflict and cause international sanctions, although Russia is the company's main raw material coal importers, but the current coal reserves are sufficient, and has purchased coal from other countries, will not have a significant impact.

(X) Potential impact and risks associated with sales of significant numbers of shares by the Company's Directors, and/or major shareholders who own 10% or more of the Company's total outstanding shares:

In 2022, there is no significant transfer or replacement of shares of the Company's directors or shareholders with a shareholding percentage of more than 10%.

(XI) Impact of change in Company management and associated risks: None.

(XII) Litigation or non-litigation events: None.

(XIII) Other material risks: None.

VII. Other important matters: None.

Special Disclosure

I. Affiliate Imformation: None.

II. Private Placement of Securities during the Most Recent Year and Up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

IV. Essential Supplements: None.

Any events in the most recent fiscal year and as of the printing date of this annual report that had significant impact on shareholders' equity or securities prices prescribed in Subparagraph 2, Paragraph 3, Article 36 of Securities and Exchange Act: None.

Ta-Yuan Cogen Co., Ltd.

Chairman: Chung-Cheng Lee