

Stock Code: 8931

# **TA-YUAN COGENERATION CO., LTD.**

## **2023 Annual Report**

Printed on April 15, 2024

The annual report is available at: <http://newmops.tse.com.tw>  
<http://www.tycc.com.tw>

**1. Name, Title and Contact no. of Company's Spokesperson and Deputy Spokesperson**

Spokesperson: Jeff Chang  
Title: President  
Deputy Spokesperson: Chiung- Ru Chiu  
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**4. Name of Recent Years' Cpas and Contact Information of Accounting Firm**

Name of CPAs: Jui-Chuan Chih, Li-Huang Lee  
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Address: 20f, no. 100, Songren Road, Xinyi Dist, Taipei City  
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Website: <http://www.deloitte.com.tw>

**5. The Name of the Trading Venue for Overseas Listed Securities and the Method to Inquire Information Regarding These Overseas Listed Securities**

None.

**6. Company Website : [Http://www.tycc.com.tw](http://www.tycc.com.tw)**

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## LETTER TO SHAREHOLDERS

Dear Shareholders,

In 2023, Taiwan Power Company reduced the purchase expenses of qualified cogeneration electricity due to the decline in coal prices, resulting in a decrease in the Company's electricity sales volume as it transitioned to a lump-sum agreement. When combined with the economic downturn and the decline in organic solvents intake at the renewable plant, a 5.03% decrease in the Company's revenue and a 10.82% decrease in gross profit compared to 2022 was observed. Comprehensively, the Ta-Yuan Cogen.'s 2023 net operating profit decreased by 15.64% as opposed to 2022. The business results are as followed:

### 1. 2023 Operation Report

#### (1) Implementation Results of Production and Marketing Plans

Main products	2023			
	Production		Sales	
	Estimated	Actual	Estimated	Actual
Steam (ton)	715,699	641,505	715,324	641,505
Electricity (thousand kWh)	604,699	510,689	532,880	429,405

Main products	2023			
	Receiving volume		Treatment volume	
	Estimated	Actual	Estimated	Actual
Waste solvents (tons)	18,480	14,865	18,480	14,901
SRF (tons)	9,360	5,832	9,360	5,806

## (2) Profitability Comparison

Item	2023 (NT\$ Thousand)	2022 (NT\$ Thousand)	Growth Rate (%)
Operating Revenue	2,717,008	2,861,008	-5.03
Gross Profit	536,909	602,026	-10.82
Net Operating Profit	368,642	436,975	-15.64
Non-operating Income and Expenses	-15,990	5,047	-416.82
Net Profit before Tax	352,652	442,022	-20.22
Net Profit for the Year	283,340	368,069	-23.02

## (3) Financial Structure and Profitability

Item (Note)		Year	2023	2022
Financial Structure	Debt Ratio (%)		52.47	51.13
	Ratio of long-term fund to property, plant and equipment (%)		124.67	122.22
Profitability	Return on Total Assets (%)		6.84	8.77
	Return on Shareholders' Equity (%)		13.03	17.44
	Income before tax to paid-in capital ratio (%)	Operating Profit	30.15	35.74
		Net Income before Tax (loss)	28.85	36.16
	Net profit (loss) rate (%)		10.43	12.87
	Earnings (loss) per share (NT\$)		2.32	3.01

Note: Please refer to Page 139 for calculation explanation.

## 2. Summary of 2024 Business Plan

### (1) Business Directions

- A. Introduce SASB Standards and TCFD climate-related financial disclosures into the Sustainability Report.
- B. Establishing the business philosophy and corporate culture of “Loyalty, Integrity, Trust, and Practicality.”
- C. Plan and promote the inventory of Scope 3 greenhouse gas emissions for the entire Company.

- D. Promote the upgrade of Enterprise Resource Planning (ERP), flow electronic signature, and introduce the culture of corporate knowledge management.
- E. The installation of a gas-fired cogeneration system engineering project to reduce pollution and carbon emissions.
- F. Cultivating talents, building a reserve of middle-level executives, and implementing education for frontline personnels.

## (2) Operations Strategy

### Cogeneration:

- A. Continue with the retrofit plan for G1 and G2 units in response to carbon reduction goals.
- B. Improve equipment for the G2 unit in order to reduce maintenance costs and increase profitability.
- C. Ensure a stable alternative fuel source and enhance the utilization of SRF (Solid Recovered Fuel).
- D. Ensure timely completion of engine unit maintenance to facilitate stable operation and profitability.
- E. Continue to develop steam and electricity markets to increase profitability.

### Renewable Energy:

- A. Achieved the target of Grade A continuously in the annual assessment of waste treatment plants.
- B. Gradually increase the processing of solid recovered fuel (SRF) to over 80%.
- C. Continuously improve SRF processing equipment to enhance processing capacity and quality.
- D. Enhance solar photovoltaic fire protection facilities to reduce operational risks.

## (3) Production and Marketing Plans

- A. Regarding Taiwan Power Company's contract pricing in 2024; the coal-fired power facilities will run at full capacity for steam and electricity output, while G2 will primarily supply medium-pressure steam and sludge decolorization. Natural gas-fired power facilities will run at full capacity to provide energy. The expected production and sales scenario in 2024 is as follows:



a. Coal-fired Generators

	Unit	Production volume	Sales volume
Electricity	thousand kWh	274,522	216,649
Steam	Metric ton	399,307	399,307

b. G2 Generators

	Unit	Production volume	Sales volume
Electricity	Thousand kWh	66,278	41,642
Steam	Metric ton	229,522	229,522

c. Natural Gas Generators

	Unit	Production volume	Sales volume
Electricity	Thousand kWh	111,288	109,605
Steam	Metric ton	36,725	36,725

- B. On average, business operations were maintained at nearly full capacity throughout the duration of the operation period, with an annual processing capacity of 59,166 tons.
- C. G2 units are planned to process 33,150 tons of SRF (including 10,213 tons supplied by the renewable energy plant ), 7,150 tons of sludge and 16,300 tons of TDF, reducing coal consumption by 20%.
- D. The Renewable Energy Plant expects the annual processing capacity of waste solvents to reach 14,000 tons, accounting for 64.81% of the designed treatment capacity. 10,450 tons of SRF is predicted to be handled, composing of 66.99% of the treatment capacity. The estimated treatment in 2024 is as follows:

	Unit	Receiving volume	Treatment volume
Waste solvent	tons	14,000	14,000
SRF	tons	10,450	10,450

The quarterly treatment is as follows:

	Q1	Q2	Q3	Q4	Total
Waste solvents (tons)	3,600	3,400	3,600	3,400	14,000
SRF (tons)	2,700	2,250	3,000	2,500	10,450

### 3. Future Development Strategies

As we look towards the prospects of 2024, geopolitical conflicts like the Russia-Ukraine war and the Israeli-Palestinian conflict remain unsolved, and the steep price of oil and raw material persists. The issue of carbon pricing, as well as demands from downstream customers to decrease carbon emissions, represents significant challenges to the Company's operations. To overcome the aforementioned challenges, the Company has made significant investments in capital expenditures. Aside from the upcoming completion of the SRF storage pit and conveyor system at the cogeneration plant, which will assist in the stabilization of the SRF combustion ratio, increase SRF usage, and reduce fuel costs, the installation of a twin-shaft shredder at the recycling plant has been completed, increasing the processing capacity for solid recovered fuel (SRF), thereby generating increased revenue and the lowering of costs for the Company.

For the company's sustainable operation, and to meet current needs without compromising the development of future requirements, the Company has gradually introduced ESG in line with the government's Corporate Governance 3.0 Sustainable Development Road Map, adopting SASB standards, TCFD climate-related financial disclosures, and Scope 3 greenhouse gas inventory. The Company has established a dedicated cybersecurity unit, arranged risk management and sustainable development education and training for mid- and high-level executives, continuously improved various regulations and systems. Institutional investor conferences are also held quarterly to ensure active communication with stakeholders.

The Company is committed to the pursuit of corporate growth, profitability and sustainable development. In addition to continuously monitoring the and government policies, the Company strives to transform into a large regional energy and resource recycling center while ensuring a stable supply of electricity and steam. Through merging waste treatment and the comprehensive benefits of supplying electricity and steam, the Company aims to establish a circular economy, enhance market competitiveness and profitability, ultimately achieving sustainable development.

### 4. External Competition Impact, Regulatory Environment and Overall Business Environment and Countermeasures:

The amendments to the government's Climate Change Response Act increases the utilization rate of renewable and green energy and strengthens the policy for net-zero carbon emissions. Due to the international supply shortage of petrochemical fuels and its continuously rising prices, aside from persisting in the research and development of G2 low-carbon emission technologies to gradually reduce carbon emissions, the Company will steadily increase the utilization rate of renewable fuels in response to the overall environmental trend. Aside from the planning of the exit mechanism of coal-fired extraction/condensing Cogeneration System, the addition of the groundwork and design of gas turbine units, consideration for the evolution of carbon capture and storage application technologies have also been scheduled. The Company will introduce

progressive technologies in a timely manner; persist in sustainable corporate operations as we create profits, generating excellent results through the collective efforts of all employees in return for the support of all shareholders.

Once again, I would like to express my utmost gratitude towards all shareholders for your support and guidance on behalf of the Company, hereby wishing all shareholders good health and the best of wishes!

Deputy Chairman: Jeff Chang

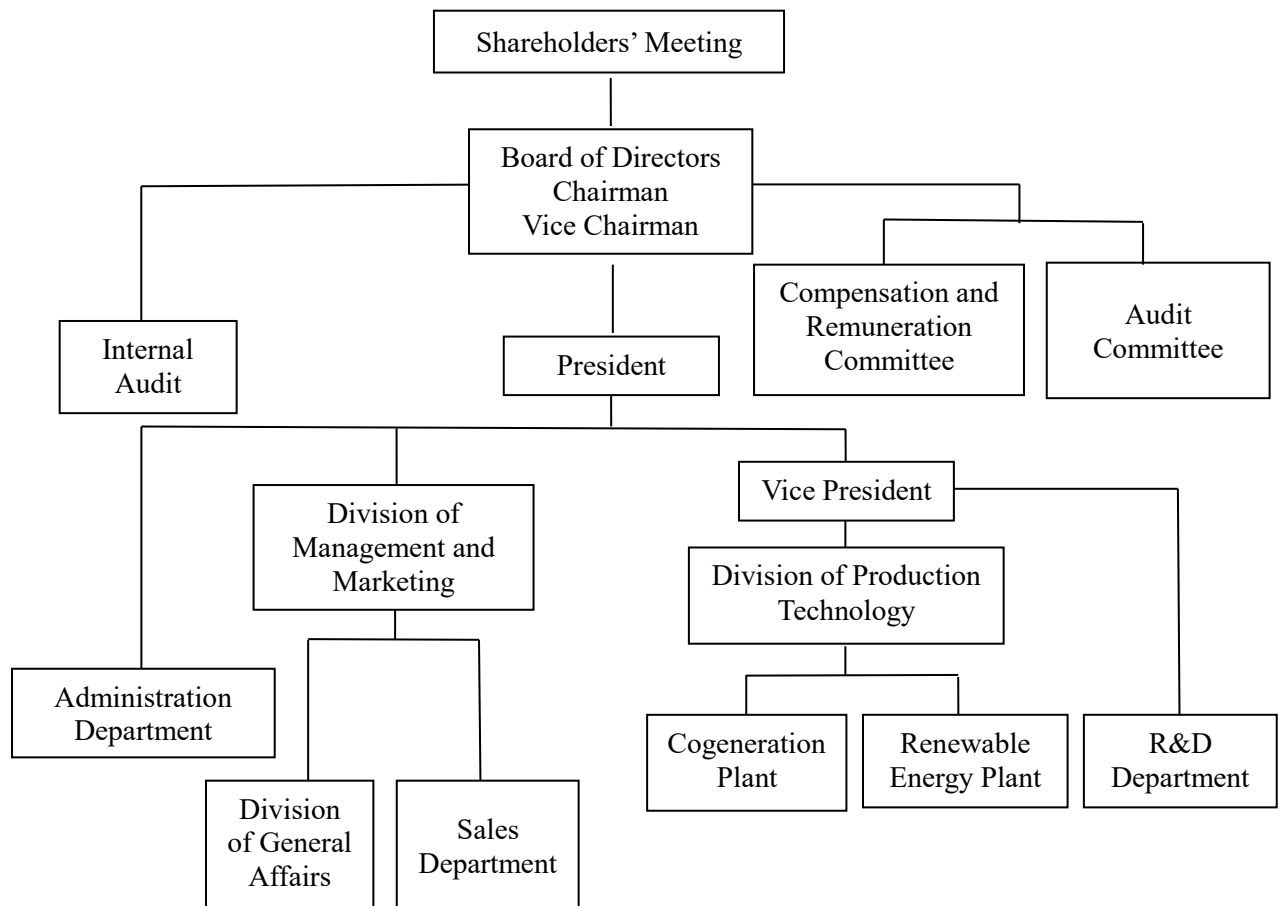
## **COMPANY PROFILE**

August 1993	Ta-Yuan Cogeneration Co., Ltd. was founded, with a capital of NT\$25 million.
June 1994	Approval of the Company for the public offering by the Securities and Futures Commission (SFC), with a capital of NT\$500 million.
July 1996	Official commercial operation of the coal-fired Extraction/Condensing Cogeneration System.
May 1998	Establishment of oil-fired power generation units. Increase of capital to NT\$750 million.
November 1999	Increase of capital to NT\$787.5 million.
June 2000	Fuel oil-fired power generation units were put into commercial operation. Increase of capital to NT\$876 million.
May 2001	Officially listing of the Company on the stock exchange market. Increase of capital to NT\$966 million.
July 2002	Increase of capital to NT\$1.66 billion
October 2012	Establishment of a new renewable energy plant
March 2015	Official commercial operation of the renewable energy plant.
August 2015	Increase of capital to NT\$1.119 billion
October 2015	Construction of the co-firing cogeneration system
August 2016	Increase of capital to NT\$1.164 billion
August 2019	Increase of capital to NT\$1.222 billion
January 2021	Official commercial operation of the co-firing cogeneration system.
April 2022	Official commercial operation of the transformation of heavy fuel into natural gas generation units.
November 2022	Official commercial operation of the RDF process.
April 2023	Construction of a Gas-fired Cogeneration System

# Corporate Governance Report

## I. Organizational System

### (I) Organization Chart



### (II) Business Operations of Major Departments

#### 1. Production Technology Division Cogeneration Plant

- (1) Operation and maintenance of the Cogeneration Plant.
- (2) Agent operation of incinerator.
- (3) Technical planning and improvement design for expansion of the Cogeneration Plant and its power and steam supply equipment.

#### Renewable Energy Plant

- (1) Operation and maintenance of the Renewable Energy Plant.

- (2) Development and advancement of renewable material technology.
- 2. Management and Market Division : General Affairs Section

General affairs administration, property management, document management and procurement, acceptance inspection, material management.

Sales Department

Business contacts, product production, sales calculation and billing.
- 3. Management Department
  - (1) Financial planning, fund allocation, import letter of credit, cashier, accounting, and cost analysis.
  - (2) Personnel management, Board of Directors, shareholders' meetings, capital increase and other matters.
- 4. R&D Department
  - (1) Project planning, supervision and technical support.
  - (2) Quality inspection and control.

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

(I) Director

1. Directors’ Information

April 15, 2024

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 and Qualifications (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			Remarks (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	
Director	Republic of China	Taiwan Cogeneration Corporation	-	2023.08.01	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: Yi-Tung Chen	Male/ 61-70	2024.01.15	III	Reassigned on January 15, 2024	None	None	None	None	None	None	None	None	Masters in Energy Planning and Economics, Asian Institute of Technology Bachelor of Mechanical Engineering, National Taiwan University of Science and Technology Director, New Business Development Planning Section, Taiwan Power Company Deputy General Manager, Taiwan Cogeneration Corporation	Director, Redondo Peninsula Energy, Inc. Chairman, Miaoli Wind Co., Ltd. President, Taiwan Cogeneration Corporation	None	None	None	None
Director	Republic of China	Taiwan Cogeneration Corporation	-	2023.08.01	III	1993.08.01	35,833,827	29.31	35,833,827	29.31	None	None	None	None	None	None	None	None	None	None

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 and Qualifications (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			Remarks (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	
	Republic of China	Representative: Shih-Yang Hsu	Male/ 41-50	2023.08.01	III	2020.08.01	None	None	None	None	None	None	None	None	Bachelor of Electrical Engineering, National Taiwan University of Science and Technology Manager, Planning and Reinvestment Management Department, Taiwan Cogeneration Corporation	Director, I Yuen Corporation Director, Kuo Kuang Power Co., Ltd., Director, Cingshuei Geothermal Corporation Director, Redondo Peninsula Energy, Inc. (Philippines) Manager, Planning and Reinvestment Management Department, Taiwan Cogeneration Corporation	None	None	None	None
Director	Republic of China	Cheng Loong Corporation	-	2023.08.01	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	Male/ 41-50	2023.08.01	III	Reassigned on December 1, 2017	None	None	330,000	0.27	None	None	None	None	Department of Business Administration, Northeastern University, USA	Chairman, Cheng Loong Corp.	None	None	None	None



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 and Qualifications (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			Remarks (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	
Deputy Chairman:	Republic of China	Cheng Loong Corporation	-	2023.08.01	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: Jeff Chang	Male/ 61-70	2023.08.01	III	2023.08.01	184,630	0.15	217,630	0.18	66,344	0.05	None	None	Vice President, Cheng Loong Corp.	President, Ta- Yuan CogenCo., Ltd.	None	None	None	None
Independent Director	Republic of China	Chih-Liang Li	Male/ 71-80	2023.08.01	III	2023.08.01	11,399	0.01	11,399	0.01	None	None	None	None	President, Cheng Loong Binh Duong Paper Co., Ltd	None	None	None	None	None
	Republic of China	Kuang-Yu Lee	Male/ 71-80	2023.08.01	III	2022.06.16	None	None	None	None	None	None	None	None	Department of Forestry, National Chung Hsing University Manager, Industrial paper production and sales, Cheng Loong Corporation	None	None	None	None	None
	Republic of China	Yung-Chen Huang	Male/ 41-50	2023.08.01	III	2023.08.01	None	None	None	None	None	None	None	None	Legislator's Parliamentary Assistant Chairman, Xin An Long-Term Care Foundation Deputy Executive Director, Taoyuan Industrial Development & Investment Promotion Committee Deputy Director, Small and Medium Enterprises Service Center in Taoyuan City	Director, Taoyuan Baby Development Center	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: Please list the date first served as the Company's director or supervisor. Any interruption period during the term shall be noted.

Note 4: Experiences related to the current position, such as having worked at an auditing and CPA firm or affiliated companies during the aforementioned period, should be specified with the job title and responsibilities.

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 Shareholders

April 15, 2024

Name of Institutional Shareholder (Note 1)	Substantial Institutional Shareholders (Note 2)	
Cheng Loong Corporation	Sun Favorite Co., Ltd.	5.56%
	Shine Far Construction Co., Ltd.	4.60%
	Wen Gin Development Co., Ltd.	4.42%
	Jen Yun Co., Ltd.	4.38%
	Fubon Life Insurance Co., Ltd.	4.33%
	CLC Employee Welfare Committee	3.11%
	Shan-Loong Investment Co., Ltd.	2.87%
	Shine Far Co., Ltd.	2.46%
	Special trust custodian account at TFC Bank held by employees of Cheng Loong Corp	2.33%
	Special trust custodian account at CTBC Bank held by employees of Cheng Loong Corp	2.11%
Taiwan Cogeneration Corporation	Taiwan Power Co., Ltd	27.51%
	Jian Sheng Investment Co., Ltd.	2.62%
	TAYA Electric Wire and Cable Joint Stock Co., Ltd.	2.53%
	TECO Electric & Machinery Co., Ltd.	1.67%
	Wang, Hung-Le-Yin	1.44%
	Bo Han Investment Co., Ltd.	1.32%
	Formosa Heavy Industry Corporation	1.31%
	Starlight advanced integrated international stock index in custody of JPMorgan Chase	0.82%
	Vanguard Emerging Markets Stock Index Fund Custody Account managed by the Vanguard Group at JPMorgan Chase Taipei Branch	0.80%
	Wang, Lien-Yuan	0.78%

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 are its Principal Shareholders

April 15, 2024

<b>Name of Legal Entity (Note 1)</b>	<b>Major Shareholders of Corporate Shareholders (Note 2)</b>	
Sun Favorite Co., Ltd.	Ai-Ling Chi	22.39%
	Chen-Lung Cheng	21.20%
	Jen- Ming Cheng	20.90%
	Chiao-Yun Cheng	17.53%
	Shu-Yun Cheng	17.53%
	Jen Yun Co., Ltd.	0.45%
Shine Far Construction Co., Ltd.	Jen- Ming Cheng	26.49%
	Ai-Ling Chi	26.49%
	Chen-Lung Cheng	21.39%
	Shu-Yun Cheng	15.00%
	Chiao-Yun Cheng	10.27%
	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-Lung Cheng	19.55%
	Jen- Ming Cheng	14.12%
	Shu-Yun Cheng	14.12%
	Ai-Ling Chi	14.12%
	Chiao-Yun Cheng	11.76%
	Chu-Chun Hsiung	2.80%
Fubon Life Insurance Co., Ltd.	Fubon Financial Holdings	100.00%
Shan-Loong Investment Co., Ltd.	Shan-Loong Transportation Co., Ltd.	100.00%

Name of Legal Entity (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)	
Shine Far Co., Ltd.	Sun Favorite Co., Ltd.	52.81%
	Jen Yun Co., Ltd.	23.71%
	Shine Far Construction Co., Ltd.	17.23%
	Treasury stock	3.22%
	Chuan-Chuan Lu	1.53%
	Shan-Loong Transportation Co., Ltd.	0.87%
	Ai-Ling Chi	0.51%
	Chen-Lung Cheng	0.12%
Taiwan Power Co., Ltd	Ministry of Economic Affairs, Taiwan(R.O.C.)	95.90%
	Bank of Taiwan	1.80%
	First Commercial Bank	0.57%
	Chang Hwa Commercial Bank	0.49%
	Hua Nan Commercial Bank	0.31%
	Taiwan Cooperative Bank Co., Ltd.	0.16%
	Land Bank of Taiwan	0.11%
	Taiwan Provincial Education Association	0.07%
	Taipei City Government	0.07%
	Employee Welfare Committee, Taiwan Railways Administration	0.05%
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%

Name of Legal Entity (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)	
TAYA Electric Wire and Cable Joint Stock Co., Ltd.	Shang-I Shen	2.55%
	Jia Hsi Investment Holding Co., Ltd.	2.12%
	Shang-Hui Shen	1.70%
	Wen-Hua Wang	1.66%
	Shang-Pang Shen	1.49%
	Dedicated investment account for Vanguard Stock Index in Custody of JPMorgan Chase Bank, Taipei Branch	1.27%
	Starlight advanced integrated international stock index in custody of JPMorgan Chase	1.13%
	Cuprime Material Co., Ltd.	1.11%
	Chiashang Investment Co., Ltd.	1.08%
	Yao-Kun Hung	1.05%
TECO Electric & Machinery Co., Ltd.	Baojia Asset Management Co. Ltd.	17.45%
	Huaxin Lihua (Stock) Co., Ltd.	10.81%
	Jiayuan Investment Company	6.34%
	Lingguang Technology (Stock) Co., Ltd.	2.87%
	Heyuan International Investment Company	2.36%
	Dongguang Investment (Stock) Co., Ltd.	1.50%
	Special Investment Account of Norges Bank in Custody of Citi (Taiwan) Commercial Bank	1.30%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	1.30%
	Guangyuan Industrial (Stock) Co., Ltd.	1.25%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a Series of Vanguard Star Funds	1.21%
Bo Han Investment Co., Ltd.	I-Hsien Chen	100.00%
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%

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: Yi -Tung Chen	<ol style="list-style-type: none"> <li>Specializes in business management, decision analysis, and leadership planning.</li> <li>Joined TCC in 2010, serving as Special Assistant to the Chairman, Manager of Planning and Investment Management Department, and then promoted to Vice President overseeing Finance Department, Administration Management Department, Legal Affairs Office, Planning and Investment Management Department. He assumed the position of President in 2023.</li> </ol> <p>❖ None of the circumstances specified in Article 30 of the Company Act exist.</p>	—	None
Taiwan Cogeneration Corporation Representative: Shih-Yang Hsu,	<ol style="list-style-type: none"> <li>Specialized in business development, evaluation and planning, economic analysis, investment management, corporate governance and corporate social responsibility of power enterprises.</li> <li>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 Incin the Philippines.</li> </ol> <p>❖ None of the circumstances specified in Article 30 of the Company Act exist.</p>	—	None
Cheng Loong Corporation Representative: Jen- Ming Cheng	<p>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.</p> <p>❖ None of the circumstances specified in Article 30 of the Company Act exist.</p>	—	None
Cheng Loong Corporation Representative: Jeff Chang	<ol style="list-style-type: none"> <li>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.</li> <li>8 years as a paper machine maintenance and management engineer, 3 years in factory automation system planning and design, 10 years as a plant manager in an industrial paper mill, 4 years as the president and 2 years as the chairman of Shanghai Zhonglong Paper Industry Co., Ltd., 1 year as the president of Zhonglong Paper Holdings Co., Ltd., and over 15 years as the president of the Company.</li> </ol> <p>❖ None of the circumstances specified in Article 30 of the Company Act exist.</p>	—	None
Kuang-Yu Lee	<ol style="list-style-type: none"> <li>Specializes in product manufacturing quality control, paper mill production management, and factory operations planning.</li> <li>More than 10 years of experience as the Deputy Mill Manager and Mill Manager at Cheng Loong Corporation paper mill.</li> </ol> <p>❖ None of the circumstances specified in Article 30 of the Company Act exist.</p>	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
Chih-Liang Li	<ol style="list-style-type: none"> <li>Proficient in production management, engineering planning, and quality control processes.</li> <li>Previously served as president of Cheng Loong Binh Duong Container Co., Ltd. and deputy manager of the Pulp and Paper Division at Cheng Loong Corporation.</li> </ol> <p>❖ None of the circumstances specified in Article 30 of the Company Act exist.</p>	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
Yung-Chen Huang	<ol style="list-style-type: none"> <li>Expertise in organizational management, strategic planning, and policy analysis.</li> <li>Deputy Executive Director of Taoyuan Industrial Development &amp; Investment Promotion Committee and Deputy Director of the Small and Medium Enterprises Service Center in Taoyuan City.</li> <li>None of the circumstances specified in Article 30 of the Company Act exist.</li> </ol>	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

Note 1: Professional Qualification and Work 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:

#### (1) Diversity of the Board of Directors

The composition of the Board of Directors of the Company shall be made up 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:

- (2) Basic qualification and value: The election of board members should not discriminate on the basis of gender, age, nationality and culture.
- (3) 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 August 1, 2023, the Company re-elected its 11th term of Board of Directors. which currently consists of 7 directors. The overall ability of the directors is as follows:

Diversified Core Competences		Nationality	Gender	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	Decision Making Abilities
Title	Name											
Director	Taiwan Cogeneration Corporation Representative: Yi -Tung Chen	Republic of China	Male		V	V	V	V	V	V	V	V
Director	Cheng Loong Corp. Representative: Jen-Ming Cheng	Republic of China	Male		V		V	V	V	V	V	V
Deputy Chairman:	Cheng Loong Corp. Representative: Jeff 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	V	V	
Independent Director	Chih-Liang Li	Republic of China	Male		V	V	V			V	V	
Independent Director	Yung-Chen Huang	Republic of China	Male		V	V	V			V	V	V

4. Independence of Board of Directors:

The Company has 1 director with employee status accounting for 14%, 3 independent directors accounting for 43%, and 3 independent directors with a term of 3 year, 2 directors under the age of 49, and 4 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.

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

April 15, 2024

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			Remarks (Note 3)
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholdin g Ratio			Title	Name	Relation	
President	Republic of China	Jeff Chang	Male	2008.08	217,630	0.18	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: Experiences related to the current position, such as having worked at an auditing and CPA firm or affiliated companies during the aforementioned period, should be specified with the job title and responsibilities.
- 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.

(2) The Chairman and the President or person holding the equivalent post (top manager) are the same person, spouse or relative of first degree:



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\$ Thousand

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 listed in the Financial Statements (Note 7)	The Company	All Companies listed in the Financial Statements (Note 7)	The Company	All Companies listed in the Financial Statements (Note 7)	The Company	All Companies listed in the Financial Statements (Note 7)	The Company	All Companies listed in the Financial Statements (Note 7)	The Company	All Companies listed in the Financial Statements (Note 7)	The Company	All Companies listed in the Financial Statements (Note 7)	The Company		All Companies listed in the Financial Statements (Note 7)		The Company	All Companies listed in the Financial Statements (Note 7)			
Chairman	Taiwan Cogeneration Corporation Representative: Chung- Cheng Lee	6,720	6,720	None	None	None	None	None	None	6,720 2.37%	6,720 2.37%	11,890	11,890	None	None	136	None	136	None	18,744 6.62%	18,744 6.62%	None		
Director	Cheng Loong Corporation Representative: Jen- Ming Cheng																							
Director	Cheng Loong Corporation Representative: Jeff Chang																							
Director	Taiwan Cogeneration Corporation Representative: Shih-Yang Hsu																							
Independent Director	Chih-Liang Li	5,070	5,070	None	None	None	None	None	None	5,070 1.79%	5,070 1.79%	None	None	None	None	None	None	None	None	5,070 1.79%	5,070 1.79%	None		
Independent Director	Yung-Chen Huang																							
Independent Director	Kuang- Yu Lee																							
Former Independent Director	Chun-Tsai Hung																							
Former Independent Director	Kua-Teng Su																							
1. Please state the remuneration policy, system, standards, and structure for independent directors, and explain the correlation between the remuneration amounts and factors such as the responsibilities, risks, and time commitment involved: The remuneration is determined based on the degree of individual directors’ participation in the Company’s operations and their contributions with reference to the industry standard. 2. In addition to the information disclosed above, the remuneration received by the Company’s directors in the most recent fiscal year for providing services to all companies covered in the financial reports (such as acting as non-employee consultants) is: None.																								

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 the Financial Statements (Note 9) H		The Company (Note 8)		All Companies listed in the Financial Statements (Note 9) I	
Less than NT\$1,000,000	General Director	Independent Director	General Director	Independent Director	General Director	Independent Director	General Director	Independent Director
	Shih-Yang Hsu, Chung- Cheng Lee		Shih-Yang Hsu, Chung- Cheng Lee		Shih-Yang Hsu,		Shih-Yang Hsu,	
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Jen- Ming Cheng Jeff Chang	Chun-Tsai Hung Kua-Teng Su Kuang- Yu Lee Chih-Liang Li Yung-Chen Huang	Jen- Ming Cheng Jeff Chang	Chun-Tsai Hung Kua-Teng Su Kuang- Yu Lee Chih-Liang Li Yung-Chen Huang	Jen- Ming Cheng	Chun-Tsai Hung Kua-Teng Su Kuang- Yu Lee Chih-Liang Li Yung-Chen Huang	Jen- Ming Cheng	Chun-Tsai Hung Kua-Teng Su Kuang- Yu Lee Chih-Liang Li Yung-Chen Huang
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Taiwan Cogen.		Taiwan Cogen.		Taiwan Cogen.		Taiwan Cogen.	
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)					Chung-Cheng Lee		Chung-Cheng Lee	
NT\$5,000,000 (inclusive) to NT\$10,000,000 (not inclusive)					Jeff Chang		Jeff 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)								
NT\$50,000,000 (inclusive) to NT\$100,000,000 (not inclusive)								
Over NT\$100,000,000								
Total	5 persons (including legal entity)	5 persons	5 persons (including legal entity)	5 persons	5 persons (including legal entity)	5 persons	5 persons (including legal entity)	5 persons

- Note 1: The names of directors should be listed separately (for corporate shareholders, the names of the corporate shareholders and their representatives should be listed separately), and general directors and independent directors should be listed separately, with the total amounts of various payments disclosed in aggregate. Both general directors and independent directors should be listed separately, with the total amounts of various payments disclosed in aggregate. If a director also serves as the President or vice president, this form and the form 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 President, vice president, other managerial officer and employees) 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: (1) 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”).
- (2) 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.”
- (3) 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.

\* 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) (Note8)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 9)
		The Company	All Companies In Financial Statements (Note 5)	The Company	All Companies listed in the Financial Statements (Note 5)	The Company	All Companies listed in the Financial Statements (Note 5)	The Company		All Companies listed in the Financial Statements (Note 5)		The Company	All Companies listed in the Financial Statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	Jeff Chang	4,853	4,853	None	None	3,863	3,863	339	None	339	None	9,055 3.20%	9,055 3.20%	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, etc.) shall be disclosed, irrelevant of their 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)	All Companies listed in the Financial Statements (Note 7) E
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Chiung-Ru Chiu, Mei-Chi, Lee	Chiung-Ru Chiu, Mei-Chi, Lee
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) to NT\$10,000,000 (not inclusive)	Jeff Chang	Jeff 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)		
NT\$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 president or deputy president, 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 president 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:

April 15, 2024

	<b>Title (Note 1)</b>	<b>Name (Note 1)</b>	<b>Stock</b>	<b>Cash (Note 2)</b>	<b>Total</b>	<b>Ratio of Total Amount to Net Income (%)</b>
Managerial Officer (Note 3)	President	Jeff Chang	None	339	339	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 entities 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.

(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:

	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:	2023 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	7.06	8.41
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 2023, the Board of Directors held 10 meetings. The 10th session (January 1, 2023 to July 31, 2022) of Board of Directors held 5 meetings. The 11th session (August 1, 2023 to December 31, 2023) of Board of Directors held 5 meetings. The attendance record of directors & supervisors is listed below:

Title	Name (Note 1)	Attendance in Person B	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Chairman	Taiwan Cogeneration Corporation Representative: Chung- Cheng Lee	10	0	100	Re-elected on August 1, 2023 Discharged on January 15, 2024
Director	Corporate representative of Taiwan Cogeneration Co., Ltd.: Shih-Yang Hsu	10	0	100	Re-elected on August 1, 2023
Director	Corporate representative of Cheng Loong Corp.: Jen-Ming Cheng	6	3	60	Re-elected on August 1, 2023
Former Director	Jeff Chang	5	0	100	Discharged on August 1, 2023
Director	Corporate representative of Cheng Loong Corp. Jeff Chang	5	0	100	Appointed on August 1, 2023
Former Independent Director	Chun-Tsai Hung	5	0	100	Discharged on August 1, 2023
Former Independent Director	Kua-Teng Su	5	0	100	Discharged on August 1, 2023
Independent Director	Kuang- Yu Lee	10	0	100	Re-elected on August 1, 2023
Independent Director	Yung-Chen Huang	5	0	100	Appointed on August 1, 2023
Independent Director	Chih-Liang Li	5	0	100	Appointed on August 1, 2023



Other matters:

1. If any of the following situations occurs in the operation of the Board of Directors, the date, session, agenda items, opinions of all independent directors, and the company's handling of the opinions of the independent directors should be clearly stated:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act:

Board of Directors Meeting Date/Term	Major Resolutions	Independent Directors' Opinions	The Company's Response
2023.03.07 The 20th Session of the 10 <sup>th</sup> Term	2022 "Statement on Internal Control"	None	None
	The Company's 2022 consolidated financial statements, individual financial statements, and business report	None	None
	2022 Proposal for Earnings Distributions	None	None
	CPAs' independence assessment	None	None
	Appointment of CPAs and their remuneration	None	None
	Election of the 11th Term of Directors (including Independent Directors).	None	None
	2022 employee remuneration distribution	None	None
	Amendments to the "Organization Form" of the Company.	The organization table should indicate the version number and date, and relevant regulations and duties should be revised.	Approved by all directors present after amendments based on opinions of independent directors
	Managers' performance appraisals and salary adjustments in accordance with the Peer Performance Assessment Implementation Measures	None	None
2023.04.11 The 1st provisional board meeting of the 10 <sup>th</sup> Term	The agenda, time, and venue of the 2023 Shareholders' General Meeting	None	None
	Bidding for the real estate auction of Gong 4th Rd., Dayuan Dist.	None	None

Board meeting date/term	Major Resolutions	Independent Directors' Opinions	The Company's Response
2023.04.18 The 21st Session of the 10 <sup>th</sup> Term	Proposal of new project of gas turbine unit	None	None
	Approval of the nominated candidates of the 11th term of Directors (including Independent Directors).	None	None
	Approval of the shareholders' meeting for abolishing the "Non-Compete Clause" for the Company's next new directors (including Independent Directors) and their representatives.	None	None
	Formulation of the "Pre-approval Measures for Visa Accountants to Provide Non-Confirmation Services"	None	None
2023.05.09 The 22nd Session of the 10 <sup>th</sup> Term	2023 Consolidated Financial Statements for the First Quarter	None	None
	Gas turbine unit procurement	Attention to the budget control and countermeasures should be carried out by the management department. The impact of delivery schedule and exchange rate fluctuations should also be taken into consideration in order to reduce project risk.	Attention to the impact of exchange rates and the management of total budget amounts should be carried out by the manager's department. Any significant changes must be submitted to the Board of Directors for discussion.
2023.05.31 The 23rd Session of the 10 <sup>th</sup> Term	Obtain short and medium-term comprehensive credit loans from financial institutions	None	None
	2023 ex-dividend relevant dates	None	None
	Proposal of additional payment of directors' (excluding independent directors) transportation fees in the first half of 2023	None	None
	Proposal of the independent directors' transportation fees suggestion in the first half of 2023	None	None
	Manager, staff compensation distribution content	None	None
	Issuing business host bonus	None	None

<b>Board meeting date/term</b>	<b>Major Resolutions</b>	<b>Independent Directors' Opinions</b>	<b>The Company's Response</b>
2023.08.01 The 1st Session of the 11 <sup>th</sup> Term	The Proposal for the 5th Salary and Compensation Committee Members	None	None
2023.08.01 The 2nd Session of the 11 <sup>th</sup> Term	2023 Consolidated Financial Statements for the Second Quarter	None	None
	Handling matters related to the issuance of short-term commercial promissory notes with financial institutions	None	None
	Formulation of the Company's "Risk Management Policies and Procedures"	None	None
	Establishment of the Company's "Sustainable Development Best Practice Principles"	None	None
	Proposal for Chairman Compensation	None	None
	Proposal for transportation expenses for the 11th Board of Directors (excluding independent directors) in 2023	None	None
	Proposal for Independent Directors' Transportation Expenses for 2023	None	None
2023.09.26 The 1st Session of Provisional Board of Directors Meeting of the 11 <sup>th</sup> Term	Gas turbine unit long-term maintenance and service contracting	None	None
	Amendments of certain contents of the "Approval Authority Form" from the "Regulations Governing the Management of Various Affairs by Levels"	None	None
	Partial revision of the "Measures for the Implementation of Employee Salary Management"	None	None
2023.11.07 The 3rd Session of the 11 <sup>th</sup> Term	The consolidated financial statements for the third quarter of 2023	None	None
	Obtain short-term credit loans from financial institutions	None	None
	Heat recovery boiler procurement project	None	None

Board meeting date/term	Major Resolutions	Independent Directors' Opinions	The Company's Response
2023.12.12 The 4th Session of the 11 <sup>th</sup> Term	2024 Annual audit plan	None	None
	To meet the funding requirements for the new gas turbine unit project, application for a project loan from financial institutions is proposed.	None	None
	Natural gas booster station bidding case	None	None
	Revise the 2023 fiscal year budget and submit the 2024 operational plan and budget	Part of the text has been amended.	Approved by all directors present after amendments based on opinions of independent directors
	2024 Donations by Related Parties Cheng Loong Care for Children Foundation	None	None
	Proposal for Directors' (excluding Independent Directors) Transportation Expenses for 2024	None	None
	Proposal for Independent Directors' Transportation Expenses for 2024	None	None
	Increasing the salary of the Managerial Officer of the Company	None	None

(2) 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.

Resolution: None.

2. 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.
3. 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.
4. Goals for enhancing board functions for the current and recent years: 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.

Board of Directors Performance Evaluation Implementation

<b>Frequency</b> (Note 1)	<b>Period</b> (Note 2)	<b>Scope</b> (Note 3)	<b>Method</b> (Note 4)	<b>Content</b> (Note 5)
Once a year	2023.08.1-2023.12.31	Board of Directors, individual director	<ol style="list-style-type: none"> <li>1. Self-evaluation by the Board</li> <li>2. Self-evaluation by the directors</li> </ol>	<ol style="list-style-type: none"> <li>1. Self-evaluation by the Board <ol style="list-style-type: none"> <li>(1)Participation in the Company’s operations</li> <li>(2)Improving Board of Directors’ decision-making</li> <li>(3)Composition and structure of the Board of Directors</li> <li>(4)Election and continuing education of the directors</li> <li>(5)Internal control</li> </ol> <p>Board of Directors performance evaluation questionnaire, there were a total of 43 questions in the evaluation items, 7 valid questionnaires. The evaluation result was “good”.</p> </li> <li>2. Self-evaluation by the Board of Directors <ol style="list-style-type: none"> <li>(1)Execution of the Company’s goals and tasks</li> <li>(2)Understanding of the director’s roles and responsibilities</li> <li>(3)Participation in the Company’s operations</li> <li>(4)Internal relations management and communication</li> <li>(5)Expertise and continuing education of directors</li> <li>(6)Internal control</li> </ol> <p>Self evaluation questionnaire for Board members: There were a total 23 questions and a total of 7 valid questionnaires. The evaluation result was “good”.</p> </li> </ol>

<b>Frequency (Note 1)</b>	<b>Period (Note 2)</b>	<b>Scope (Note 3)</b>	<b>Method (Note 4)</b>	<b>Content (Note 5)</b>
	2023.08.1- 2023.12.31	Salary and Remuneration Committee and Audit Committee	Self-evaluation by the functional committees	Self-evaluation by the functional committees: (1)Participation in the Company’s operations (2)Awareness of the duties of the functional committees (3)Enhancing the decision- making quality of functional committees (4)Composition and selection of functional committee members (5)Internal control Self-evaluation questionnaire for Audit Committee members: There were a total 22 questions and a total of 3 valid questionnaires. The evaluationresult was “good”. Self-evaluation questionnaire for Salary and Remuneration members: There were a total 18 questions and a total of 3 valid questionnaires. The evaluation result was “good”.
Once every three years.	2022.9.1- 2023.8.31	Board of Directors, Audit Committee and Compensation Committee	Appoint an external professional agency	Evaluation criteria: (1)Board composition and professional development. (2)Board decision-making quality. (3)Operational efficiency of the board. (4)Internal control and risk management. (5)Board’s involvement in corporate social responsibility. The assessment resulted in 6 recommendations, 2 of which have been improved, and the remaining 4 are being carefully evaluated for feasibility.

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) Board performance evaluation: at least includes the degree of participation in the company's operations, the quality of board decision-making, the composition and structure of the board, the selection and continuing education of directors, and internal control.
- (2) Individual director performance evaluation: At least includes grasping the company's goals and tasks, understanding of director responsibilities, degree of participation in company operations, management of internal relationships and communication, director's professionalism and continuous learning, internal control, etc.
- (3) Performance evaluation of functional committees: degree of participation in company operations, awareness of functional committee responsibilities, decision-making quality of functional committees, composition and selection of functional committee members, internal control, etc.

(II) Operation of the Audit Committee

A total of 9 sessions of the Company's Audit Committee meeting were held in 2023. The 2nd term (January 1, 2023 -July 31, 2023) of Audit Committee met 5 times, The 3rd term (August 1, 2023, to December 31, 2023) of Audit Committee met 4 times. The attendance record of directors and supervisors is listed below:

Title	Name (Note 1)	Attendance in Person B	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Former Independent Director	Chun-Tsai Hung	5	0	100	Dismissed on August 1, 2023
Former Independent Director	Kua-Teng Su	5	0	100	Dismissed on August 1, 2023
Independent Director	Kuang- Yu Lee	9	0	100	Re-elected on August 1, 2023
Independent Director	Chih-Liang Li	4	0	100	Appointed on August 1, 2023
Independent Director	Yung-Chen Huang	4	0	100	Appointed on August 1, 2023

Other matters:

1. 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.
  - (1) Matters referred to in Article 14-5 of the Securities and Exchange Act: Please refer to the following table for details.



<b>Audit Committee Meeting Date/Term</b>	<b>Major Resolutions</b>	<b>Audit Committee's Opinions</b>	<b>The Company's Response</b>
2023.03.07 The 17th Session of the 2nd Term	2022 Statement on Internal Control	Approved by all members present	Unanimously approved by all Directors present
	The Company's 2022 consolidated financial statements, individual financial statements, and business report	All attending members agreed to pass the proposal with some textual amendments.	All directors present agreed to approve the resolution of the Audit Committee with minor textual amendments.
	2022 Earnings Distribution Proposal	All the attending members agreed to pass the proposal with some textual amendments.	All directors present agreed to approve the resolution of the Audit Committee with minor textual amendments.
	CPAs' independence and competency assessment	Approved by all members present	Unanimously approved by all Directors present
	Appointment of CPAs and their remuneration	Approved by all members present	Unanimously approved by all Directors present
2023.04.11 The 2nd Session of the First Interim Audit Committee	The auction case of real estate on Gongsi Road, Dayuan District	When bidding, consider other risk expenditures within the amount of the resolution to participate in the bid. If the bid is successful, a concrete land development plan and financial plan should be presented at the next board meeting.	Unanimously approved by all Directors present
2023.04.18 The 18th Session of the 2nd Term	Proposal of new gas turbine unit project	All attending committee members agreed to pass the case as proposed, but strict budget control and ensuring the contractor's performance ability are required.	Unanimously approved by all Directors present
	Formulation of the "Pre-approval Measures for Visa Accountants to Provide Non-Confirmation Services"	All the attending members agreed to pass the proposal with some textual amendments.	Unanimously approved by all Directors present

<b>Audit Committee meeting date/term</b>	<b>Major Resolutions</b>	<b>Audit Committee's Opinions</b>	<b>The Company's Response to Audit Committee's Opinions</b>
2023.05.09 The 19th Session of the 2nd Term	2023 Consolidated Financial Statements for the First Quarter	Approved by all members present	Unanimously approved by all Directors present
	Gas turbine unit procurement project	All attending members agreed to the approval of the project, under the condition that management should pursue favorable terms and eliminate unfavorable conditions in the contract as the principle.	All attending directors agreed to approve the resolution of the Audit Committee and asked the management to pay attention to the impact of exchange rates and control of the total budget amount. Any significant changes must be brought to the Board of Directors for discussion.
2023.05.31 The 20th Session of the 2nd Term	Obtain short and medium-term comprehensive credit loans from financial institutions	Approved by all members present	Unanimously approved by all Directors present
2023.08.01 The 1st Session of the 3rd Term	2023 Consolidated Financial Statements for the Second Quarter	Approved by all members present	Unanimously approved by all Directors present
	Handling matters related to the issuance of short-term commercial promissory notes with financial institutions	Approved by all members present	Unanimously approved by all Directors present
	Formulate the "Risk Management Policies and Procedures"	All the attending members agreed to pass the proposal with some textual amendments.	All directors present agreed to approve the resolution of the Audit Committee with minor textual amendments.
	Establishing of Sustainable Development Best Practice Principles	Approved by all members present	Unanimously approved by all Directors present
2023.09.26 The 3rd Session of the 1st Interim Audit Committee	Gas turbine unit long-term maintenance and service contracting	After being passed unanimously by all attending members, in the event of any unexpected incidents occurring after the contract is signed, causing changes in the amount or rights, our side should actively strive for equivalent rights and interests.	Unanimously approved by all Directors present

<b>Audit Committee meeting date/term</b>	<b>Major Resolutions</b>	<b>Audit Committee's Opinions</b>	<b>The Company's Response to Audit Committee's Opinions</b>
2023.11.07 The 2nd Session of the 3rd Term	The Company's consolidated financial statements for the third quarter of 2023	Approved by all members present	Unanimously approved by all Directors present
	Obtain short-term credit loans from financial institutions	Approved by all members present	Unanimously approved by all Directors present
	Heat recovery boiler procurement project	Approved by all members present	Unanimously approved by all Directors present
2023.12.12 The 3rd Session of the 3rd Term	Annual audit plan for 2024	Approved by all members present	Unanimously approved by all Directors present
	To meet the funding needs for the new gas turbine unit project, apply for project loans from financial institutions.	With the consent of all attending members, the interest rate proposed by the bank was approved as is.	Unanimously approved by all Directors present
	Natural gas booster station bidding case	Approved by all members present	Unanimously approved by all Directors present

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

2. The implementation of independent directors' avoidance of conflict-of-interest proposals: For proposals involving conflicts of interest with independent directors, the relevant independent directors did not participate in the discussion or voting, nor did they act as proxies for other independent directors to participate in the voting.
3. 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	Discussion Item	Resolution
2023.12.12 The 3rd Session of the 3rd Interim Audit Committee	2023 audit plan and whether any major deficiencies were found during the auditing.	At this meeting, the independent directors had no objections.

Summary of the previous communication between the independent directors and the CPAs  
The Company's Independent Directors have maintained optimal communication with the CPAs.

(3) The following table summarizes the major communication items for the most recent year:

Date	Discussion Item	Resolution
2023.12.12 Independent Directors and Accountants Communication Meeting.	2023 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 2023 financial statements, and there was no disagreement on the communication results.

Note 1: If an independent director resigns before the end of the fiscal year, the date of resignation should be noted in the Remarks column, and the actual attendance rate (%) should be calculated based on the number of Audit Committee meetings held during the term of office and the number of meetings actually attended.

Note 2: If there is a change of independent directors before the end of the fiscal year, both the new and old independent directors should be listed, and the remarks column should indicate whether the independent director is the old, new, or re-elected, as well as the date of the change. 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	
1. 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”.
2. Shareholding structure & shareholders’ rights				
(1) 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) 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.	(2) The Company has assigned a dedicated person responsible for the relevant business. There is no significant deviation from the “Corporate Governance
(3) 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.	
(4) 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;	

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 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, the handling and disclosure of material information is carried out in accordance with the Company’s internal Procedures for Handling Material Information.	<p>Best Practice Principles.”</p> <p>(3)The Company and its affiliates are independent entities. There is no significant deviation from the “Corporate Governance Best Practice Principles.”</p> <p>(4)There is no significant deviation from the “Corporate Governance Best Practice Principles.”</p>

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	
<p>3. Composition and responsibilities of the Board of Directors</p> <p>(1) Does the board of directors formulate a diversity policy with specific management goals and implementation plans?</p> <p>(2) Does the company voluntarily establish other functional committees in addition to the legally required Remuneration Committee and Audit Committee?</p> <p>(3) 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?</p>	V	V	<p>(1) Please refer to Page 23 for diversity and independence of the board of directors.</p> <p>(2) 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.</p> <p>(3) 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. 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</p>	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	
(4) Does the company regularly evaluate the independence of the CPAs?	V		<p>of Directors”; “Election and continuing education of the directors”; and “Internal control.”</p> <p>Our company refers to the Audit Quality Indicators (AQIs) report, and regularly evaluates the independence and competence of the certified public accountants annually, and reports the results to the Audit Committee and the Board of Directors. The independence assessment items include that the certified public accountants do not have any other conflicts of interest with the audit clients other than the audit; do not serve as directors, supervisors, managers or positions that have a significant impact on the audit cases of the audit clients; do not become advocates for the positions or opinions of the audit clients, thus being questioned for objectivity; do not become overly concerned or sympathetic to the interests of the audit clients through close relationships with the audit clients, directors, supervisors, or managers, etc. There are 13 items and 5 competency assessment items. The results of the recent annual evaluation were approved by the Audit Committee and the Board of Directors on March 5, 2024, and no violations of independence were found. Additionally, the rotation of certified public accountants also complied with relevant regulations.</p>	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	
4. 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, 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)?	V		<p>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, 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:</p> <ol style="list-style-type: none"> <li>(1) To conduct the meetings of the Board of Directors and the shareholders’ meeting in accordance with the law.</li> <li>(2) To keep minutes at the Board meetings and shareholders’ meetings.</li> <li>(3) Assist directors in assuming office and pursuing continuing education.</li> <li>(4) To provide information required for the directors to conduct business.</li> <li>(5) To assist directors in legal compliance.</li> <li>(6) Other matters stipulated in the Articles of Incorporation or contract.</li> </ol>	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	
5. 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		<p>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:</p> <p>(1) Shareholders and Investors Topics of concern: Business strategy, operational performance, corporate governance</p> <ul style="list-style-type: none"> <li>• Annual shareholders’ meeting</li> <li>• Quarterly Board meeting</li> <li>• Monthly operating revenue release</li> <li>• Timely update material information on the Company’s website and MOPS</li> </ul> <p>(2) Customers Topics of concern: Service quality and customer satisfaction level, customer relationship management and complaint mechanism</p> <ul style="list-style-type: none"> <li>• Quarterly business meetings</li> <li>• Irregular customer visits</li> </ul> <p>(3) Employees Topics of Concern: Labor relations, human resources development, and labor conditions complaint mechanism</p> <ul style="list-style-type: none"> <li>• Quarterly labor conference</li> <li>• Audit Committee mailbox</li> </ul>	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	
			<p>(4) Government entity Topics of concern: Environmental compliance, waste management, energy efficiency</p> <ul style="list-style-type: none"> <li>• Regular declaration</li> <li>• Comply with immediate communication in accordance with law.</li> </ul> <p>(5) Suppliers Topics of Concern: Environmental compliance, raw material compliance, supply chain management</p> <ul style="list-style-type: none"> <li>• Annual review of key suppliers</li> <li>• Annual supplier regular communication</li> </ul> <p>(6) Community Topics of concern: Public service activities, greenhouse gas emissions, carbon management, climate change</p> <ul style="list-style-type: none"> <li>• Occasional donations to sponsor charity events.</li> </ul> <p>(7) Media Topics of concern: Operational performance, corporate governance, environmental compliance</p> <ul style="list-style-type: none"> <li>• Monthly operating revenue release</li> <li>• Timely update material information on the Company’s website and MOPS</li> </ul>	There is no significant deviation from the “Corporate Governance Best Practice Principles.”
6. 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	
<p>7. Information disclosure</p> <p>(1) Did the company establish a website to disclose information on financial operations and corporate governance?</p> <p>(2) 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.)?</p> <p>(3) 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?</p>	V		<p>(1) Disclose relevant information through the Company’s website (<a href="http://www.tycc.com.tw">http: www.tycc.com.tw</a>)</p> <p>(2) 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.</p> <p>(3) 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.</p>	There is no significant deviation from the “Corporate Governance Best Practice Principles.”
<p>8. 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</p>	V		<p>(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</p>	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	
relations, stakeholder rights, directors’ and supervisors’ training records, implementation of risk management policies and risk evaluation			<p>about, the Company provides basic guarantee according to law. We also establish the welfare committee to offer more wellbeing measures to create common interests.</p> <p>(2) This Company has already purchased liability insurance for its directors and managers.</p> <p>(3) Please refer to (Note 2) for further details of the directors’ and managers’ continuing education in 2023.</p> <p>(4) The Company approved the “Risk Management Implementation Plan” and “2024 Risk Management Plan” on March 5, 2024 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.</p>	There is no significant deviation from the “Corporate Governance Best Practice Principles.”
9. 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.	V		<p>For the results of the 9th session Corporate Governance Review in 2022, the Company ranked 21% to 35% among the listed companies. The improvements and proposed improvements in 2023 are described as follows:</p> <p>(1) Items that have been improved</p> <ul style="list-style-type: none"> <li>• Setting up full-time (part-time) units to promote sustainable development.</li> <li>• Issuing a Sustainability Report</li> </ul> <p>(2) Items intended to be improved</p> <ul style="list-style-type: none"> <li>• Inventory of Scope 3 greenhouse gas emissions for the entire Company.</li> </ul>	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	
			<ul style="list-style-type: none"> <li>Disclose relevant information according to the Task Force on Climate-related Financial Disclosures (TCFD) framework</li> </ul>	There is no significant deviation from the “Corporate Governance Best Practice Principles.”

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 2023.

<b>Title</b>	<b>Name</b>	<b>Training Date</b>	<b>Training Institution</b>	<b>Course Name</b>	<b>Hours</b>	<b>Total Hours</b>
Chairman	Chung-Cheng Lee	2023.06.08	Consortium Body ROC Securities and Futures Market Development Foundation	Advanced Seminar for Directors, Supervisors (including Independent), and Corporate Governance Officers - Global Economic and Industrial Technology Development Trends	3	6
		2023.07.11	Taiwan Corporate Governance Association	Risks are everywhere, how to manage them effectively?	3	
Director	Jen-Ming Cheng	2023.04.14	Taiwan Corporate Governance Association	Legal Risks and Responses to Corporate Investment and Financing - From the Perspective of Corporate Directors' Responsibilities	3	6
		2023.05.12	Taiwan Corporate Governance Association	Discussion on global and Taiwan tax reform and corporate tax governance amid the trends of ESG and the pandemic environment	3	
Director	Jeff Chang	2023.07.13	Taipei Exchange	Promotion of Sustainable Development Action Plan for Listed Companies	3	9
		2023.09.18	Taipei Foundation of Finance	Corporate Governance - Low Carbon Transition Pathway Planning - Carbon Credits and Carbon Pricing	3	
		2023.11.03	Taipei Foundation of Finance	Corporate Governance - Information Security - Digital Finance Trends	3	

<b>Title</b>	<b>Name</b>	<b>Training Date</b>	<b>Training Institution</b>	<b>Course Name</b>	<b>Hours</b>	<b>Total Hours</b>
Director	Shih-Yang Hsu	2023.06.12	Taipei Foundation of Finance	Sustainable Development Goals Impact Measurement and Management	2	11
		2023.06.17	Taipei Foundation of Finance	Corporate Governance - Sustainable Operation - Social Return on Investment (SROI)	2	
		2023.07.17	Taipei Foundation of Finance	Corporate Governance - Sustainability Assessment - DJSI Dow Jones Sustainability Index	2	
		2023.11.03	Taipei Foundation of Finance	Corporate Governance - Information Security - Digital Finance Trends	3	
		2023.11.13	Taipei Foundation of Finance	Corporate Governance - Sustainable Finance - Introduction to Corporate Supply Chain Carbon Risks and Cases	2	
Independent Director	Kuang- Yu Lee	2023.07.14	Talent Development Center of Consortium Body ROC Securities and Futures Market Development Foundation	Discussing the Corporate Governance 3.0 Sustainable Development Road Map and Directors' Responsibilities	3	9
		2023.08.11	Talent Development Center of Consortium Body ROC Securities and Futures Market Development Foundation	How are directors and supervisors without a financial background able to review financial reports.	3	
		2023.10.13	Institute of Financial Law and Crime Prevention.	Corporate Governance Practices Training Course, 4th Quarter of 2023	3	



<b>Title</b>	<b>Name</b>	<b>Training Date</b>	<b>Training Institution</b>	<b>Course Name</b>	<b>Hours</b>	<b>Total Hours</b>
Independent Director	Yung-Chen Huang	2023.07.25-2023.7.26	Talent Development Center of Consortium Body ROC Securities and Futures Market Development Foundation	New Director and Supervisor (including Independent) and Corporate Governance Officer 12hr Practical Training Course	12	12
Independent Director	Chih-Liang Li	2023.06.09	Talent Development Center of Consortium Body ROC Securities and Futures Market Development Foundation	Benefits of circular economy and its business models	3	12
		2023.07.14	Talent Development Center of Consortium Body ROC Securities and Futures Market Development Foundation	Discussing the Corporate Governance 3.0 Sustainable Development Road Map and Directors' Responsibilities	3	
		2023.08.11	Talent Development Center of Consortium Body ROC Securities and Futures Market Development Foundation	How are directors and supervisors without a financial background able to review financial reports.	3	
		2023.09.19	The Association of Allied Industries in Science-Based Industrial Park	Viewing Corporate Sustainability Governance from a Risk Perspective - From Corporate Governance to ESG	3	

<b>Title</b>	<b>Name</b>	<b>Training Date</b>	<b>Training Institution</b>	<b>Course Name</b>	<b>Hours</b>	<b>Total Hours</b>
Audit Supervisor	Shou- Ping Yan	2023.06.07	Accounting Research and Development Foundation	Investigation Practices and Case Analysis of Corporate Fraud	6	12
		2023.06.20	Accounting Research and Development Foundation	Internal audit and internal control practices of employee compensation system in enterprises	6	
Accounting Officer	Chiung- Ru Chiu	2023.07.27-2023.7.28	Accounting Research and Development Foundation	Class for Further Studies of Issuer Securities Dealer Securities Exchange Principal Accounting Officers	12	12
Corporate Governance Officer	Chiung- Ru Chiu	2023.06.20	Accounting Research and Development Foundation	Internal audit and internal control practices of employee compensation system in enterprises	6	12
		2023.07.07	Accounting Research and Development Foundation	Analysis of Common Internal Control Management Deficiencies and Practical Case Studies in Enterprises	6	
Financial Officer (Proxy of Accounting Officer)	Mei-Chi, Lee	2023.05.25-2023.5.26	Accounting Research and 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	
<b>1. Description:</b> 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. 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.	
<b>2. Evaluation unit:</b> Administration Department	
<b>3. Evaluation year:</b> 2024	
<b>4. Evaluated and appointed accounting firms and name of CPA:</b> Deloitte & Touche Weng, Po-Jen/ Li-Huang Lee	
<b>5. Reference indicator:</b> Professional Ethics Standard Bulletin No. 10 “Integrity, Justice, Objectivity and Independence”	
Independence Evaluation Item	Evaluation Result
<b>(1) Self-interest</b> (Description: Refers to obtaining financial benefits from audit clients, or conflicts of interest with audit clients due to other stake)	
A. Members of the CPA and audit service team have a direct or major indirect financial interest relationship with the Company	None
B. Members of the CPA and audit service team have financing or guarantee behavior with the Company or its directors	None
C. Members of the CPA and audit service team have a close commercial relationship with the Company	None
D. Members of the CPA and audit service team have potential employment relationship with the Company	None
<b>(2) Self-evaluation</b> (Description: 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)	
A. 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
B. CPA’s non-audit service of the Company will directly affect the important items of audit cases	None
<b>(3) Defense</b> (Description: It means that members of the audit service team become defenders of audit customers’ positions or opinions, causing their objectivity to be questioned)	
A. The CPAs and members of the audit service team publicize or promote the shares or other securities issued by the Company	None
B. 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

<b>(4) Familiarity</b> (Description: 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)	
A. 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.	<b>None</b>
B. 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	<b>None</b>
C. CPAs or the members of the audit service team receive presents or gifts of great value from the Company or its directors or managers	<b>None</b>
<b>(5) Intimidation</b> (Description: 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)	
A. 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	<b>None</b>
B. 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	<b>None</b>
<b>Competency Evaluation Item</b>	<b>Evaluation Result</b>
A. Whether they are qualified as accountants to execute the accountant business	<b>Yes</b>
B. 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	<b>Yes</b>
C. CPAs have not provided audit services for the Company for seven consecutive years	<b>Yes</b>
D. Whether they provide the Company's finance and tax consulting services irregularly	<b>Yes</b>
E. Whether they have knowledge of related industries of the Company	<b>Yes</b>
<b>6. Evaluation results:</b> The evaluation results show that Weng, Po-Jen 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 therelevant evaluation results are submitted to the Board of Directors for approval.	

Note 4: A letter of independence declaration was issued by Deloitte & Touche.

**Deloitte.**

**勤業眾信**

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113.2.23 勤審 11301281 號

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 113 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查核與核閱之獨立性」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 翁 博 仁

會計師 李 麗 鳳



(IV) Composition and operation of the Remuneration Committee

Information on Members of the Salary and Remuneration Committee

April 15, 2024

Identity (Note 1)	Qualification	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
	Name			
Independent Director (Convening proxy)	Yung-Chen Huang	As for disclosure of information on the professional qualifications of directors and the independence of independent directors, refer to Page 22.		
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 22.		
Independent Director	Chih-Liang Li	As for disclosure of information on the professional qualifications of directors and the independence of independent directors, refer to Page 22.		

- 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.

### Operational Status of the Remuneration Committee

1. The Company's Remuneration Committee consists of 3 members.
2. In the year 2023, the Remuneration Committee had 4 meetings. The Fourth term (01/01/2023 - 07/31/2023) of Remuneration Committee had 2 meetings, The Fifth Term (08/01/2023 - 12/31/2023) of Remuneration Committee had 2 meetings. The 3<sup>rd</sup> Term (August 1, 2023, to December 31, 2023) Audit Committee met 2 times. The qualifications and attendance of the committee members are as follows:

Title	Name	Number of Attendances in Person (B)	By Proxy	Actual Attendance Rate (%) [B/A] (Note)	Remark
Convener	Yung-Chen Huang	2	0	100	Appointed on August 1, 2023
Former convener	Kua-Teng Su	2	0	100	Discharged on August 1, 2023
Former Committee Member	Chun-Tsai Hung	2	0	100	Discharged on August 1, 2023
Committee Member	Kuang- Yu Lee	4	0	100	Re-elected on August 1, 2023
Committee Member	Chih-Liang Li	2	0	100	Appointed on August 1, 2023
Other matters:					
<ol style="list-style-type: none"> <li>1. 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</li> </ol>					

2. 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: If a member of the Salary and Remuneration Committee resigns before the end of the year, the date of resignation should be noted in the remarks column, and the actual attendance rate (%) should be calculated based on the number of committee meetings held and the member's actual attendance during their term of service.

Note 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 presence during the term of service.

3. Resolutions of the Salary and Remuneration Committee:

<b>Salary and Remuneration Committee</b>	<b>Major Resolutions</b>	<b>Salary and Remuneration Committee's Opinions</b>	<b>The Company's Response</b>
2023.03.07 The 13 <sup>th</sup> Meeting of the 4 <sup>th</sup> Term	The distribution of employee compensation for 2022	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



<b>Salary and Remuneration Committee</b>	<b>Major Resolutions</b>	<b>Salary and Remuneration Committee's Opinions</b>	<b>The Company's Response</b>
2023.05.31 The 14 <sup>th</sup> Meeting of the 4 <sup>th</sup> Term	Proposal of additional payment of directors' (excluding independent directors) transportation fees in the first half of 2023	Approved by all Committee Members present at the meeting unanimously	Aside from the directors who abstained due to conflicts of interest, the remaining directors in attendance approved the case without objection.
	Proposal of the independent directors' transportation fees suggestion in the first half of 2023	Approved by all Committee Members present at the meeting unanimously	Aside from the directors who abstained due to conflicts of interest, the remaining directors in attendance approved the case without objection.
	Proposal for Reissuing Independent Directors' Travel Allowance for the First Half of 2023	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
	The distribution of manager employee remuneration	Approved by all Committee Members present at the meeting unanimously	Aside from the directors who abstained due to conflicts of interest, the remaining directors in attendance approved the case without objection.
	Issuing business host bonus	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously

<b>Salary and Remuneration Committee</b>	<b>Major Resolutions</b>	<b>Salary and Remuneration Committee's Opinions</b>	<b>The Company's Response</b>
2023.08.01 The 1st Meeting of the 5th Term	Compensation proposal for the company's chairman of the board	Approved by all Committee Members present at the meeting unanimously	Aside from the directors who abstained due to conflicts of interest, the remaining directors in attendance approved the case without objection.
	Proposal for the transportation expenses for the 11th Board of Directors (excluding independent directors) in 2023	Approved by all Committee Members present at the meeting unanimously	Aside from the directors who abstained due to conflicts of interest, the remaining directors in attendance approved the case without objection.
	Proposal for Independent Directors' Transportation Fees for 2023	The case was not discussed and sent directly to the Board of Directors because of the interest involved	Aside from the directors who abstained due to conflicts of interest, the remaining directors in attendance approved the case without objection.

<b>Salary and Remuneration Committee</b>	<b>Major Resolutions</b>	<b>Salary and Remuneration Committee's Opinions</b>	<b>The Company's Response</b>
2023.12.12 The 2nd Meeting of the 5th Term	Proposal for Directors' (excluding Independent Directors) Transportation Fees for 2024	Approved by all Committee Members present at the meeting unanimously	Aside from the directors who abstained due to conflicts of interest, the remaining directors in attendance approved the case without objection.
	Proposal for Directors' Transportation Fees for 2024	The case was not discussed and sent directly to the Board of Directors because of the interest involved	Aside from the directors who abstained due to conflicts of interest, the remaining directors in attendance approved the case without objection.
	Increasing the salary of the Managerial Officer of the Company	Approved by all Committee Members present at the meeting unanimously	Approved by all the Directors present unanimously
	Formulate 2023 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

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	
1. 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?		V	To foster sound sustainable development management, it is advisable to establish a governance structure for promoting sustainable development, and designate the Management Division as the concurrent unit for promoting sustainable development, responsible for proposing and implementing sustainable development policies, systems or related management guidelines and specific promotion plans, and report major management guidelines and sustainable development progress to the Board of Directors on November 7, 2023 and December 12, 2023.	There is no significant deviation from the operation of the “Sustainable Development Best Practice Principles.”
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	V		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 “2024 Risk Management Plan” on March 5, 2024. The Company conducts risk assessments on environmental, social and corporate governance issues related to the business operations as follows:	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																					
	Ye s	No	Description																						
			<table><tr><th>Type</th><th>Issues</th><th>strategy</th></tr><tr><td>Environment</td><td>Environment Protection Events</td><td><ul style="list-style-type: none"><li>Implement daily audits and regulatory identification, seeking improvement.</li><li>Strengthen measures to prevent leaks.</li></ul></td></tr><tr><td>Environment</td><td>Greenhouse gases</td><td><ul style="list-style-type: none"><li>Install storage pits and conveying equipment to increase the proportion of waste-derived fuels.</li><li>Implement a gas turbine project to replace coal-fired boilers.</li></ul></td></tr><tr><td>Society</td><td>Personnel Training</td><td><ul style="list-style-type: none"><li>Strengthen employee care.</li><li>Introduce KM knowledge management corporate culture, inherit systematization and textualization.</li></ul></td></tr><tr><td>Corporate Governance</td><td>Raw material supply</td><td><ul style="list-style-type: none"><li>Increase the source of incoming materials to enhance storage space.</li><li>Increase the amount of SRF (Solid Recovered Fuel) raw materials entering the resource recovery plant to increase processing capacity.</li></ul></td></tr><tr><td>Corporate Governance</td><td>Boiler tube fouling</td><td><ul style="list-style-type: none"><li>Increase the inspection of waste fuel to improve the combustion ratio.</li></ul></td></tr><tr><td>Corporate Governance</td><td>Management of information safety</td><td><ul style="list-style-type: none"><li>Restrict network usage.</li><li>Update software and hardware devices.</li></ul></td></tr></table>	Type	Issues	strategy	Environment	Environment Protection Events	<ul style="list-style-type: none"><li>Implement daily audits and regulatory identification, seeking improvement.</li><li>Strengthen measures to prevent leaks.</li></ul>	Environment	Greenhouse gases	<ul style="list-style-type: none"><li>Install storage pits and conveying equipment to increase the proportion of waste-derived fuels.</li><li>Implement a gas turbine project to replace coal-fired boilers.</li></ul>	Society	Personnel Training	<ul style="list-style-type: none"><li>Strengthen employee care.</li><li>Introduce KM knowledge management corporate culture, inherit systematization and textualization.</li></ul>	Corporate Governance	Raw material supply	<ul style="list-style-type: none"><li>Increase the source of incoming materials to enhance storage space.</li><li>Increase the amount of SRF (Solid Recovered Fuel) raw materials entering the resource recovery plant to increase processing capacity.</li></ul>	Corporate Governance	Boiler tube fouling	<ul style="list-style-type: none"><li>Increase the inspection of waste fuel to improve the combustion ratio.</li></ul>	Corporate Governance	Management of information safety	<ul style="list-style-type: none"><li>Restrict network usage.</li><li>Update software and hardware devices.</li></ul>	There is no significant deviation from the operation of the “Sustainable Development Best Practice Principles.”
			Type	Issues	strategy																				
			Environment	Environment Protection Events	<ul style="list-style-type: none"><li>Implement daily audits and regulatory identification, seeking improvement.</li><li>Strengthen measures to prevent leaks.</li></ul>																				
			Environment	Greenhouse gases	<ul style="list-style-type: none"><li>Install storage pits and conveying equipment to increase the proportion of waste-derived fuels.</li><li>Implement a gas turbine project to replace coal-fired boilers.</li></ul>																				
			Society	Personnel Training	<ul style="list-style-type: none"><li>Strengthen employee care.</li><li>Introduce KM knowledge management corporate culture, inherit systematization and textualization.</li></ul>																				
			Corporate Governance	Raw material supply	<ul style="list-style-type: none"><li>Increase the source of incoming materials to enhance storage space.</li><li>Increase the amount of SRF (Solid Recovered Fuel) raw materials entering the resource recovery plant to increase processing capacity.</li></ul>																				
			Corporate Governance	Boiler tube fouling	<ul style="list-style-type: none"><li>Increase the inspection of waste fuel to improve the combustion ratio.</li></ul>																				
			Corporate Governance	Management of information safety	<ul style="list-style-type: none"><li>Restrict network usage.</li><li>Update software and hardware devices.</li></ul>																				

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	
3. Environmental issues				
(1) Does the Company establish an environmental management system proper to its industry's characteristics?	V		(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 2023. We continue to promote the concept of environmental protection, implement energy conservation and carbon reduction, strengthen 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.	There is no significant deviation from the operation of the "Sustainable Development Best Practice Principles."
(2) 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	
(3) 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.	There is no significant deviation from the operation of the “Sustainable Development Best Practice Principles.”
(4) 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. The thermal power plant outsources greenhouse gas inventories every year and has obtained third-party verification for 2022-2023, passing ISO 14064-1 and ISO 14064-3. The total greenhouse gas emissions of our company are estimated to be around 542,305 tons in 2023 and 592,810 tons in 2022. In terms of energy conservation, our company adheres to the standards set by the Energy Bureau, reducing the total electricity consumption by more than 1% annually. Our electricity conservation rates in 2022 and 2023 were 1.74% and 1.67%, respectively, both meeting the standards. The total water consumption of the Company was 1,899,067 tons in 2023 and 2,034,731 tons in 2022. In 2020, the Company established a wastewater recovery system through which to recycle partial boiler wastewater and process wastewater. In terms of waste, the Company’s boiler	

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	
			generated 15,362 tons of fly ash and bottom ash in 2023 and 17,663 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.	There is no significant deviation from the operation of the “Sustainable Development Best Practice Principles.”
4. Social issues				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	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.	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.”
(2) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	V		(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 allowance, emergency relief fund, Benefits such as children’s scholarships and	



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	
(3) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		retention bonuses. The Company will also share its profits with employees in the form of an annual bonus. (3) The Company conducts a health check and provides a traveling subsidy for employees yearly, to promote their physical and mental well-being. And has established ISO-14001 Environmental Management System, ISO-9001 Quality Management System, ISO-45001 Occupational Health and Safety Management System, and arranges annual on-the-job education and training, as well as semi-annual fire drills for the self-defense fire brigade. In 2023, there were no occupational accidents or fires involving employees.	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.”
(4) 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 2023, the Company provided a total of 137 people with specialized training courses. We also promote the implementation of objectives, supplemented by annual performance management and development, assess achievement, and ensure to achieve key development of organizational business and persons.	

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	
(5) 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?	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.	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.”
(6) 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		(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.	

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	
5. 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		(1) The content and structure of the Ta-Yuan Cogen Co., Ltd. Sustainability Report follow the Global Reporting Initiative (GRI) GRI Sustainability Reporting Standards (GRI Standards), Universal Standards 2021 (GRI Universal Standards 2021). (2) No acquisition	Deviations from the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies and Reasons Thereof
6. 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 established a code of sustainable development, and its operations comply with the code.				
7. Other important information to facilitate a better understanding of sustainable development practices: (1) In 2023, the company voluntarily published a sustainability report, and the implementation of sustainable development has been fully disclosed in the sustainability report, which can be downloaded from the company’s website (Website: <a href="https://www.tycc.com.tw/esg/index/11">https://www.tycc.com.tw/esg/index/11</a> ) 。 (2) On the Company’s Chinese website, there is a “Corporate Sustainability” section that discloses stakeholder-concerned issues such as supply chain management, risk management, workplace well-being, social co-prosperity, and environmental sustainability. (3) 2023 Sustainable Development Promotion Achievements: A. Published the first sustainability report for 2022 in accordance with the GRI Sustainability Reporting Standards. B. Completed the inventory and verification of Scope 1 and Scope 2 emissions for 2022 across the entire company. C. Established a part-time sustainability development unit and created a sustainability development code of conduct. D. Formed an ESG project organization to continuously operate and review the promotion of various ESG aspects in a rolling manner.				

- 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) Information on climate-related issues for listed and OTC companies:

1. Implementation of climate-related information

Item	Implementation of plan:
1. Describe the board of directors’ and management’s oversight and governance of climate-related risks and opportunities.	The board of directors is the highest governing body for climate-related issues, planning and executing along with the risk management process. The risk management committee is led by the chairman as the guiding commissioner and the general manager as the chief commissioner, with relevant business supervisors serving as committee members, responsible for reviewing the company’s annual risk management plan, as well as reviewing the implementation of risk control measures, and regularly reporting to the board of directors and the audit committee on operations and implementation annually.

Item	Implementation of plan:																								
2. Describe how identified climate risks and opportunities affect the company’s business, strategy, and finances (short-term, medium-term, long-term).	<div>The climate risks and opportunities identified by our company are as follows:</div> <table><tr><th>Type</th><th>Schedule</th><th>Issues</th><th>Impact</th></tr><tr><td rowspan="4">Risk</td><td>Short-term</td><td>Carbon tax-related regulations</td><td><ul style="list-style-type: none"><li>Initial targets for carbon tax imposition.</li><li>Customers seek electricity with lower carbon emission coefficients to reduce carbon footprint.</li></ul></td></tr><tr><td>Short-term</td><td>Regulations related to water consumption</td><td><ul style="list-style-type: none"><li>Thermal power plants are subject to water consumption fees, leading to increased operating costs.</li></ul></td></tr><tr><td>Short-term</td><td>Costs of transitioning to low-carbon technologies</td><td><ul style="list-style-type: none"><li>To reduce carbon emissions, improving energy conversion efficiency and replacing fuels with low-carbon alternatives require investments in new equipment, increasing capital expenditure and operating costs</li></ul></td></tr><tr><td>Long-term</td><td>Extreme changes in rainfall and climate patterns</td><td><ul style="list-style-type: none"><li>Changes in rainfall patterns, increased drought periods, leading to impacts on steam supply and affecting revenue.</li><li>Damage to pipelines caused by extreme weather events such as typhoons and floods, affecting steam and power supply.</li></ul></td></tr><tr><td rowspan="2">Opportunity</td><td>Short-term</td><td>Low-carbon products and services</td><td><ul style="list-style-type: none"><li>Through a circular economy, waste can be turned into energy, reducing the demand for fossil fuels and thus reducing greenhouse gas emissions.</li></ul></td></tr><tr><td>Short-term</td><td>Use of low-carbon energy sources</td><td><ul style="list-style-type: none"><li>Use of biomass or solid recovered fuels to reduce reliance on coal, reduce air pollutant emissions, and reduce air pollution fees.</li></ul></td></tr></table>	Type	Schedule	Issues	Impact	Risk	Short-term	Carbon tax-related regulations	<ul style="list-style-type: none"><li>Initial targets for carbon tax imposition.</li><li>Customers seek electricity with lower carbon emission coefficients to reduce carbon footprint.</li></ul>	Short-term	Regulations related to water consumption	<ul style="list-style-type: none"><li>Thermal power plants are subject to water consumption fees, leading to increased operating costs.</li></ul>	Short-term	Costs of transitioning to low-carbon technologies	<ul style="list-style-type: none"><li>To reduce carbon emissions, improving energy conversion efficiency and replacing fuels with low-carbon alternatives require investments in new equipment, increasing capital expenditure and operating costs</li></ul>	Long-term	Extreme changes in rainfall and climate patterns	<ul style="list-style-type: none"><li>Changes in rainfall patterns, increased drought periods, leading to impacts on steam supply and affecting revenue.</li><li>Damage to pipelines caused by extreme weather events such as typhoons and floods, affecting steam and power supply.</li></ul>	Opportunity	Short-term	Low-carbon products and services	<ul style="list-style-type: none"><li>Through a circular economy, waste can be turned into energy, reducing the demand for fossil fuels and thus reducing greenhouse gas emissions.</li></ul>	Short-term	Use of low-carbon energy sources	<ul style="list-style-type: none"><li>Use of biomass or solid recovered fuels to reduce reliance on coal, reduce air pollutant emissions, and reduce air pollution fees.</li></ul>
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3. Describe the financial impacts of extreme climate events and transition actions.	<div>(1) Facing the risks of abnormal climate, natural disasters such as typhoons, floods, droughts, and other extreme weather conditions pose the risk of operational disruption. The financial impacts are: Increase in operating Losses,.</div> <div>(2) Transformation actions: A. Provide lower-carbon products and services. B. Seek lower-carbon fuel sources. The financial impact is: Increased costs.</div>																								

Item	Implementation of plan:										
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The risk management system is planned to be incorporated into the company, through annual identification, analysis, treatment and monitoring, rolling review and improvement, formulating policies for energy conservation and carbon reduction, greenhouse gas reduction, water conservation or other waste management, and promoting them accordingly, in order to reduce the impact of the company's operations on climate change.										
5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts used.	Plan to introduce scenario analysis in 2025.										
6. If there is a transition plan for managing climate-related risks, describe the plan, and the indicators and targets used to identify and manage entity risks and transition risks.	<table> <tr> <th data-bbox="1032 660 1386 700">Issues</th><th data-bbox="1386 660 2069 700">strategy</th></tr> <tr> <td data-bbox="1032 700 1386 1035">Carbon tax-related regulations</td><td data-bbox="1386 700 2069 1035"> <ul style="list-style-type: none"> <li>Completed the Scope 3 greenhouse gas inventory covering the entire company.</li> <li>Keep focusing on carbon reduction technologies to facilitate continuous review of carbon reduction efforts.</li> <li>Plan for a self-initiated carbon reduction program.</li> <li>Industry-academia collaboration subsidizes carbon sequestration project.</li> </ul> </td></tr> <tr> <td data-bbox="1032 1035 1386 1187">Regulations related to water consumption</td><td data-bbox="1386 1035 2069 1187"> <ul style="list-style-type: none"> <li>Increase the number of times the cooling water is circulated and reused.</li> <li>Plan to replace coal-fired units with gas turbines.</li> </ul> </td></tr> <tr> <td data-bbox="1032 1187 1386 1259">Costs of transitioning to low-carbon technologies</td><td data-bbox="1386 1187 2069 1259"> <ul style="list-style-type: none"> <li>Adopt high-carbon emission equipment to reduce carbon emissions and reduce pollutants.</li> </ul> </td></tr> <tr> <td data-bbox="1032 1259 1386 1410">Extreme changes in rainfall and climate patterns</td><td data-bbox="1386 1259 2069 1410"> <ul style="list-style-type: none"> <li>Increase the number of times the cooling water is recycled.</li> <li>Establish a water situation monitoring mechanism.</li> </ul> </td></tr> </table>	Issues	strategy	Carbon tax-related regulations	<ul style="list-style-type: none"> <li>Completed the Scope 3 greenhouse gas inventory covering the entire company.</li> <li>Keep focusing on carbon reduction technologies to facilitate continuous review of carbon reduction efforts.</li> <li>Plan for a self-initiated carbon reduction program.</li> <li>Industry-academia collaboration subsidizes carbon sequestration project.</li> </ul>	Regulations related to water consumption	<ul style="list-style-type: none"> <li>Increase the number of times the cooling water is circulated and reused.</li> <li>Plan to replace coal-fired units with gas turbines.</li> </ul>	Costs of transitioning to low-carbon technologies	<ul style="list-style-type: none"> <li>Adopt high-carbon emission equipment to reduce carbon emissions and reduce pollutants.</li> </ul>	Extreme changes in rainfall and climate patterns	<ul style="list-style-type: none"> <li>Increase the number of times the cooling water is recycled.</li> <li>Establish a water situation monitoring mechanism.</li> </ul>
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Item	Implementation of plan:	
		<ul style="list-style-type: none"> <li>Periodically inspect the strength of critical facilities to ensure integrity.</li> </ul>
	Low-carbon products and services	<ul style="list-style-type: none"> <li>Plan to replace coal-fired units with gas turbines.</li> <li>Replace high-carbon emission equipment.</li> </ul>
	Use of low-carbon energy sources	<ul style="list-style-type: none"> <li>Improve the feeding equipment to increase the usage of recycled fuel.</li> <li>Waste-to-energy, processing industrial waste to produce fuel.</li> </ul>
7. If an internal carbon pricing is used as a planning tool, the basis for determining the price should be explained.	Considering the organizational scale and staffing, internal carbon pricing is not adopted.	
8. If climate-related goals are set, information such as the activities covered, greenhouse gas emission scopes, planning period, and annual progress should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve related goals, the source and amount of carbon offsets or the amount of Renewable Energy Certificates (RECs) should be stated.	Not yet adopted.	
9. Greenhouse gas inventory and verification status, reduction targets, strategies and concrete action plans.	Please elaborate on “The company’s greenhouse gas inventory and verification status for the past two years.	

## 2. Recent two years of the company's greenhouse gas inventory and verification status

### (1) Greenhouse Gas Inventory Information

Describe the greenhouse gas emissions (metric tons of CO <sub>2</sub> e), intensity (metric tons of CO <sub>2</sub> e/million dollars), and data coverage scope for the most recent two years.		
As of the print date, the data verification statement for the fiscal year 2023 has not yet been obtained during the data verification process.		
2022:		
Data coverage	Carbon emissions (tons CO <sub>2</sub> e)	Intensity (tonnes CO <sub>2</sub> e/million)
Scope 1	586,629	238.273
Scope 2	6,181	2.511

- Note 1: Direct emissions (Scope 1, i.e., directly from emission sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions resulting from the input of electricity, heat or steam) and other indirect emissions (Scope 3, i.e., emissions generated by the company's activities, not energy indirect emissions, but from emission sources owned or controlled by other companies).
- Note 2: The scope of data on direct emissions and indirect energy emissions should be handled in accordance with the schedule prescribed in the regulations stipulated in Paragraph 2, Article 10 of these Guidelines. Information on other indirect emissions may be disclosed voluntarily.
- Note 3: Greenhouse Gas Inventory Standards: Greenhouse Gas Protocol (GHG Protocol) or International Organization for Standardization (ISO) published ISO 14064-1.
- Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or revenue, but at least the data calculated based on revenue (in millions of New Taiwan dollars) should be described.



(2) Greenhouse Gas Confidence Information

Provide a description of the unqualified opinion status for the most recent two fiscal years as of the printing date of the annual report, including the scope of the audit, the audit firm, the audit standards followed, and the audit opinion.

As of the print date, the data verification statement for the fiscal year 2023 has not yet been obtained during the data verification process. 2022:

Assurance scope	Assurance Agency	Assurance Regulation	Assurance Opinion
Scope 1 and Scope 2	AFNOR Asia Ltd	ISO/CNS 14064-1:2006, Greenhouse Gas Verification Guidelines (2010.12), Greenhouse Gas Emission Inventory Registration and Management Regulations (105.1.5), Greenhouse Gas Emission Inventory Registration Operation Guidelines (2022.5.18), and relevant regulations from the Environmental Protection Administration.	Based on the verification process and procedures carried out by the verifier, there is sufficient evidence to demonstrate that the greenhouse gas assertion of the organization being verified does not contain material discrepancies, and has been prepared in accordance with the international standards for quantification, monitoring and reporting of greenhouse gas emissions under the verification criteria specified in the agreement, and fairly presents the greenhouse gas data and related information.

Note 1: It should be handled in accordance with the schedule stipulated by the order prescribed in Paragraph 2 of Article 10 of these Principles. If the company fails to obtain a complete assurance opinion on greenhouse gases by the date of publication of the annual report, it should be noted “Complete assurance information will be disclosed in the sustainability report”. If the company does not prepare a sustainability report, it should be noted “Complete assurance information will be disclosed on the Public Information Observation Station”, and disclose the complete assurance information in the annual report of the following year.

Note 2: Assurance institutions should comply with the relevant regulations for sustainability report assurance institutions formulated by the Taiwan Stock Exchange Corporation and the Taipei Exchange of Taiwan.  
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.

### (3) Greenhouse Gas Inventory Information

Describe the baseline year and data for greenhouse gas reduction, reduction targets, strategies and concrete action plans, as well as the achievement status of reduction targets.
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Ta-Yuan Cogen Co., Ltd. set its baseline year carbon emissions at 592,810 tons in 2022, with the goal of reducing carbon emissions by 20% from the baseline year by 2025, covering the company's major production sites. The greenhouse gas emissions calculation includes Scope 1 and Scope 2, and the target has not been met so far.
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Note 1: It should be handled according to the schedule prescribed by the order stipulated in Article 10, Paragraph 2 of these regulations.

Note 2: The base year should be the year in which the inventory of the consolidated financial report boundary is completed. For example, according to the regulation in Article 10, Paragraph 2 of this Standard, companies with a capital of NT\$10 billion or more should complete the inventory of the consolidated financial report for 2014 in 2015. Therefore, the base year is 2014. If a company has completed the inventory of the consolidated financial report earlier, it may use the earlier year as the base year. Additionally, the base year data can be calculated using a single year or an average value over multiple years.

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.

(VII) 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	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) 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?</p> <p>(2) 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</p>	V		<p>(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.</p> <p>(2) Our company has established a “Code of Ethical Conduct” and “Procedures for Ethical Management and Guidelines for Conduct” to clearly prevent the acceptance of improper benefits and regularly implement our commitment to ethical management policies. Furthermore, for business activities with</p>	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	
<p>Management Best Practice Principles for TWSE/GTSM Listed Companies”?</p> <p>(3) 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?</p>	V		<p>a higher risk of dishonest behavior, the company has established effective accounting and internal control systems as preventive measures, and regularly reviews the design and implementation effectiveness of these systems. If any violations of ethical business conduct are discovered, they can be reported. The company will keep the identity of whistleblowers and the contents of their reports strictly confidential.</p> <p>(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.</p>	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	
2. Fulfillment of ethical corporate management				
(1) 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.”
(2) 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.	
(3) 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	

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	
<p>(4) 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?</p> <p>(5) Does the company regularly hold internal and external training on ethical corporate management?</p>	V		<p>appropriate statement channels for employees to report violations and complaints to the Human Resource Unit, the immediate supervisor, or the audit unit.</p> <p>(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.</p> <p>(5) The Company conducts annual promotion and internal and external educational training on requirements relating to the ethical corporate management best practice principles. In 2023, the Company conducted such training (including courses on compliance with ethical corporate management regulations, accounting</p>	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	
			system and internal control) with a total of 54 participants and 65 hours.	There is no significant deviation from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”
<p>3. Operation of Whistle-blowing System</p> <p>(1) Has the company established specific whistleblowing and reward systems, and set up convenient whistleblowing channels, as well as assigned appropriate dedicated personnel to handle reported cases?</p> <p>(2) 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?</p>	<p>V</p> <p>V</p>		<p>(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.</p> <p>(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</p>	<p>There is no significant deviation from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”</p>

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	
(3) Does the Company provide protection for whistle-blowers against receiving improper treatment?	V		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 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.	There is no significant deviation from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”
4. Enhanced disclosure of ethical corporate management information Does the Company disclose its ethical corporate management implementation on the Company’s website and MOPS?	V		The Company has disclosed its “Procedures for Ethical Management and Guidelines for Conduct” and its implementation results on the Company’s website.	There is no significant deviation from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”
5. 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: To establish a corporate culture of ethical management and sound development, and to establish a good business operation model, the company has formulated the “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 them accordingly. In addition, the company has established				



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	
operational content and methods in the “Code of Ethical Conduct” to uphold ethical conduct standards, avoid opportunities for private gain, confidentiality obligations, fair trade, protect and properly use company assets, comply with laws and regulations, prevent conflicts of interest, gifts and business hospitality, disciplinary and appeal procedures, etc. The above operations and established regulations are consistent without any discrepancies.				
6. 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”.				

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.

(VIII) Method for Inquiring into the “Corporate Governance Best-practice Principles” and Relevant Regulations:

The Company’s Website/Investor Section/Corporate Governance

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

Establish an information risk management policy and establish a risk management promotion organization, establish an integrated risk management system, identify, analyze and assess potential risks, and handle them in an economically effective and planned manner to reduce the possibility of risks occurring, and reduce or avoid the impact of risks, so that the company can operate normally and achieve overall business objectives.

(X) Implementation of Internal Control System:

1. Statement on Internal Control

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

Date: March 5, 2024

The Company makes the following statement according to the self-evaluation conducted of the internal control system in 2023:

1. 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.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing 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.
3. 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.
4. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
5. 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, 2023, 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.

6. 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.
7. This statement has been approved on March 5, 2024, by the Board of Directors, and out of the 5 Board members in attendance, none has objected to this statement and all consented to the content expressed herein.

Ta-Yuan Cogen Co., Ltd.

Acting Chairman: Jeff Chang

President: Jeff 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.
- (XI) 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
- (XII) Major resolutions of shareholders' meeting and board meeting in the most recent year up to the publication date of the Annual Report
1. Significant resolutions in the annual shareholders' meeting
    - (1) 2023 Annual Shareholders' Meeting Date: May 31, 2023
      - Case 1: Approval of the Company's 2022 annual business report and final statement recognition.
      - Case 2: Approval of the distribution of earnings for 2022.
      - Case 3: Election of the 11th session of Directors (including Independent Directors)..
      - Case 4: Approval of the proposal to lift the non-competition restrictions on the Company's Directors.
    - (2) Implementation of Important Resolutions of the Shareholders' Meeting Agenda
      - Case 1: Resolution approved.
      - Case 2: June 27, 2023, was set as the ex-dividend date, and the dividend was fully paid out on July 25, 2023, as resolved by the Shareholders' Meeting.
      - Case 3: The 11th Board of Directors (including Independent Directors) was elected.
      - Case 4: The proposal to lift the non-competition restrictions on the Company's Directors was approved.
  2. Major Resolutions of Board Meetings
    - (1) The 20th meeting of the 10th Board of Directors - March 7, 2023

- Case 1: Approval of the Company's 2022 "Statement on Internal Control".
  - Case 2: Approval of the Company's 2022 consolidated financial statements, individual financial statements, and business report.
  - Case 3: Approval of the distribution of earnings for 2022.
  - Case 4: Approval of CPAs' independence and competency assessment.
  - Case 5: Approval of appointed CPAs and their remuneration.
  - Case 6: Election of the 11th session of Directors (including Independent Directors).
  - Case 7: Approval of the agenda, time, and venue of the 2023 Shareholders' General Meeting.
  - Case 8: Approval of the revision of the Company's "Organization Chart".
  - Case 9: Approval of the Company's 2022 employee remuneration distribution.
  - Case 10: Approval of Managers' performance appraisals and salary adjustments in accordance with the Peer Performance Assessment Implementation Measures.
- (2) The 1st provisional meeting of the 10th Board of Directors - April 11, 2023
- Case 1: Proposal 1 Approved of the real estate auction of the company's proposed bid for No. 7 and No. 9, Gongsu Road, Dayuan District.
- (3) The 21st meeting of the 10th Board of Directors - April 18, 2023
- Case 1: Approved of new project of gas turbine unit.
  - Case 2: Approved of the nominated candidates of the 11th Board of Directors (including Independent Directors).
  - Case 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.

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

(4) The 22nd meeting of the 10th Board of Directors - May 9, 2023

Case 1: Approval of the Company's consolidated financial statements for the first quarter of 2023.

Case 2: Approved of Gas turbine unit procurement case.

(5) The 23rd meeting of the 10th Board of Directors - May 31, 2023

Case 1: Approval of the Company intends to obtain short- and medium-term comprehensive credit loans from financial institutions to meet the Company's capital requirements.

Case 2: Approval of the Company's 2023 ex-dividend date.

Case 3: Approval of the suggestion proposal of payment of directors' (excluding independent directors) transportation fees in 2023.

Case 4: Approval of the suggestion proposal of payment of independent directors' transportation fees in 2023.

Case 5: The distribution of manager employee remuneration.

Case 6: Approval of the issuing business host bonus.

(6) The 1st meeting of the 11<sup>th</sup> Board of Directors - August 1, 2023

Case 1: Approval of the Proposal for the 5th Salary and Compensation Committee Members.

(7) The 2nd meeting of the 11th Board of Directors - August 1, 2023

Case 1: Approval of the Company's consolidated financial statements for the second quarter of 2023.

Case 2: In order to meet the company's funding needs, it is proposed to issue short-term commercial paper through financial institutions.

Case 3: Approval of Formulate the Company's "Risk Management Policies and Procedures".

Case 4: Approval of Establishing of Sustainable Development Best Practice Principles.

- Case 5: Approval of Compensation proposal for the company's chairman of the board.
- Case 6: Approval of the Proposal for the transportation expenses for the 11th Board of Directors (excluding independent directors) in 2023.
- Case 7: Approval of the Proposal for Independent Directors' Transportation Fees for 2023.
- (8) The 1st provisional meeting of the 10th Board of Directors - September 26, 2023
- Case 1: Gas turbine unit long-term maintenance and service contracting.
- (9) The 3rd meeting of the 11<sup>th</sup> Board of Directors - November 7, 2023
- Case 1: Approval of the Company's consolidated financial statements for the third quarter of 2023.
- Case 2: Approval of the Company intends to obtain short- and medium-term comprehensive credit loans from financial institutions to meet the Company's capital requirements.
- Case 3: Approval of Heat recovery boiler procurement case.
- (10) The 4th meeting of the 11th Board of Directors - December 12, 2023
- Case 1: Approval of the Company's audit plan for 2024.
- Case 2: In response to the gas turbine unit, it is proposed to apply for project financing from financial institutions to meet the capital requirements of the new project.
- Case 3: Approval of Natural gas booster station bidding case.
- Case 4: Approval of amendment the 2023 fiscal year budget and submit the 2024 operational plan and budget
- Case 5: Approval of the 2024 donated by related parties Cheng Loong Care for Children Foundation.
- Case 6: Approval of the suggestion proposal of payment of directors' (excluding independent directors) transportation fees in 2024.
- Case 7: Approval of the suggestion proposal of payment of independent directors' transportation fees in 2024.

Case 8: Approval of Increasing the salary of the Managerial Officer of the Company.

(11) The 5th meeting of the 11th Board of Directors - January 15, 2024

Case 1: Approval of the company's funding requirements, it is proposed to continue renewing short- and medium-term loans with financial institutions.

Case 2: In response to the gas turbine unit, it is proposed to apply for project financing from financial institutions to meet the capital requirements of the new project.

Case 3: Approval of the date for convening the 6th meeting of the 11th session of Directors.

Case 4: Approval of the increasing the salary of all employees of the Company.

Case 5: Approval of the Company's 2023 manager and supervisor bonus distribution suggestion proposal.

(12) The 6th meeting of the 11th Board of Directors - March 5, 2024

Case 1: Approved the "Statement on Internal Control System" for the year 2023.

Case 2: Approval of the individual financial statements and operating report for the year 2023.

Case 3: Approval of the profit distribution plan for the year 2023. Item

Case 4: Approval of the evaluation of the independence and suitability of the certified public accountants.

Case 5: Approval of the appointment of certified public accountants and their remuneration.

Case 6: Approval of the "Company-Level Risk Management Plan for 2024."

Case 7: Approval of the amendments to the "Rules of Procedure for Board of Directors Meetings" and the "Audit Committee Charter."

Case 8: Approval of the agenda, time, and location for the 2024 annual shareholders' meeting.



Case 9: Approval of the request for the shareholders' meeting to lift the "non-compete restriction" on the company's directors.

Case 10: Approval of the distribution of employee compensation for the year 2023.

Case 11: Approval of the proposed remuneration for managers.

Case 12: Approval of the date for convening the 7th meeting of the 11th session of Directors.

Case 13: Approval of the appointment of the plant manager as the responsible person for the company's factory registration certificate.

(XIII) 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

(XIV) 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

<b>Title</b>	<b>Name</b>	<b>Inauguration Date</b>	<b>Dismissal Date</b>	<b>Reason for Resignation or Dismissal</b>
Chairman	Chung- Cheng Lee	2023/08/01	2024/01/15	Transfer and dismissal

## V. Information on CPA Professional Fees

Unit: NT\$ Thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Deloitte & Touche	Jui-Chuan Chih	2023/01/01-2023/12/31	2,365	1,875	4,240	
	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 2023, the non-audit public expenses amounted to NT\$1,875,000, which included the evaluation fee for the GT turbine gas unit and tax certification fees, among others.
- (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 the Replacement of CPAs

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

### (I) Information on the Former CPAs

Date of Replacement	2024.01.01		
Cause and details of the replacement	Due to internal organizational adjustments within the commissioned accounting firm, the Company’s principal certified public accountant has been changed from Certified Public Accountant Jui-Chuan Chih to Certified Public Accountant Weng, Po-Jen starting from the year 2024, while Certified Public Accountant Li-Huang Lee will continue to serve as the co-signing accountant.		
Any details for the termination or rejection of the commissioner or CPA	Counterparty Condition	CPA	Commissioner
	Active termination of the commission	Not applicable	
	Rejection of (continuing) commission		
Opinion and reasons for audit report issued during the two past fiscal years containing an observation other than unqualified ones	None		
Any disagreement with the issuer	Yes		Generally Accepted Accounting Principles (GAAP) or activities
			Disclosure of financial reports
			Scope or procedure of audits
			Other
	None	√	
	Explanation: N/A		
Other items for disclosure (items in Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Regulations shall be disclosed)	None		

(II) Information on the Succeeding CPAs

Name of CPA Firm	Deloitte & Touche
Name of CPA	Weng, Po-Jen/ Li-Huang Lee
Date of Appointment	Starting from January 1, 2024
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	None
Written views on disagreements between the successor and former independent auditors	None

(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	2023		Current year as of April 15, 2024	
		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	Jeff Chang	—	—	7,000	—
Independent Director	Chih-Liang Li	—	—	—	—
Independent Director	Kuang- Yu Lee	—	—	—	—
Independent Director	Yung-Chen Huang	—	—	—	—
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	330,000	0.27	-	-	-	-	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	
Yi-Ting Fang	933,972	0.76	-	-	-	-	None	None	
Jia-Hong Lu	905,000	0.74	-	-	-	-	None	None	
Bin, Huang	850,100	0.70	-	-	-	-	None	None	
Yi-Xiang Yu	630,000	0.52	-	-	-	-	None	None	
Tai Ho Printing & Dyeing Co., Ltd.	485,097	0.40	-	-	-	-	None	None	
Kuei-Hsing Wang	-	-	-	-	-	-	None	None	
Peng-Fei Lu	480,094	0.39	-	-	-	-	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	25,000,000	2,500,000	25,000,000	Established with fully paid in shares of NT\$25,000,000	None	Founding Capital
1993.12	10	12,500,000	125,000,000	12,500,000	125,000,000	Capital increase by cash NT\$100,000,000	None	Ministry of Economic Affairs (82) Shang No.126915
1994.8	10	50,000,000	500,000,000	50,000,000	500,000,000	Capital increase by cash NT\$375,000,000	None	1994.06.28 SFC (83) Taiwan Finance Certificate (1) No.230824
1998.5	10	75,000,000	750,000,000	75,000,000	750,000,000	Capital increase by cash NT\$250,000,000	None	1998.02.23 SFC (87) Taiwan Finance Certificate(1) No. 20970
1999.11	10	78,750,000	787,500,000	78,750,000	787,500,000	Capital increase from earnings NT\$37,500,000	None	1999.10.04 SFC (88) Taiwan Finance Certificate(1) No. 89168
2000.8	10	112,599,488	1,125,994,880	87,599,488	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	1,125,994,880	96,592,822	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
2002.9	10	112,599,488	1,125,994,880	106,623,811	1,066,238,110	Recapitalization of retained earnings of NT\$100,309,890 (including employee bonus of NT\$3,717,070)	None	SFC (91) Taiwan Finance Certificate (1) No. 142481
2015.8	10	112,599,488	1,125,994,880	111,955,002	1,119,550,020	Recapitalization of retained earnings of NT\$53,311,910	None	FSC Issued Certificate No. 1040026115
2016.9	10	150,000,000	1,500,000,000	116,433,202	1,164,332,020	Recapitalization of retained earnings of NT\$44,782,000	None	Effective after declaration on July 1, 2016

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
2019.9	10	150,000,000	1,500,000,000	122,254,862	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 15, 2024

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

Note: The issued shares are OTC stocks

## (II) Structure

April 15, 2024

Structure Item	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of shareholders	—	—	40	22,455	20	22,515
Shares Held	—	—	91,606,598	30,425,099	223,165	122,254,862
Shareholding Ratio %	—	—	74.93	24.89	0.18	100.00

Note: The first listed (over-the-counter) company and emerging stock company should disclose their shareholding ratio of mainland Chinese capital; 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 of NT\$10 per share; April 15, 2024

Range of Shares	Number of Shareholders	Shares Held	Shareholding Ratio %
1~999	19,249	300,126	0.25
1,000~5,000	2,604	4,775,835	3.91
5,001~10,000	288	2,160,234	1.77
10,001~15,000	106	1,332,341	1.09
15,001~20,000	63	1,131,245	0.92
20,001~30,000	48	1,188,439	0.97
30,001~40,000	39	1,352,288	1.11
40,001~50,000	17	790,091	0.65
50,001~100,000	35	2,442,297	2.00
100,001~200,000	26	3,536,550	2.89
200,001~400,000	23	6,581,968	5.38
400,001~600,000	9	4,145,362	3.39
600,001~800,000	1	630,000	0.51
800,001~1,000,000	4	3,648,303	2.98
Over 1,000,001	3	88,239,783	72.18
Total	22,515	122,254,862	100.00

## (IV) List of Major Shareholders

Par value of NT\$10 per share; April 15, 2024

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
Yi-Ting Fang	933,972	0.76
Jia-Hong Lu	905,000	0.74
Bin Huang	850,100	0.70
Yi-Xiang Yu	630,000	0.52
Tai Ho Printing & Dyeing Co., Ltd.	485,097	0.40
Peng-Fei Lu	480,094	0.39

(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			2022	2023	Current Year as of April 15, 2024 (Note 8)
Market Price Per Share (Note 1)	Highest		44.2	84.7	62.9
	Lowest		28.5	39.9	46.15
	Average		32.21	55.29	52.62
Net Worth per Share (Note 2)	Before Distribution		17.81	17.76	—
	After dIstribution		15.31	(Note 9)	—
Earnings Per Share	Weighted Average Shares		122,254,862	122,254,862	—
	Market Price Per Share (Note 3)		3.01	2.32	—
Dividends Per Share	Cash		2.5	(Note 9)	—
	Stock Grants	Dividends from Retained Earnings	—	(Note 9)	—
		Dividends from Capital Surplus	—	(Note 9)	—
	Accumulated Undistributed Dividends (Note 4)		—	—	—
Return on Investment	Cost-to-Benefit Ratio (Note 5)		10.70	23.83	—
	Ratio of Dividend (Note 6)		12.88	(Note 9)	—
	Cash Dividend Yield (Note 7)		7.76	(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:  $\text{Price/earnings Ratio} = \text{Average closing price per share for the current year} / \text{Earnings Per Share}$ .
- Note 6:  $\text{Price-to-dividend ratio} = \text{Average closing price per share for the year} / \text{Cash dividends per share}$ .
- Note 7:  $\text{Cash dividend yield} = \text{Cash dividends per share} / \text{Average closing price per share for the year}$ .
- 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 2023 has not yet been approved by the resolution of shareholders' meeting.

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

### 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\$2.1 per share.

#### Dividend Implementation Status

On May 31, 2023, the Shareholders' Meeting passed a resolution to distribute the 2021 cash dividend of NT\$2.5.

(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\$5,370,000 in 2023, 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 2023, 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

<b>2023 Remuneration Distribution of Employees, Directors and Supervisors</b>				
<b>Item</b>	<b>Actual Distributed Amount as Resolved by the Board of Directors</b>	<b>Accounting</b>	<b>Discrepancies</b>	<b>Deviation Reasons</b>
<b>Remuneration to Directors and Supervisors</b>	-	-	-	Not applicable
<b>Employee Remuneration</b>	NT\$ 6,731,000	NT\$ 6,731,000	-	Not applicable

(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

1. Plan content: N/A

2. Implementation of plan: N/A

# 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

2023

Unit: NT\$1,000

Revenue from Primary Services	Amount	Ratio
Sales	2,321,094	85
Revenue from rendering of services	395,914	15
Total	2,717,008	100

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

(II) Industry Overview

1. Industry Situation and Development

(1) 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.

(2) 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

### (1) 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.

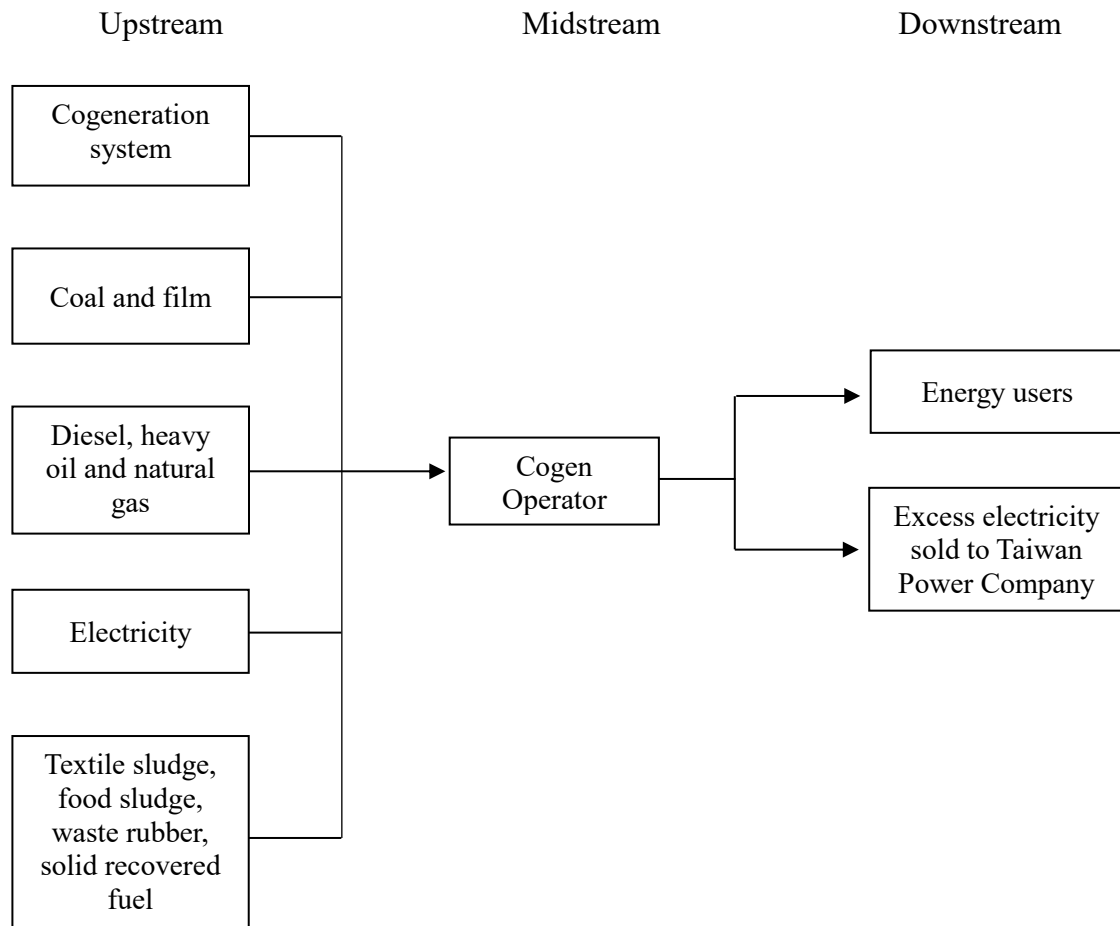
### (2) Waste treatment and reuse

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.

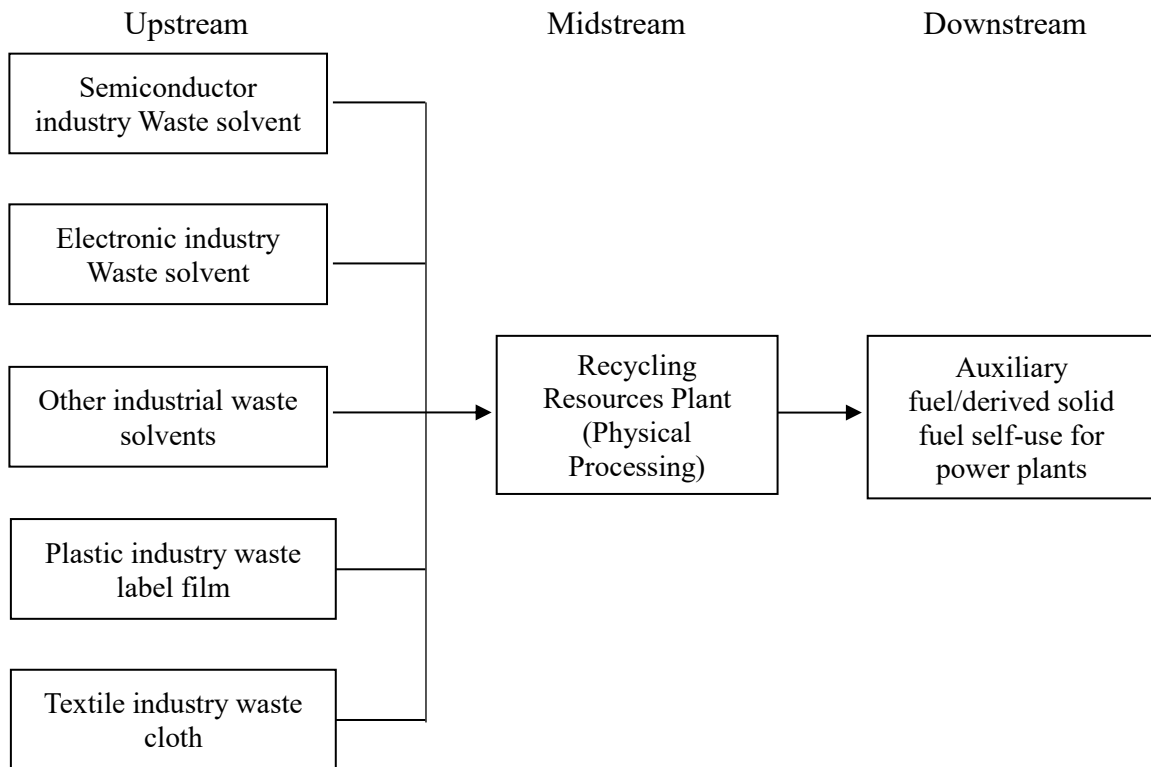
## 3. Correlation between Upstream, Midstream, and Downstream of the Industry

### (1) 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:



## (2) 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

##### 1. Short-term Development Plan

- (1) Increase the proportion of renewable fuels and reduce dependence on coal.
- (2) 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.
- (3) 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.
- (4) On the basis of waste solvent treatment technology, invest in the research and development of optimized process technology.
- (5) On the basis of waste solvent treatment technology, the research and development of optimized process technology was put into operation.
- (6) Prepare solid waste treatment process and establish a comprehensive treatment plant.

##### 2. Long-term Development Plan

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

- (1) 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.
- (2) Continue to invest in research and development of diverse waste treatment technologies to maintain competitive edge.
- (3) In line with the industry's development trend, the Company actively evaluates the development opportunities of domestic and foreign markets.
- (4) 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\$ Thousand

<b>Year</b> <b>Sales Territory</b>	<b>2022</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Domestic Sales	2,861,008	100	2,717,008	100
Foreign Sales	-	-	-	-
Total	2,861,008	100	2,717,008	100

#### 2. Market Share

##### (1) Capacity share of cogeneration market installations

Unit: MW

<b>Item</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Domestic cogeneration system	6,536	6,522	6,501
Ta-Yuan Cogen Co., Ltd.	82	82	82
Market Share	1.25%	1.26%	1.26%

Data source: Bureau of Energy, Ministry of Economic Affairs and the Company

##### (2) Market share of waste disposal

Unit: NT\$ Thousand

<b>Waste Code</b>	<b>2022</b>		<b>2023</b>	
	<b>Amount (tons)</b>	<b>Market share (Note)</b>	<b>Amount (tons)</b>	<b>Market share (Note)</b>
C-0301	6,134	1.79%	4,457	1.37%
D-1504	12,565	6.67%	10,442	6.45%
R-0906	5,729	10.80%	4,487	9.22%
R-0902	2,171	3.36%	2,322	3.14%
D-0299	702	0.41%	5,271	3.36%
D-0803	58	1.30%	336	8.89%
D-0899	56	0.20%	199	0.89%

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 2022, 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)		
		2022	2023	Growth Rate
R-0906	Textile Sludge	53,029	48,689	-8%
R-0902	food processing sludge	64,706	74,068	14%
Total		117,735	122,758	

Data 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)		
		2022	2023	Growth Rate
C-0301	Waste liquid with flash point less than 60°C (excluding alcohol waste with ethanol concentration less than 24%)	342,994	325,132	-5%
D-1504	Non-hazardous organic waste liquids or waste solvents	188,505	161,797	-14%
Total		531,499	486,929	

Data source: Environmental Protection Administration, Executive Yuan

According to the above table, the overall declared quantity has declined, mainly due to the COVID-19 pandemic and the Russia-Ukraine war. The semiconductor industry has experienced excess inventory due to repeat orders, and inventory adjustments were still ongoing in 2023, resulting in decreased demand. However, it is expected that the semiconductor industry will recover in 2024, driving remarkable growth in semiconductor manufacturing processes, high-end packaging for semiconductors and optoelectronic panels. This will consequently lead to an increase in the demand for cleaning solutions such as pure water and solvents, resulting in a rise in the output of organic liquid waste. Therefore, it is estimated that the demand for solvent waste treatment will show a growth trend in 2024.

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 2023 is 183,048tons, 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 are low.
- C. We have an excellent reputation for quality reliability and corporate image.

(2) Un Favorable Factors

- A. The government has proposed the "Climate Change Response Act", which is expected to increase the carbon fees 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

Item	2022				2023				2024 as of previous quarter (Note 2)			
	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	Company A	945,910	33.06	None	Company A	857,998	31.58	None	Not applicable			
2	Cheng Loong	513,709	17.96	Related parties	Cheng Loong	628,778	23.14	Related parties				
3	Other	1,401,389	48.98	None	Other	1,230,232	45.28	None				
	Net sales	2,861,008	100.00		Net sales	2,717,008	100.00					

Note 1: Please specify the name and total trade number 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

Item	2022				2023				2024 as of previous quarter (Note 2)			
	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	476,905	41.61	None	Company J	647,844	71.86	None	Not applicable			
2	Company J	318,194	27.76	None	Company E	59,068	6.55	None				
3	Company E	223,764	19.52	None	Company B	30,356	3.37	None				
4	Other	127,227	11.11	None	Other	164,278	18.22	None				
	Net purchase	1,146,090	100.00		Net purchase	901,546	100.00					

Note 1: List the names of customers whose purchases account for more than 10 percent of the total purchases in the most recent two fiscal years, as well as their respective purchase amounts and percentages. However, if the disclosure of customer names or trading counterparties is prohibited due to contractual agreements, or if the trading counterpart is an individual and not a related party, a code may 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

Unit: NT\$ Thousand

Year	2022			2023		
Production Volume and Value Main Products	Production Capacity	Production Volume	Production Value (NT\$1,000)	Production Capacity	Production Volume	Production Value (NT\$1,000)
Electricity (1,000kWh)	490,558	490,558	1,186,644	510,689	510,689	1,173,085
Steam (ton)	709,730	709,730	793,363	641,505	641,505	678,119
Labor costs			278,975			328,895
Total			2,258,982			2,180,099

(VI) Sales Volume and Value for the Last two Years

Unit: NT\$ Thousand

Year	2022		2023	
Sales Production Volume and Value Main Products	Sales Volume	Sales Value	Sales Volume	Sales Value
Electricity (1,000kWh)	427,244	1,475,752	429,405	1,470,849
Steam (ton)	709,730	986,655	641,505	850,245
Revenue from rendering of services		398,601		395,914
Total		2,861,008		2,717,008

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:

April 15, 2024

Year		2022	2023	Current Year as of April 15, 2024
Number of Employees	Management	63	66	71
	Technical Staff	21	21	21
	Engineering Personnel	94	105	93
	Total	178	192	185
Average Age		37.18	37.22	37.92
Average Service Year		8.21	8.11	8.46
Academic Distribution Ratio	Master's	3%	6%	7%
	Bachelor's	55%	57%	56%
	High School	40%	36%	36%
	Below High School	2%	1%	1%

### 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. When signing the project contract, the Company shall inform the contractor of safety-related precautions. On-site personnel shall wear a safety helmet. 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
Human Resources Professional Courses	10
Corporate Governance Course	5
Operators engaging in metal welding, cutting and heating using acetylene welding device or gas collecting device	5
Training for Level A exclusive personnel of air pollution prevention	1
Dangerous Machinery & Equipment (specified high-pressure gas equipment, high-pressure gas vessels, Category A pressure vessels, boilers) operators	15
Dangerous Goods Security Supervisor	2
Operator of fixed cranes (overhead - ground operation) with lifting load of more than three metric tons	27
Hazardous Operations Supervisor (Organic/Specialized/Dust/Lead/Oxygen Deficiency/Rooftop Operations)	35
Fire Prevention Personnel	3
Operator of stationary crane	1
Knowledge management	2
Quality Management System Internal Auditor	2
First Aid Personnel	47
Heavy machinery operation engineer	5
Vehicles of aerial work	9
Basic Functional Courses	120
Operator of forklift with load capacity of 1 metric ton or more	34
Accounting professional courses	6



Course Name	Number of Trainees
Information technology professional courses	4
On-the-job training courses for professional technicians in waste disposal and treatment	1
Auditing professional courses	4
Auditing professional courses 5. Internal auditor for environmental, safety, and health management systems	1
Supervisor in charge of occupational safety and health affairs	3
Occupational Health Manager	1

#### (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. Regulations for the Issuance of Relocation Allowances for Colleagues Transferred to Different Areas: 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:

## 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 measure 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) Integrity: Ensure the integrity 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	Counterparty	Contract Start /End Date	Contract Content	Restrictions
Power purchase and sales contract	Taiwan Power Company	2002.04.01 (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\$ Thousand

Item \ Year		Consolidated Financial Statements for the Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		939,702	1,034,826	1,148,317	1,108,306	Not applicable
Property, plant and equipment (Note 2)		1,712,004	2,287,668	2,788,418	3,012,022	
Intangible Assets		336	1,210	1,155	460	
other assets (Note 2)		1,151,482	1,012,249	477,995	334,453	
Total Assets		3,803,524	4,335,953	4,415,885	4,455,241	
Current Liabilities	Before distribution	424,640	1,813,130	388,411	774,010	
	After distribution	559,121	1,984,287	571,793	1,079,647	
Non-current Liabilities		1,557,203	533,048	1,983,530	1,504,106	
Total Liabilities	Before distribution	1,981,843	2,346,178	2,371,941	2,278,116	
	After distribution	2,116,324	2,517,335	2,555,323	2,583,753	
Equity Attributable to Owners of the Parent		-	-	-	-	
Capital Stock		1,222,549	1,222,549	1,222,549	1,222,549	
Capital Surplus		-	-	-	-	
Retained Earnings	Before distribution	580,714	629,985	733,314	924,310	
	After distribution	446,233	458,828	549,932	618,673	
Other Equity		18,418	137,241	88,081	30,266	
Treasury Stock		-	-	-	-	
Non-controlling Interests		-	-	-	-	
Total Equity	Before distribution	1,821,681	1,989,775	2,043,944	2,177,125	
	After distribution	1,687,200	1,818,618	1,860,562	1,871,488	

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: 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\$ Thousand

Item \ Year		Financial Statements for the Last Five Years (Note 1)					Current year as of April 15, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current Assets		939,676	1,034,798	1,148,317	1,108,306	840,750	Not applicable
Property, plant and equipment (Note 2)		1,712,004	2,287,668	2,788,418	3,012,022	2,866,529	
Intangible Assets		336	1,210	1,155	460	-	
other assets (Note 2)		1,151,508	1,012,277	477,995	334,453	861,332	
Total Assets		3,803,524	4,335,953	4,415,885	4,455,241	4,568,611	
Current Liabilities	Before distribution	424,640	1,813,130	388,411	774,010	995,021	
	After distribution	559,121	1,984,287	571,793	1,079,647	(Note 4)	
Non-current Liabilities		1,557,203	533,048	1,983,530	1,504,106	1,402,226	
Total Liabilities	Before distribution	1,981,843	2,346,178	2,371,941	2,278,116	2,397,247	
	After distribution	2,116,324	2,517,335	2,555,323	2,583,753	(Note 4)	
Equity Attributable to Owners of the Parent		-	-	-	-	-	
Capital Stock		1,222,549	1,222,549	1,222,549	1,222,549	1,222,549	
Capital Surplus		-	-	-	-	-	
Retained Earnings	Before distribution	580,714	629,985	733,314	924,310	900,620	
	After distribution	446,233	458,828	549,932	618,673	(Note 4)	
Other Equity		18,418	137,241	88,081	30,266	48,195	
Treasury Stock		-	-	-	-	-	
Non-controlling Interests		-	-	-	-	-	
Total Equity	Before distribution	1,821,681	1,989,775	2,043,944	2,177,125	2,171,364	
	After distribution	1,687,200	1,818,618	1,860,562	1,871,488	(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\$ Thousand

Item \ Year	Consolidated Financial Statements for the Last Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	1,629,623	1,842,558	1,997,736	2,861,008	Not applicable
Gross Profit	296,715	383,888	363,756	602,026	
Operating Income	181,411	261,117	229,398	436,975	
Non-operating Income and Expenses	1,634	-47,302	-16,945	5,047	
Income before Tax	183,045	213,815	212,453	442,022	
Income from Continuing Operations	146,843	182,213	170,371	368,069	
Loss from Discontinued Operations	-	-	-	-	
Net income (loss)	146,843	182,213	170,371	368,069	
Other Comprehensive Income (net value after tax)	-13,926	120,362	54,955	-51,506	
Total Comprehensive Income	132,917	302,575	225,326	316,563	
Net Income Attributable to Shareholders of the Parent	146,843	182,213	170,371	368,069	
Net Income Attributable to Non-controlling Interests	-	-	-	-	
Comprehensive Income Attributable to Owners of the Parent	132,917	302,575	225,326	316,563	
Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	
Earnings Per Share	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\$ Thousand

Item \ Year	Financial Statements for the Last Five Years (Note 1)					Current year as of April 15, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating Revenue	1,629,623	1,842,558	1,997,736	2,861,008	2,717,008	Not applicable
Gross Profit	296,715	383,888	363,756	602,026	536,909	
Operating Income	181,411	261,117	229,399	436,975	368,642	
Non-operating Income and Expenses	1,634	-47,302	-16,946	5,047	-15,990	
Income before Tax	183,045	213,815	212,453	442,022	352,652	
Income from Continuing Operations	146,843	182,213	170,371	368,069	283,340	
Loss from Discontinued Operations	-	-	-	-	-	
Net income (loss)	146,843	182,213	170,371	368,069	283,340	
Other Comprehensive Income (net value after tax)	-13,926	120,362	54,955	-51,506	16,536	
Total Comprehensive Income	132,917	302,575	225,326	316,563	299,876	
Net Income Attributable to Shareholders of the Parent	146,843	182,213	170,371	368,069	283,340	
Net Income Attributable to Non-controlling Interests	-	-	-	-	-	
Comprehensive Income Attributable to Owners of the Parent	132,917	302,575	225,326	316,563	299,876	
Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-	
Earnings Per Share	1.20	1.49	1.39	3.01	2.32	

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	2019	2020	2021	2022	2023
CPA	Jui-Chuan Chih	Jui-Chuan Chih	Jui-Chuan Chih	Jui-Chuan Chih	Jui-Chuan Chih
	Su-Huan You	Li-Huang Lee	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				
		2019	2020	2021	2022	2023	
Financial structure	Debt ratio (%)	52.11	54.11	53.71	51.13	Not applicable	
	Long-Term Funds to Property, Plant and Equipment Ratio (%)	197.36	110.28	144.44	122.22		
Debt-paying capability	Current ratio (%)	221.29	57.07	295.64	143.19		
	Quick ratio (%)	139.85	45.62	187.12	85.23		
	Interest coverage ratio(multiples)	28.21	29.28	13.56	18.03		
Operating ability	Receivables Turnover Rate (times)	7.51	8.53	9.54	10.25		
	Average days for cash receipts	48.63	42.79	38.25	35.60		
	Inventory turnover rate(times)	7.28	8.79	7.61	6.94		
	Accounts payable turnover rate (times)	34.18	42.19	35.96	41.47		
	Average days for sale of goods	59.93	41.51	47.95	52.59		
	Property, plant, and equipment turnover rate(times)	1.01	0.92	0.79	0.99		
	Total assets turnover rate(times)	0.47	0.45	0.46	0.65		
Profitability	Return on total assets (%)	4.39	4.63	4.20	8.77		
	Return on equity (%)	8.20	9.56	8.45	17.44		
	Ratio of net profit before tax to paid-in capital	14.97	17.49	17.38	36.16		
	Net profit margin (%)	9.01	9.89	8.53	12.87		
	Earnings Per Share (NT\$)	1.20	1.49	1.39	3.01		
Cash flow	Cash flow ratio (%)	24.15	27.37	55.82	69.99		
	Cash flow adequacy ratio (%)	102.92	77.28	71.43	73.67		
	Cash reinvestment ratio (%)	0.63	7.92	0.67	5.76		
Leverage	Operating leverage	1.88	1.56	1.90	1.53		
	Financial leverage	1.04	1.03	1.08	1.06		
Please explain changes in financial ratios for the most recent two years (over 20%): Not applicable							

(II) IFRS Individual Financial Analysis

Analysis Item		Year	Most Recent 5-Year Financial Information					Current Year as of April 15, 2024 (Note 2)
			2019	2020	2021	2022	2023	
Financial structure	Debt ratio (%)		52.11	54.11	53.71	51.13	52.47	Not applicable
	Long-Term Funds to Property, Plant and Equipment Ratio (%)		197.36	110.28	144.44	122.22	124.67	
Debt-paying capability	Current ratio (%)		221.29	57.07	295.64	143.19	84.09	
	Quick ratio (%)		139.84	45.61	187.12	85.23	57.40	
	Interest coverage ratio(multiples)		28.21	29.28	13.56	18.03	12.23	
Operating ability	Receivables Turnover Rate (times)		7.51	8.53	9.54	10.25	8.90	
	Average days for cash receipts		48.63	42.79	38.25	35.60	41.00	
	Inventory turnover rate(times)		7.28	8.79	7.61	6.94	8.68	
	Accounts payable turnover rate (times)		34.18	42.19	35.96	41.47	43.02	
	Average days for sale of goods		50.17	41.51	47.95	52.59	42.03	
	Property, plant, and equipment turnover rate(times)		1.01	0.92	0.79	0.99	0.92	
	Total assets turnover rate(times)		0.47	0.45	0.46	0.65	0.60	
Profitability	Return on total assets (%)		4.39	4.63	4.20	8.77	6.84	
	Return on equity (%)		8.20	9.56	8.45	17.44	13.03	
	Ratio of net profit before tax to paid-in capital		14.97	17.49	17.38	36.16	28.85	
	Net profit margin (%)		9.01	9.89	8.53	12.87	10.43	
	Earnings Per Share (NT\$)		1.20	1.49	1.39	3.01	2.32	
Cash flow	Cash flow ratio (%)		24.15	26.98	56.09	69.99	71.74	
	Cash flow adequacy ratio (%)		102.83	76.78	71.06	73.35	91.46	
	Cash reinvestment ratio (%)		0.63	7.76	0.67	5.76	6.97	
Leverage	Operating leverage		1.88	1.56	1.90	1.53	1.65	
	Financial leverage		1.04	1.03	1.08	1.06	1.09	

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

1. A 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, return on assets, return on equity, ratio of pre-tax net income to paid-in capital, and decrease in earnings per share: Mainly due to poorer operating conditions in the current period compared to the previous period.
3. Inventory turnover ratio and cash flow adequacy ratio increased: Mainly due to fewer inventories towards the end of the year.
4. Lower average days of sales: Mainly due to fewer purchases at the end of the year, resulting in a higher inventory turnover rate.
5. Cash reinvestment rate increased: mainly due to lower operating capital this 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 2023 Financial Statements, including Business Report, Independent Financial Statements, and Appropriations of Net Income. The Audit Committee has reviewed the aforementioned reports and determined them to be correct and accurate. The Independent Financial Statements has also been audited by Certified Public Accounts Rich (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 Shareholders,  
2024 Annual Shareholders' Meeting of the Company

Ta-Yuan Cogen Co., Ltd.  
Convener of the Audit Committee

March 5, 2024

## IV. Financial Statements for the Most Recent Fiscal Year

### 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, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 is stated as follows:

#### Revenue Recognition

The Company's revenue from the sale of goods in 2023 accounted for approximately 85% 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(j) for the accounting policy related to revenue recognition and Note 18 for material accounting policy information on revenue.

Our main audit procedures performed with respect to 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 and appropriate audit evidence regarding the financial information of 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, 2023 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 5, 2024

#### 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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 313,431	7	\$ 348,759	8
Accounts receivable from unrelated parties (Notes 8 and 18)	191,946	4	289,512	7
Accounts receivable from related parties (Notes 8, 18 and 25)	66,693	1	62,214	1
Inventories (Note 9)	174,700	4	285,630	6
Prepayments (Note 12)	<u>89,915</u>	<u>2</u>	<u>122,191</u>	<u>3</u>
Total current assets	<u>836,685</u>	<u>18</u>	<u>1,108,306</u>	<u>25</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	300,887	7	217,640	5
Property, plant and equipment (Notes 10, 26 and 27)	2,866,529	63	3,012,022	68
Right-of-use assets (Note 11)	4,818	-	7,313	-
Intangible assets	-	-	460	-
Deferred tax assets (Note 20)	1,254	-	8,157	-
Prepayments for equipment (Notes 12 and 27)	522,927	12	69,124	2
Refundable deposits	5,822	-	6,406	-
Prepaid pension cost - non-current (Note 16)	19,820	-	21,053	-
Other non-current assets	<u>9,869</u>	<u>-</u>	<u>4,760</u>	<u>-</u>
Total non-current assets	<u>3,731,926</u>	<u>82</u>	<u>3,346,935</u>	<u>75</u>
TOTAL	<u>\$ 4,568,611</u>	<u>100</u>	<u>\$ 4,455,241</u>	<u>100</u>

## LIABILITIES AND EQUITY

### CURRENT LIABILITIES

Short-term borrowings (Note 13)	\$ 200,000	4	\$ 100,000	2
Contract liabilities - current (Note 18)	2,469	-	9,759	-
Notes payable	21	-	-	-
Accounts payable to unrelated parties	49,076	1	51,995	1
Accounts payable to related parties (Note 25)	64	-	122	-

Other payables (Notes 14 and 25)	237,097	5	204,506	5
Current tax liabilities (Note 20)	23,190	1	64,866	1
Lease liabilities - current (Notes 11 and 25)	2,320	-	3,510	-
Current portion of long-term borrowings (Notes 13 and 26)	480,000	11	338,333	8
Other current liabilities	<u>784</u>	<u>-</u>	<u>919</u>	<u>-</u>
Total current liabilities	<u>995,021</u>	<u>22</u>	<u>774,010</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 26)	1,377,500	30	1,488,333	34
Liabilities provision - non-current (Note 15)	10,021	-	-	-
Deferred tax liabilities (Note 20)	3,964	-	4,211	-
Lease liabilities - non-current (Notes 11 and 25)	2,541	-	3,862	-
Guarantee deposits received	<u>8,200</u>	<u>-</u>	<u>7,700</u>	<u>-</u>
Total non-current liabilities	<u>1,402,226</u>	<u>30</u>	<u>1,504,106</u>	<u>34</u>
Total liabilities	<u>2,397,247</u>	<u>52</u>	<u>2,278,116</u>	<u>51</u>
EQUITY (Note 17)				
Share capital				
Ordinary shares	<u>1,222,549</u>	<u>27</u>	<u>1,222,549</u>	<u>27</u>
Retained earnings				
Legal reserve	330,340	7	292,902	7
Unappropriated earnings	<u>570,280</u>	<u>13</u>	<u>631,408</u>	<u>14</u>
Total retained earnings	<u>900,620</u>	<u>20</u>	<u>924,310</u>	<u>21</u>
Other equity	<u>48,195</u>	<u>1</u>	<u>30,266</u>	<u>1</u>
Total equity	<u>2,171,364</u>	<u>48</u>	<u>2,177,125</u>	<u>49</u>
TOTAL	<u>\$ 4,568,611</u>	<u>100</u>	<u>\$ 4,455,241</u>	<u>100</u>

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 18, 25 and 29)				
Sales	\$ 2,321,094	85	\$ 2,462,407	86
Service revenue	<u>395,914</u>	<u>15</u>	<u>398,601</u>	<u>14</u>
Total operating revenue	<u>2,717,008</u>	<u>100</u>	<u>2,861,008</u>	<u>100</u>
OPERATING COSTS (Notes 9, 19 and 25)				
Cost of sales	(1,851,204)	(68)	(1,980,007)	(69)
Service costs	<u>(328,895)</u>	<u>(12)</u>	<u>(278,975)</u>	<u>(10)</u>
Total operating costs	<u>(2,180,099)</u>	<u>(80)</u>	<u>(2,258,982)</u>	<u>(79)</u>
GROSS PROFIT	<u>536,909</u>	<u>20</u>	<u>602,026</u>	<u>21</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	(5,808)	-	(24,229)	(1)
General and administrative expenses	(140,413)	(5)	(123,380)	(4)
Research and development expenses	<u>(22,046)</u>	<u>(1)</u>	<u>(17,442)</u>	<u>-</u>

Total operating expenses	<u>(168,267)</u>	<u>(6)</u>	<u>(165,051)</u>	<u>(5)</u>
PROFIT FROM OPERATIONS	<u>368,642</u>	<u>14</u>	<u>436,975</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
(Notes 19 and 25)				
Interest income	2,422	-	733	-
Other income	13,024	-	30,828	1
Other gains and losses	(32)	-	(563)	-
Finance costs	<u>(31,404)</u>	<u>(1)</u>	<u>(25,951)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(15,990)</u>	<u>(1)</u>	<u>5,047</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	352,652	13	442,022	16
INCOME TAX EXPENSE (Note 20)	<u>(69,312)</u>	<u>(3)</u>	<u>(73,953)</u>	<u>(3)</u>
NET PROFIT	<u>283,340</u>	<u>10</u>	<u>368,069</u>	<u>13</u>

(Continued)

# TA-YUAN COGENERATION COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 16)	\$ (1,741)	-	\$ 7,886	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income (Note 17)	17,929	1	(57,815)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>348</u>	<u>-</u>	<u>(1,577)</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>16,536</u>	<u>1</u>	<u>(51,506)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 299,876</u>	<u>11</u>	<u>\$ 316,563</u>	<u>11</u>

EARNINGS PER SHARE (Note 21)

Basic	<u>\$ 2.32</u>	<u>\$ 3.01</u>
Diluted	<u>\$ 2.32</u>	<u>\$ 3.01</u>

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

**TA-YUAN COGENERATION COMPANY LIMITED**

**STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**(In Thousands of New Taiwan Dollars)**

	<b>Share Capital</b>		<b>Retained Earnings</b>		<b>Other Equity</b>	
	<b>Shares (In</b>			<b>Unappropriated</b>	<b>Unrealized</b>	
	<b>Thousands)</b>	<b>Amount</b>	<b>Legal Reserve</b>	<b>Earnings</b>	<b>Valuation Gain</b>	
					<b>(Loss) on</b>	
					<b>Financial Assets at</b>	
					<b>Fair Value</b>	
					<b>through Other</b>	
					<b>Comprehensive</b>	
					<b>Income</b>	<b>Total Equity</b>
BALANCE, JANUARY 1, 2022	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	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,309</u>	<u>(57,815)</u>	<u>(51,506)</u>
Total comprehensive income for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>374,378</u>	<u>(57,815)</u>	<u>316,563</u>



BALANCE, DECEMBER 31, 2022	122,254.9	1,222,549	292,902	631,408	30,266	2,177,125
Appropriation of 2022 earnings						
Legal reserve	-	-	37,438	(37,438)	-	-
Cash dividends	-	-	-	(305,637)	-	(305,637)
Net profit for the year ended December 31, 2023	-	-	-	283,340	-	283,340
Other comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,393)</u>	<u>17,929</u>	<u>16,536</u>
Total comprehensive income for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,947</u>	<u>17,929</u>	<u>299,876</u>
BALANCE, DECEMBER 31, 2023	<u>122,254.9</u>	<u>\$ 1,222,549</u>	<u>\$ 330,340</u>	<u>\$ 570,280</u>	<u>\$ 48,195</u>	<u>\$ 2,171,364</u>

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 352,652	\$ 442,022
Adjustments for:		
Depreciation expense	237,218	230,732
Amortization expense	3,616	2,384
Finance costs	31,404	25,951
Interest income	(2,422)	(733)
Dividend income	(9,667)	(14,762)
Gain on disposal of property, plant and equipment	-	(457)
Reversal of write-down of inventories	(39,809)	-
Write-down of inventories	-	40,723
Changes in operating assets and liabilities		
Accounts receivable	93,087	(145,295)
Inventories	150,739	(1,862)
Prepaid pension cost	(508)	(230)
Prepayments	32,276	(18,337)
Other current assets	-	112
Contract liability	(7,290)	4,126
Notes payable	21	(99)
Accounts payable	(2,977)	(4,711)
Other payables	3,692	65,123

Liabilities provision	10,021	-
Other current liabilities	<u>(135)</u>	<u>221</u>
Cash generated from operations	851,918	624,908
Interest paid	(34,062)	(27,502)
Income tax paid	<u>(103,984)</u>	<u>(55,643)</u>
Net cash generated from operating activities	<u>713,872</u>	<u>541,763</u>

#### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income	(65,318)	(93,660)
Payments for property, plant and equipment	(21,434)	(224,474)
Proceeds from disposal of property, plant and equipment	-	2,903
Decrease in refundable deposits	584	1,280
Payments for intangible assets	(500)	(500)
Increase in other non-current assets	(7,765)	(470)
Increase in prepayments for equipment	(488,984)	(52,658)
Interest received	2,422	733
Dividend received	<u>9,667</u>	<u>14,762</u>
Net cash used in investing activities	<u>(571,328)</u>	<u>(352,084)</u>

(Continued)

# TA-YUAN COGENERATION COMPANY LIMITED

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	\$ 700,000	\$ 300,000
Decrease in short-term borrowings	(600,000)	(200,000)
Increase in short-term bills payable	100,000	-
Decrease in short-term bills payable	(100,000)	-
Proceeds from long-term borrowings	400,000	100,000
Repayments of long-term borrowings	(369,166)	(373,333)
Increase (decrease) in guarantee deposits received	500	(1,000)
Repayment of the principal portion of lease liabilities	(3,569)	(3,512)
Dividends paid to owners of the Company	<u>(305,637)</u>	<u>(183,382)</u>
Net cash used in financing activities	<u>(177,872)</u>	<u>(361,227)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(35,328)	(171,548)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>348,759</u>	<u>520,307</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 313,431</u>	<u>\$ 348,759</u>

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

# TA-YUAN COGENERATION COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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#### 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 5, 2024.

#### 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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amended IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date
	Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, 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 IFRS Accounting Standards 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
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 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect

as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

#### Amendments to IAS 21 “Lack of convertibility”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

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 MATERIAL ACCOUNTING POLICY INFORMATION**

### **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 IFRS Accounting Standards 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.

### **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. 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.

g. 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.

## h. 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.

## i. 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.

## j. 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 the subcontracted operation of incinerators and the processing of waste. 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 the processing of waste, which assists in processing recycled waste from electric factories, is recognized by rates determined by each contract.

## k. Leases

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

### The Company as lessee

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.

#### l. 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.

#### m. 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.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

n. 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. MATERIAL 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 on 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.

When developing material accounting estimates, the Company considers the possible impact of the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Company's management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgments, estimates and assumptions uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 226	\$ 226
Checking accounts and demand deposits	<u>313,205</u>	<u>348,533</u>
	<u>\$ 313,431</u>	<u>\$ 348,759</u>



## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in equity instruments at FVTOCI

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Publicly traded shares	\$ 300,887	\$ 217,640

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 \$9,667 thousand and \$14,762 thousand were recognized during 2023 and 2022, respectively.

## 8. ACCOUNTS RECEIVABLE

	December 31	
	2023	2022
<u>Accounts receivable from unrelated parties</u>		
At amortized cost		
Gross carrying amount	\$ 191,946	\$ 289,512
Less: Allowance for impairment loss	-	-
	<u>\$ 191,946</u>	<u>\$ 289,512</u>
<u>Accounts receivable from related parties</u>		
At amortized cost		
Gross carrying amount	\$ 66,693	\$ 62,214
Less: Allowance for impairment loss	-	-
	<u>\$ 66,693</u>	<u>\$ 62,214</u>

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, 2023

	<b>Not Past Due</b>	<b>1 to 60 Days</b>	<b>61 to 120 Days</b>	<b>121 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 258,388	\$ 198	\$ 53	\$ -	\$ -	\$ 258,639
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 258,388</u>	<u>\$ 198</u>	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,639</u>

December 31, 2022

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

## 9. INVENTORIES

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Raw materials	<u>\$ 174,700</u>	<u>\$ 285,630</u>

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

	<u>For the Year Ended December 31</u>	
	<b>2023</b>	<b>2022</b>
Cost of inventories sold	\$ 1,891,013	\$ 1,939,284
Inventory (reversed) write-downs	<u>(39,809)</u>	<u>40,723</u>
	<u>\$ 1,851,204</u>	<u>\$ 1,980,007</u>

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
<u>Cost</u>							
Balance at January 1, 2023	\$ 328,984	\$ 1,256,928	\$ 4,258,005	\$ 4,893	\$ 31,265	\$ 96	\$ 5,880,171
Additions	-	1,766	36,544	1,030	-	10,819	50,159
Reclassification	-	-	38,167	-	-	(96)	38,071
Balance at December 31, 2023	<u>\$ 328,984</u>	<u>\$ 1,258,694</u>	<u>\$ 4,332,716</u>	<u>\$ 5,923</u>	<u>\$ 31,265</u>	<u>\$ 10,819</u>	<u>\$ 5,968,401</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 443,838	\$ 2,396,095	\$ 1,588	\$ 26,628	\$ -	\$ 2,868,149
Depreciation expenses	-	47,746	183,138	797	2,042	-	233,723
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 491,584</u>	<u>\$ 2,579,233</u>	<u>\$ 2,385</u>	<u>\$ 28,670</u>	<u>\$ -</u>	<u>\$ 3,101,872</u>
Carrying amounts at December 31, 2023	<u>\$ 328,984</u>	<u>\$ 767,110</u>	<u>\$ 1,753,483</u>	<u>\$ 3,538</u>	<u>\$ 2,595</u>	<u>\$ 10,819</u>	<u>\$ 2,866,529</u>
<u>Cost</u>							
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	<u>\$ 328,984</u>	<u>\$ 1,256,928</u>	<u>\$ 4,258,005</u>	<u>\$ 4,893</u>	<u>\$ 31,265</u>	<u>\$ 96</u>	<u>\$ 5,880,171</u>
<u>Accumulated depreciation</u>							
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	<u>\$ -</u>	<u>\$ 443,838</u>	<u>\$ 2,396,095</u>	<u>\$ 1,588</u>	<u>\$ 26,628</u>	<u>\$ -</u>	<u>\$ 2,868,149</u>
Carrying amounts at December 31, 2022	<u>\$ 328,984</u>	<u>\$ 813,090</u>	<u>\$ 1,861,910</u>	<u>\$ 3,305</u>	<u>\$ 4,637</u>	<u>\$ 96</u>	<u>\$ 3,012,022</u>

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	14-40 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 26.

## 11. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Land	\$ 478	\$ 1,434
Buildings	2,781	4,327
Transportation equipment	<u>1,559</u>	<u>1,552</u>
	<u>\$ 4,818</u>	<u>\$ 7,313</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 1,000</u>	<u>\$ 5,547</u>
Depreciation charge for right-of-use assets		
Land	\$ 956	\$ 956
Buildings	1,546	1,220
Transportation equipment	<u>993</u>	<u>1,267</u>
	<u>\$ 3,495</u>	<u>\$ 3,443</u>

Except for the recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Current	\$ <u>2,320</u>	\$ <u>3,510</u>
Non-current	\$ <u>2,541</u>	\$ <u>3,862</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	1.015%	1.015%
Buildings	1.055%-1.060%	1.055%-1.060%
Transportation equipment	1.300%-1.750%	0.960%-1.300%

c. Material leasing activities and terms

The Company leases certain land, buildings and transportation equipment as factory and for the use of official transportation with lease terms of 3 to 10 years. These arrangements of lands do not contain the priority right of purchase.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	\$ <u>5,354</u>	\$ <u>8,556</u>
Total cash outflow for leases	\$ <u>(8,923)</u>	\$ <u>(12,068)</u>

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	
	2023	2022
<u>Current</u>		
Prepayments		
Prepaid expense	\$ 3,661	\$ 3,754
Prepayments for goods	15,976	41,384
Supplies inventory	<u>70,278</u>	<u>77,053</u>
	<u>\$ 89,915</u>	<u>\$ 122,191</u>
<u>Non-current</u>		
Prepayments for equipment	<u>\$ 522,927</u>	<u>\$ 69,124</u>

## 13. BORROWINGS

### a. Short-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 26)</u>		
Bank loans	\$ 100,000	\$ -
<u>Unsecured borrowings</u>		
Line of credit borrowing	<u>100,000</u>	<u>100,000</u>
	<u>\$ 200,000</u>	<u>\$ 100,000</u>

- 1) The interest rates of the bank's revolving loan were 1.860% and 1.725% on December 31, 2023 and 2022, respectively.
- 2) Bank loans were secured by the Company's land and buildings (see Note 26). As of December 31, 2023, the range of effective interest rate of the secured borrowings was 1.700%.

b. Long-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 26)</u>		
Bank loans	\$ 1,757,500	\$ 1,626,666
<u>Unsecured borrowings</u>		
Bank loans	100,000	200,000
Less: Current portion	<u>(480,000)</u>	<u>(338,333)</u>
	<u>\$ 1,377,500</u>	<u>\$ 1,488,333</u>

- 1) The interest rates of the bank's revolving loan were 1.900% and 1.775% on December 31, 2023 and 2022, respectively.
- 2) Bank loans secured by the Company's land, buildings and machinery equipment (see Note 26) are due from March 17, 2024 to November 1, 2028. As of December 31, 2023 and 2022, the range of effective interest rates of the secured borrowings was 1.710%-1.900% and 1.585%-1.775%.

#### 14. OTHER PAYABLES

	December 31	
	2023	2022
<u>Current</u>		
Other payables		
Payables for purchases of equipment	\$ 31,085	\$ 2,429
Payables for salaries or bonuses	95,504	91,665
Payables for repair and maintenance	61,990	51,618
Payables for freight	7,615	16,098
Payables for utilities	4,798	3,564
Payables for business tax	4,883	10,530
Others	<u>31,222</u>	<u>28,602</u>
	<u>\$ 237,097</u>	<u>\$ 204,506</u>

#### 15. PROVISIONS

	December 31, 2023
Non-current	
Long-term employee benefits	<u>\$ 10,021</u>

The Company has a defined long-term bonus plan encouraged employee to service long in accordance with the Company's remuneration package rules. Long-term bonus was paid based on service years.

## 16. 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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 38,990	\$ 42,288
Fair value of plan assets	<u>(58,810)</u>	<u>(63,341)</u>
Surplus	<u>(19,820)</u>	<u>(21,053)</u>
Net defined benefit assets (classified under prepaid pension cost)	<u>\$ (19,820)</u>	<u>\$ (21,053)</u>



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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	<u>\$ 50,223</u>	<u>\$ (63,160)</u>	<u>\$ (12,937)</u>
Service cost			
Current service cost	448	-	448
Net interest expense (income)	<u>251</u>	<u>(318)</u>	<u>(67)</u>
Recognized in profit or loss	<u>699</u>	<u>(318)</u>	<u>381</u>
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	<u>400</u>	<u>-</u>	<u>400</u>
Recognized in other comprehensive income	<u>(3,012)</u>	<u>(4,874)</u>	<u>(7,886)</u>
Contributions from the employer	<u>-</u>	<u>(611)</u>	<u>(611)</u>
Benefits paid	<u>(5,622)</u>	<u>5,622</u>	<u>-</u>
Balance at December 31, 2022	<u>42,288</u>	<u>(63,341)</u>	<u>(21,053)</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Service cost			
Current service cost	\$ 427	\$ -	\$ 427
Net interest expense (income)	<u>634</u>	<u>(954)</u>	<u>(320)</u>
Recognized in profit or loss	<u>1,061</u>	<u>(954)</u>	<u>107</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(150)	(150)
Actuarial loss (gain)			
Changes in financial assumptions	970	-	970
Experience adjustments	<u>921</u>	<u>-</u>	<u>921</u>
Recognized in other comprehensive income	<u>1,891</u>	<u>(150)</u>	<u>1,741</u>
Contributions from the employer	<u>-</u>	<u>(615)</u>	<u>(615)</u>
Benefits paid	<u>(6,250)</u>	<u>6,250</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 38,990</u>	<u>\$ (58,810)</u>	<u>\$ (19,820)</u>

(Concluded)

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	\$ 42	\$ 135
General and administrative expenses	<u>65</u>	<u>246</u>
	<u>\$ 107</u>	<u>\$ 381</u>

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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate	1.250%	1.500%
Expected rate of salary increase	3.250%	3.250%

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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.25% increase	<u>\$ (970)</u>	<u>\$ (1,044)</u>
0.25% decrease	<u>\$ 1,005</u>	<u>\$ 1,082</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 967</u>	<u>\$ 1,044</u>
0.25% decrease	<u>\$ (939)</u>	<u>\$ (1,013)</u>

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	
	2023	2022
Expected contributions to the plans for the next year	\$ <u>632</u>	\$ <u>620</u>
Average duration of the defined benefit obligation	10.1 years	10 years

## 17. EQUITY

### a. Share capital

#### Ordinary share

	December 31	
	2023	2022
Number of shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>
Shares authorized	\$ <u>1,500,000</u>	\$ <u>1,500,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>122,255</u>	<u>122,255</u>
Shares issued	\$ <u>1,222,549</u>	\$ <u>1,222,549</u>

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 19.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 2022 and 2021 were approved in the shareholders' meetings on May 31, 2023 and June 16, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ <u>37,438</u>	\$ <u>27,449</u>
Cash dividends	\$ <u>305,637</u>	\$ <u>183,382</u>
Cash dividends per share (NT\$)	\$ 2.5	\$ 1.5

The appropriations of earnings for 2023 had been proposed by the Company's board of directors on March 5, 2024 were as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal reserve	\$ 28,195
Cash dividends	256,735
Cash dividends per share (NT\$)	2.1

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in their meeting to be held in May 2024.

c. Other equity items

Unrealized valuation gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ <u>30,266</u>	\$ <u>88,081</u>
Recognized for the year		
Unrealized profit or loss		
Equity instruments	<u>17,929</u>	<u>(57,815)</u>
Other comprehensive income (loss) recognized for the year	<u>17,929</u>	<u>(57,815)</u>
Balance at December 31	\$ <u>48,195</u>	\$ <u>30,266</u>

## 18. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>

Revenue from contracts with customers

Revenue from the sale of goods

Revenue from the sale of electricity generation	\$ 1,470,849	\$ 1,475,752
Revenue from the sale of steam generation	<u>850,245</u>	<u>986,655</u>
	<u>2,321,094</u>	<u>2,462,407</u>

Service revenue

Revenue from subcontracted operation of incinerators	176,834	146,110
Revenue from processing of waste	<u>219,080</u>	<u>252,491</u>
	<u>395,914</u>	<u>398,601</u>
	<u>\$ 2,717,008</u>	<u>\$ 2,861,008</u>

a. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Accounts receivable (Note 8)	<u>\$ 191,946</u>	<u>\$ 289,512</u>	<u>\$ 156,348</u>
Accounts receivable from related parties (Note 8)	<u>\$ 66,693</u>	<u>\$ 62,214</u>	<u>\$ 50,083</u>
Contract liabilities - current	<u>\$ 2,469</u>	<u>\$ 9,759</u>	<u>\$ 5,633</u>

b. Disaggregation of revenue

Refer to Note 29 for information about the disaggregation of revenue.

## 19. NET PROFIT

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	\$ <u>2,422</u>	\$ <u>733</u>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Dividends	\$ 9,667	\$ 14,762
Others	<u>3,357</u>	<u>16,066</u>
	<u>\$ 13,024</u>	<u>\$ 30,828</u>

### c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Gain on disposal of property, plant and equipment	\$ -	\$ 457
Net foreign exchange (losses) gains	(19)	229
Others	<u>(13)</u>	<u>(1,249)</u>
	<u>\$ (32)</u>	<u>\$ (563)</u>

### d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 31,346	\$ 25,866
Interest on lease liabilities	<u>58</u>	<u>85</u>
	<u>\$ 31,404</u>	<u>\$ 25,951</u>

Information about capitalized interests is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Capitalized interest amount	\$ 2,959	\$ 2,366
Capitalization rate	1.75%	1.34%

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Operating costs	\$ 229,869	\$ 224,028
Operating expenses	<u>7,349</u>	<u>6,704</u>
	<u>\$ 237,218</u>	<u>\$ 230,732</u>
An analysis of amortization by function		
Operating costs	\$ 876	\$ 876
Operating expenses	<u>2,740</u>	<u>1,508</u>
	<u>\$ 3,616</u>	<u>\$ 2,384</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits (Note 16)		
Defined contribution plan	\$ 7,337	\$ 6,613
Defined benefit plans	107	381
Other employee benefits	<u>265,770</u>	<u>246,668</u>
Total employee benefits expense	<u>\$ 273,214</u>	<u>\$ 253,662</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 155,497	\$ 151,269
Operating expenses	<u>117,717</u>	<u>102,393</u>
	<u>\$ 273,214</u>	<u>\$ 253,662</u>

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, 2023 and 2022, which were approved by the Company's board of directors on March 5, 2024 and March 7, 2023, respectively, are as follows:

### Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	1.5%	1.5%
Remuneration of directors	-	-

### Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ <u>5,370</u>	\$ <u>6,731</u>
Remuneration of directors	\$ <u>-</u>	\$ <u>-</u>

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, 2022 and 2021.

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.

## **20. INCOME TAXES**

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 62,121	\$ 94,300
Adjustments for prior year	<u>187</u>	<u>(12,293)</u>
	<u>62,308</u>	<u>82,007</u>
Deferred tax		
In respect of the current year	<u>7,004</u>	<u>(8,054)</u>
Income tax expense recognized in profit or loss	\$ <u>69,312</u>	\$ <u>73,953</u>



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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax from continuing operations	\$ <u>352,652</u>	\$ <u>442,022</u>
Income tax expense calculated at the statutory rate	\$ 70,530	\$ 88,404
Nondeductible expenses in determining taxable income	528	794
Tax-exempt income	(1,933)	(2,952)
Adjustments for prior years' tax	<u>187</u>	<u>(12,293)</u>
Income tax expense recognized in profit	\$ <u>69,312</u>	\$ <u>73,953</u>

The Company applies for deduction in income tax of 2021 in the amounts of \$10,721 thousand, 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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ <u>348</u>	\$ <u>(1,577)</u>
Total income tax recognized in other comprehensive income	\$ <u>348</u>	\$ <u>(1,577)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax liabilities		
Income tax payable	\$ <u>23,190</u>	\$ <u>64,866</u>

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, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss on inventories	\$ 8,157	\$ (7,963)	\$ -	\$ 194
Others	<u>-</u>	<u>1,060</u>	<u>-</u>	<u>1,060</u>
	<u>\$ 8,157</u>	<u>\$ (6,903)</u>	<u>\$ -</u>	<u>\$ 1,254</u>

Deferred tax liabilities

Temporary differences				
Defined benefit obligation	<u>\$ 4,211</u>	<u>\$ 101</u>	<u>\$ (348)</u>	<u>\$ 3,964</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 885	\$ -	\$ (885)	\$ -
Unrealized foreign exchange losses	45	(45)	-	-
Unrealized loss on inventories	<u>11</u>	<u>8,146</u>	<u>-</u>	<u>8,157</u>
	<u>\$ 941</u>	<u>\$ 8,101</u>	<u>\$ (885)</u>	<u>\$ 8,157</u>

Deferred tax liabilities

Temporary differences				
Defined benefit obligation	<u>\$ 3,472</u>	<u>\$ 47</u>	<u>\$ 692</u>	<u>\$ 4,211</u>

e. Income tax examination

The tax authorities have examined income tax of the Company through 2021.

## 21. EARNINGS PER SHARE

**Unit: NT\$ Per Share**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share	\$ <u>2.32</u>	\$ <u>3.01</u>
Diluted earnings per share	\$ <u>2.32</u>	\$ <u>3.01</u>

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**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic earnings per share	\$ <u>283,340</u>	\$ <u>368,069</u>
Earnings used in the computation of diluted earnings per share	\$ <u>283,340</u>	\$ <u>368,069</u>

### Number of Shares

**Unit: In Thousands of Shares**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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	<u>135</u>	<u>181</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>122,390</u>	<u>122,436</u>

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.

## 22. NON-CASH TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Company entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows:

- a. In 2023, the Company acquired property, plant and equipment with an aggregate fair value of \$50,159 thousand with a increase in payables for purchases of equipment of \$28,656 thousand, an increase in capitalized interest of \$69 thousand, and a cash outflow in the amount of \$21,434 thousand (see Note 10).
- b. 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).

## 23. 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.

## 24. 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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and				
emerging market shares	\$ 300,887	\$ -	\$ -	\$ 300,887

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

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	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 577,892	\$ 706,891
Financial assets at FVTOCI		
Equity instruments	300,887	217,640
<u>Financial liabilities</u>		
Amortized cost (2)	2,351,958	2,190,989

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	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 313,431	\$ 348,759
Cash flow interest rate risk		
Financial liabilities	2,057,500	1,926,666

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 Company's post-tax profit for the years ended December 31, 2023 and 2022 would have decreased by \$16,460 thousand and \$15,413 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 60.60% and 66.19% of total accounts receivable as of December 31, 2023 and 2022, 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, 2023 and 2022, the available unutilized short-term bank loan facilities were \$400,000 thousand and \$600,000 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, 2023

	<b>Effective Interest Rate</b>	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
Short-term						
borrowings	1.638%	\$ 203,275	\$ -	\$ -	\$ -	\$ 203,275
Notes payable	-	21	-	-	-	21
Accounts payable	-	49,140	-	-	-	49,140
Other payables	-	237,097	-	-	-	237,097
	1.015%-					
Lease liabilities	1.750%	2,363	1,182	1,392	-	4,937
Long-term						
borrowings	1.755%	488,423	731,685	706,772	-	1,926,880

#### December 31, 2022

	<b>Effective Interest Rate</b>	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
Short-term						
borrowings	1.725%	\$ 101,725	\$ -	\$ -	\$ -	\$ 101,725

Accounts payable	-	52,117	-	-	-	52,117
Other payables	-	204,506	-	-	-	204,506
	0.960%-					
Lease liabilities	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

## 25. 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
Cheng Loong Children's Care Foundation	Other related party

### b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales of goods	Investor with significant influence over the Company		
	Cheng Loong Corporation	\$ 628,778	\$ 513,709

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	
	2023	2022
Investor with significant influence over the Company	\$ 1,033	\$ 3,135

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	
		2023	2022
Accounts receivable from related parties	Investor with significant influence over the Company Cheng Loong Corporation	<u>\$ 66,693</u>	<u>\$ 62,214</u>

The outstanding accounts receivable from related parties are unsecured. There is no allowance of accounts receivable listed in 2023 and 2022.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts payable to related parties	Investor with significant influence over the Company	<u>\$ 64</u>	<u>\$ 122</u>
Other payables	Investor with significant influence over the Company Cheng Loong Corporation Taiwan Cogeneration Corporation	<u>\$ 468</u> <u>1,149</u>	<u>\$ 350</u> <u>1,867</u>
		<u>\$ 1,617</u>	<u>\$ 2,217</u>

The outstanding accounts payable to related parties are unsecured and will be paid by cash.

f. Lease arrangements

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities	Investor with significant influence over the Company Cheng Loong Corporation	<u>\$ 490</u>	<u>\$ 1,463</u>

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Interest expense	Investor with significant influence over the Company Cheng Loong Corporation	<u>\$ 10</u>	<u>\$ 19</u>

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.

g. Other transactions with related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Manufacturing expense	Investor with significant influence over the Company		
	Cheng Loong Corporation	<u>\$ 1,746</u>	<u>\$ 1,746</u>
Operating expense	Investor with significant influence over the Company		
	Cheng Loong Corporation	\$ 1,939	\$ 1,381
	Taiwan Cogeneration Corporation	<u>5,518</u>	<u>4,620</u>
		<u>\$ 7,457</u>	<u>\$ 6,001</u>
	Others related party		
	Cheng Loong Children's Care Foundation	<u>\$ 100</u>	<u>\$ 200</u>

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other income	Investor with significant influence over the Company		
	Cheng Loong Corporation	<u>\$ 283</u>	<u>\$ 10,102</u>

h. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	<u>\$ 20,345</u>	<u>\$ 32,451</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

## 26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2023	2022
Land	\$ 300,115	\$ 300,115
Buildings, net	235,688	252,554
Machinery equipment, net	<u>875,537</u>	<u>914,257</u>
	<u>\$ 1,411,340</u>	<u>\$ 1,466,926</u>

## 27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Company on December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	<u>\$ 82,338</u>	<u>\$ 5,033</u>
Prepayments for equipment	<u>\$ 357,828</u>	<u>\$ 53,366</u>

## 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 Company's reportable segments were plant of cogeneration segment and plant of renewable energy segment.

a. Segment revenue and results

The following was an analysis of the Company's revenue and results from continuing operations by reportable segments:

	<b>Plant of Cogeneration</b>	<b>Plant of Renewable Energy</b>	<b>Total</b>
<u>For the year ended 2023</u>			
Revenue from external customers	\$ 2,497,928	\$ 219,080	\$ 2,717,008
Inter-segment revenue	<u>-</u>	<u>-</u>	<u>-</u>
Segment revenue	<u>\$ 2,497,928</u>	<u>\$ 219,080</u>	<u>\$ 2,717,008</u>
Segment income	\$ 335,206	\$ 33,436	\$ 368,642
Interest income			2,422
Finance costs			(31,404)
Other income			13,024
Other expense and losses			<u>(32)</u>
Profit before tax			<u>\$ 352,652</u>
<u>For the year ended 2022</u>			
Revenue from external customers	\$ 2,608,517	\$ 252,491	\$ 2,861,008
Inter-segment revenue	<u>-</u>	<u>-</u>	<u>-</u>
Segment revenue	<u>\$ 2,608,517</u>	<u>\$ 252,491</u>	<u>\$ 2,861,008</u>
Segment income	\$ 369,082	\$ 67,893	\$ 436,975
Interest income			733
Finance costs			(25,951)
Other income			31,514
Other expense and losses			<u>(1,249)</u>
Profit before tax			<u>\$ 442,022</u>

b. Revenue from major products and services

The Company's revenue from continuing operations from its major products and services is disclosed in Note 18.

c. Geographical information

The Company operates only in Taiwan.

**TABLE 1**

**TA-YUAN COGENERATION COMPANY LIMITED**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2023**

**(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, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u> Cheng Loong Corporation	Investment company that evaluates the Company using the equity method	Financial assets at fair value through other comprehensive income - non- current	10,065,000	\$ 299,434	0.91	\$ 299,434	
	Taiwan Cogeneration Corporation	"	"	36,113	<u>1,453</u>	-	<u>1,453</u>	
					<u>\$ 300,887</u>		<u>\$ 300,887</u>	

**TABLE 2**

**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, 2023**

**(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	Investment company that evaluates the Company using the equity method	Sale	\$ 628,778	23.14	Monthly	Note	Note	Accounts receivable 66,693	\$ 25.79	

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, 2023**

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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.



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 2023 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\$ Thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	836,685	1,108,306	(271,621)	(24.51)
Non-current assets	3,731,926	3,346,935	384,991	11.50
Total Assets	4,568,611	4,455,241	113,370	2.54
Current Liabilities	995,021	774,010	221,011	28.55
Non-current Liabilities	1,402,226	1,504,106	(101,880)	(6.77)
Total Liabilities	2,397,247	2,278,116	119,131	5.23
Capital Stock	1,222,549	1,222,549	-	-
Retained Earnings	900,620	924,310	(23,690)	(2.56)
Other Equity	48,195	30,266	17,929	59.24
Total shareholder equity	2,171,364	2,177,125	(5,761)	(0.26)
Explanation: 1. Decrease in current assets: due to less inventory at the end of the year. 2. Increase in non-current assets: due to the increase in capital expenditures during the year. 3. 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.				

## II. Financial Performance

### (I) Analysis of Operation Results

Unit: NT\$ Thousand

Item	2023		2022		Increase (Decrease) Amount	Percentage of Change
	Subtotal	Total	Subtotal	Total		
Operating Revenue		2,717,008		2,861,008	(144,000)	(5.03)
Operating Costs		(2,180,099)		(2,258,982)	(78,883)	(3.49)
Gross Profit		536,909		602,026	(65,117)	(10.82)
Operating Expenses		(168,267)		(165,051)	3,216	1.95
Net operating profit		368,642		436,975	(68,333)	(15.64)
Non-operating Income and Expenses		(15,990)		5,047	(21,037)	(416.82)
Interest income	2,422		733		1,689	230.42
Dividend income	9,667		14,762		(5,095)	(34.51)
Losses on disposal of property, plant and equipment	-		457		(457)	(100.00)
Gain (loss) on exchange	(19)		229		(248)	(108.30)
Other income	3,357		16,066		(12,709)	(79.10)
Other loss	(13)		(1,249)		(1,236)	(98.96)
Interest expenses	(31,404)		(25,951)		5,453	21.01
Income before Tax		352,652		442,022	(89,370)	(20.22)
Income Tax Expense		(69,312)		(73,953)	(4,641)	(6.28)
Net Profit		283,340		368,069	(84,729)	(23.02)

Analysis of the proportion of change:

1. Decrease in operating revenue, gross profit, and income after tax: The main reason is due to the decline in coal prices, which led to a decrease in the purchase price of qualified cogeneration electricity by Taipower Company. As a result, the company switched to lump-sum contracts, causing a decline in electricity sales volume and a reduction in operating revenue and gross profit.
2. Increase in operating expenses: The main reason is that a new retention bonus system has been introduced this year, resulting in an increase in management expenses as well.

3. Decrease in non-operating income and expenses: Mainly due to a decrease in dividend income and an increase in interest expenses.
4. Decreased income tax expense: Mainly due to a decrease in net profit for 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\$ Thousand

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
348,759	713,872	(749,200)	313,431	-	-
<p>1. Analysis of changes in consolidated cash flow for the current fiscal year:</p> <p>(1) Operating activities: Net cash inflow was approximately NT\$714,000,000, mainly due to the increase in profit of the business.</p> <p>(2) Investing and financing activities: Net cash outflow was approximately NT\$749,000,000, mainly due to cash dividends, repayment of loans, and additions to property, plant and equipment.</p> <p>2. Remedial measures and liquidity analysis for cash inadequacy: No cash shortage in this period.</p> <p>3. Consolidated cash liquidity analysis for the following year:</p>					
Cash at Beginning of Year ①	The Estimated Full-Year net Cash Flow from Operating Activities ②	The Estimated Full-Year net Cash Flow from Investment and Financing Activities ③	The Anticipated Remaining Cash Balance ①+②+③+④+⑤	Remedial Measures for Cash Inadequacy	
				Investment Plan ④	Financial Plan ⑤
313,431	545,465	(373,839)	485,057	-	-
<p>Operating activities: Net cash inflow was approximately NT\$545,000,000, mainly due to the increase in profit of the business.</p>					

Investing and financing activities: Net cash outflow was approximately NT\$370,000,000, mainly due to the payment of cash dividends and capital expenditures.

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 2023 is as follows:

Unit: NT\$ Thousand

Item	Year	2023
Net currency exchange gain (loss)		(19)
Net operating revenue		2,717,008
Income before Tax		352,652
Ratio of net currency exchange gain (loss) to net revenue		(0%)
Ratio of net currency exchange gain (loss) to net income before tax		(0.01%)
interest expense		31,404
Ratio of interest expense to net operating revenue		1.16 %
Ratio of interest expense to net income before tax		8.91 %

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\$31,404 thousand, accounting for the operating revenue, and the ratio of net income before tax is 1.16% and 8.91% 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

The company's main market is currently the domestic market. Since the demand for electricity and steam is a basic need for industry and livelihood, the company assesses that it should not be significantly affected by inflation or deflation.

(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 thermal power plant products must achieve immediate sales upon production, so the sales targets are limited to users within the industrial park. Due to the regional clustering nature of the industry, the customer base for sales is more concentrated compared to general industries. In terms of procurement, the company inquires and negotiates with the lowest-priced manufacturers for purchases. Although the procurement is relatively concentrated at present, the inventory can be adjusted based on actual circumstances, which also reduces the risk of over-concentration in procurement. On the other hand, the military conflict between Russia and Ukraine and the resulting international sanctions have not caused a significant impact, despite Russia being a major import country for the company's raw coal. Currently, the coal stockpile is sufficient, and the company has started procuring coal from other countries.

- (X) The Impact and Risks of Major Shareholders who Are Directors or Hold More Than 10% of Shares on the Company From Significant Transfer or Replacement of Equity:

In 2023, 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 Information**

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.**

**Deputy Chairman: Jeff Chang**