

**Ta-Yuan Cogeneration Company  
Limited**

**Financial Statements for the  
Three Months Ended March 31, 2024 and 2023 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

### **Introduction**

We have reviewed the accompanying balance sheets of Ta-Yuan Cogeneration Company Limited (the "Company") as of March 31, 2024 and 2023, and the related statements of comprehensive income, the statements of changes in equity and cash flows for the three months then ended, and the related notes to the financial statements, including material accounting policy information (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

### **Scope of Review**

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as of March 31, 2024 and 2023, and its financial performance and its cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Po Jen Weng and Li-Huang Lee.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 8, 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 review such financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' review 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' review report and financial statements shall prevail.*

# TA-YUAN COGENERATION COMPANY LIMITED

## BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

| ASSETS   | March 31, 2024      |            | December 31, 2023   |            | March 31, 2023      |            |
|--|---------------------|------------|---------------------|------------|---------------------|------------|
|  | Amount              | %          | Amount              | %          | Amount              | %          |
| <b>CURRENT ASSETS</b>  |                     |            |                     |            |                     |            |
| Cash and cash equivalents (Note 6)   | \$ 497,716          | 10         | \$ 313,431          | 7          | \$ 291,740          | 7          |
| Accounts receivable from unrelated parties (Notes 8 and 18)                                      | 173,916             | 4          | 191,946             | 4          | 244,563             | 6          |
| Accounts receivable from related parties (Notes 8, 18 and 25)                                    | 69,454              | 1          | 66,693              | 1          | 69,021              | 1          |
| Inventories (Note 9)   | 35,167              | 1          | 174,700             | 4          | 251,289             | 6          |
| Prepayments (Note 12)  | 87,481              | 2          | 89,915              | 2          | 150,051             | 3          |
| Total current assets   | 863,734             | 18         | 836,685             | 18         | 1,006,664           | 23         |
| <b>NON-CURRENT ASSETS</b>  |                     |            |                     |            |                     |            |
| Financial assets at fair value through other comprehensive income - non-current (Notes 7 and 24) | 322,811             | 7          | 300,887             | 7          | 226,175             | 5          |
| Property, plant and equipment (Notes 10, 26 and 27)  | 2,837,982           | 61         | 2,866,529           | 63         | 2,982,180           | 69         |
| Right-of-use assets (Note 11)  | 5,576               | -          | 4,818               | -          | 6,371               | -          |
| Intangible assets  | 2,130               | -          | -                   | -          | 662                 | -          |
| Deferred tax assets  | 1,738               | -          | 1,254               | -          | 5,470               | -          |
| Prepayments for equipment (Notes 12, 26 and 27)  | 612,535             | 13         | 522,927             | 12         | 59,737              | 2          |
| Refundable deposits (Note 12)  | 5,820               | -          | 5,822               | -          | 2,536               | -          |
| Prepaid pension cost - non-current (Note 16)   | 20,030              | 1          | 19,820              | -          | 21,181              | 1          |
| Other non-current assets (Note 12)   | 4,611               | -          | 9,869               | -          | 5,073               | -          |
| Total non-current assets   | 3,813,233           | 82         | 3,731,926           | 82         | 3,309,385           | 77         |
| <b>TOTAL</b>   | <b>\$ 4,676,967</b> | <b>100</b> | <b>\$ 4,568,611</b> | <b>100</b> | <b>\$ 4,316,049</b> | <b>100</b> |
| <b>LIABILITIES AND EQUITY</b>  |                     |            |                     |            |                     |            |
| <b>CURRENT LIABILITIES</b>   |                     |            |                     |            |                     |            |
| Short-term borrowings (Notes 13 and 26)  | \$ 200,000          | 4          | \$ 200,000          | 4          | \$ -                | -          |
| Contract liabilities - current (Note 18)   | 2,405               | -          | 2,469               | -          | 7,079               | -          |
| Notes payable  | -                   | -          | 21                  | -          | 4                   | -          |
| Accounts payable to unrelated parties  | 40,608              | 1          | 49,076              | 1          | 45,453              | 1          |
| Accounts payable to related parties (Note 25)  | 91                  | -          | 64                  | -          | 102                 | -          |
| Other payables (Notes 14 and 25)   | 182,750             | 4          | 237,097             | 5          | 151,049             | 4          |
| Current tax liabilities  | 36,118              | 1          | 23,190              | 1          | 86,469              | 2          |
| Lease liabilities - current (Notes 11 and 25)  | 2,610               | -          | 2,320               | -          | 3,291               | -          |
| Current portion of long-term borrowings (Notes 13 and 26)  | 455,000             | 10         | 480,000             | 11         | 345,833             | 8          |
| Other current liabilities  | 727                 | -          | 784                 | -          | 613                 | -          |
| Total current liabilities  | 920,309             | 20         | 995,021             | 22         | 639,893             | 15         |
| <b>NON-CURRENT LIABILITIES</b>   |                     |            |                     |            |                     |            |
| Long-term borrowings (Notes 13 and 26)   | 1,515,000           | 33         | 1,377,500           | 30         | 1,380,833           | 32         |
| Provisions - non-current (Note 15)   | 12,611              | -          | 10,021              | -          | -                   | -          |
| Deferred tax liabilities   | 3,996               | -          | 3,964               | -          | 4,236               | -          |
| Lease liabilities - non-current (Notes 11 and 25)  | 3,005               | -          | 2,541               | -          | 3,138               | -          |
| Guarantee deposits received  | 8,200               | -          | 8,200               | -          | 7,700               | -          |
| Total non-current liabilities  | 1,542,812           | 33         | 1,402,226           | 30         | 1,395,907           | 32         |
| Total liabilities  | 2,463,121           | 53         | 2,397,247           | 52         | 2,035,800           | 47         |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)</b>                                    |                     |            |                     |            |                     |            |
| Share capital  |                     |            |                     |            |                     |            |
| Ordinary shares  | 1,222,549           | 26         | 1,222,549           | 27         | 1,222,549           | 28         |
| Retained earnings  |                     |            |                     |            |                     |            |
| Legal reserve  | 330,340             | 7          | 330,340             | 7          | 292,902             | 7          |
| Unappropriated earnings  | 620,080             | 13         | 570,280             | 13         | 727,094             | 17         |
| Total retained earnings  | 950,420             | 20         | 900,620             | 20         | 1,019,996           | 24         |
| Other equity   | 40,877              | 1          | 48,195              | 1          | 37,704              | 1          |
| Total equity   | 2,213,846           | 47         | 2,171,364           | 48         | 2,280,249           | 53         |
| <b>TOTAL</b>   | <b>\$ 4,676,967</b> | <b>100</b> | <b>\$ 4,568,611</b> | <b>100</b> | <b>\$ 4,316,049</b> | <b>100</b> |

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

# TA-YUAN COGENERATION COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME

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

|  | For the Three Months Ended March 31 |             |                  |             |
|--|-------------------------------------|-------------|------------------|-------------|
|  | 2024                                |             | 2023             |             |
|  | Amount                              | %           | Amount           | %           |
| OPERATING REVENUE (Notes 18, 25 and 30)                |                                     |             |                  |             |
| Sales  | \$ 477,784                          | 83          | \$ 698,604       | 88          |
| Service revenue  | <u>95,124</u>                       | <u>17</u>   | <u>94,346</u>    | <u>12</u>   |
| Total operating revenue                                | <u>572,908</u>                      | <u>100</u>  | <u>792,950</u>   | <u>100</u>  |
| OPERATING COSTS (Notes 9, 19 and 25)                   |                                     |             |                  |             |
| Cost of sales  | (385,769)                           | (67)        | (554,994)        | (70)        |
| Service costs  | <u>(78,243)</u>                     | <u>(14)</u> | <u>(73,732)</u>  | <u>(9)</u>  |
| Total operating costs                                  | <u>(464,012)</u>                    | <u>(81)</u> | <u>(628,726)</u> | <u>(79)</u> |
| GROSS PROFIT   | <u>108,896</u>                      | <u>19</u>   | <u>164,224</u>   | <u>21</u>   |
| OPERATING EXPENSES (Notes 19 and 25)                   |                                     |             |                  |             |
| Selling and marketing expenses                         | (1,519)                             | -           | (1,494)          | -           |
| General and administrative expenses                    | (31,749)                            | (6)         | (29,556)         | (4)         |
| Research and development expenses                      | <u>(7,061)</u>                      | <u>(1)</u>  | <u>(4,845)</u>   | <u>(1)</u>  |
| Total operating expenses                               | <u>(40,329)</u>                     | <u>(7)</u>  | <u>(35,895)</u>  | <u>(5)</u>  |
| PROFIT FROM OPERATIONS                                 | <u>68,567</u>                       | <u>12</u>   | <u>128,329</u>   | <u>16</u>   |
| NON-OPERATING INCOME AND EXPENSES<br>(Notes 19 and 25) |                                     |             |                  |             |
| Interest income  | 32                                  | -           | 147              | -           |
| Other income   | 205                                 | -           | 879              | -           |
| Other gains and losses                                 | -                                   | -           | (13)             | -           |
| Finance costs  | <u>(6,528)</u>                      | <u>(1)</u>  | <u>(7,766)</u>   | <u>(1)</u>  |
| Total non-operating income and expenses                | <u>(6,291)</u>                      | <u>(1)</u>  | <u>(6,753)</u>   | <u>(1)</u>  |
| PROFIT BEFORE INCOME TAX                               | 62,276                              | 11          | 121,576          | 15          |
| INCOME TAX EXPENSE (Note 20)                           | <u>(12,476)</u>                     | <u>(3)</u>  | <u>(25,890)</u>  | <u>(3)</u>  |
| NET PROFIT   | <u>49,800</u>                       | <u>8</u>    | <u>95,686</u>    | <u>12</u>   |

(Continued)

# TA-YUAN COGENERATION COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME

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

|  | For the Three Months Ended March 31 |     |            |    |
|--|-------------------------------------|-----|------------|----|
|  | 2024                                |     | 2023       |    |
|  | Amount                              | %   | Amount     | %  |
| OTHER COMPREHENSIVE (LOSS) INCOME  |                                     |     |            |    |
| Items that will not be reclassified subsequently to profit or loss: (Note 17)  |                                     |     |            |    |
| Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income | \$ (7,318)                          | (1) | \$ 7,438   | 1  |
| Other comprehensive (loss) income, net of income tax   | (7,318)                             | (1) | 7,438      | 1  |
| TOTAL COMPREHENSIVE INCOME   | \$ 42,482                           | 7   | \$ 103,124 | 13 |
| EARNINGS PER SHARE (Note 21)   |                                     |     |            |    |
| Basic  | \$ 0.41                             |     | \$ 0.78    |    |
| Diluted  | \$ 0.41                             |     | \$ 0.78    |    |

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

(Concluded)

**TA-YUAN COGENERATION COMPANY LIMITED**

**STATEMENTS OF CHANGES IN EQUITY**  
**(In Thousands of New Taiwan Dollars)**

|   | <u>Share Capital</u>                   |                     | <u>Retained Earnings</u> |  | <u>Other Equity</u>  | <u>Total Equity</u> |
|---|--|---------------------|--------------------------|--|--|---------------------|
|   | <u>Shares</u><br><u>(In Thousands)</u> | <u>Amount</u>       | <u>Legal Reserve</u>     | <u>Unappropriated</u><br><u>Earnings</u> | <u>Unrealized</u><br><u>Valuation Gain</u><br><u>(Loss) on Financial</u><br><u>Assets at Fair Value</u><br><u>through Other</u><br><u>Comprehensive</u><br><u>Income</u> |                     |
| BALANCE, JANUARY 1, 2023  | 122,254.9                              | \$ 1,222,549        | \$ 292,902               | \$ 631,408                               | \$ 30,266  | \$ 2,177,125        |
| Net profit for the three months ended March 31, 2023                        | -                                      | -                   | -                        | 95,686                                   | -  | 95,686              |
| Other comprehensive income for the three months ended March 31, 2023        | -                                      | -                   | -                        | -  | 7,438  | 7,438               |
| Total comprehensive income for the three months ended March 31, 2023        | -                                      | -                   | -                        | 95,686                                   | 7,438  | 103,124             |
| BALANCE, MARCH 31, 2023   | <u>122,254.9</u>                       | <u>\$ 1,222,549</u> | <u>\$ 292,902</u>        | <u>\$ 727,094</u>                        | <u>\$ 37,704</u>   | <u>\$ 2,280,249</u> |
| BALANCE, JANUARY 1, 2024  | 122,254.9                              | \$ 1,222,549        | \$ 330,340               | \$ 570,280                               | \$ 48,195  | \$ 2,171,364        |
| Net profit for the three months ended March 31, 2024                        | -                                      | -                   | -                        | 49,800                                   | -  | 49,800              |
| Other comprehensive income (loss) for the three months ended March 31, 2024 | -                                      | -                   | -                        | -  | (7,318)  | (7,318)             |
| Total comprehensive income for the three months ended March 31, 2024        | -                                      | -                   | -                        | 49,800                                   | (7,318)  | 42,482              |
| BALANCE, MARCH 31, 2024   | <u>122,254.9</u>                       | <u>\$ 1,222,549</u> | <u>\$ 330,340</u>        | <u>\$ 620,080</u>                        | <u>\$ 40,877</u>   | <u>\$ 2,213,846</u> |

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

# TA-YUAN COGENERATION COMPANY LIMITED

## STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

|   | For the Three Months Ended<br>March 31 |                |
|---|--|----------------|
|   | 2024                                   | 2023           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   |  |                |
| Profit before income tax  | \$ 62,276                              | \$ 121,576     |
| Adjustments for:  |  |                |
| Depreciation expense  | 60,117                                 | 59,427         |
| Amortization expense  | 1,410                                  | 635            |
| Finance costs   | 6,528                                  | 7,766          |
| Interest income   | (32)                                   | (147)          |
| Reversal of write-down of inventories   | (834)                                  | (13,429)       |
| Changes in operating assets and liabilities                                   |  |                |
| Accounts receivable   | 15,269                                 | 38,142         |
| Inventories   | 140,367                                | 47,770         |
| Prepaid pension cost  | (210)                                  | (128)          |
| Prepayments   | 2,434                                  | (27,860)       |
| Other non-current assets  | -                                      | (650)          |
| Contract liabilities  | (64)                                   | (2,680)        |
| Notes payable   | (21)                                   | 4              |
| Accounts payable  | (8,441)                                | (6,562)        |
| Other payables  | (61,074)                               | (64,160)       |
| Provisions - non-current  | 2,590                                  | -              |
| Other current liabilities   | (57)                                   | (306)          |
| Cash generated from operations  | 220,258                                | 159,398        |
| Interest paid   | (8,977)                                | (7,858)        |
| Income tax paid   | -                                      | (1,575)        |
| Net cash generated from operating activities                                  | <u>211,281</u>                         | <u>149,965</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |  |                |
| Purchase of financial assets at fair value through other comprehensive income | (26,942)                               | (254)          |
| Payments for property, plant and equipment                                    | (115,080)                              | (9,286)        |
| Decrease in refundable deposits   | 2                                      | 3,870          |
| Payments for intangible assets  | (685)                                  | (500)          |
| Decrease in other non-current assets  | 4,065                                  | -              |
| Interest received   | <u>32</u>                              | <u>147</u>     |
| Net cash used in investing activities   | <u>(138,608)</u>                       | <u>(6,023)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |  |                |
| Proceeds from short-term borrowings   | 200,000                                | -              |
| Repayments of short-term borrowings   | (200,000)                              | (100,000)      |
| Proceeds from long-term borrowings  | 220,000                                | 100,000        |

(Continued)

# TA-YUAN COGENERATION COMPANY LIMITED

## STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

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|  | For the Three Months Ended<br>March 31 |                   |
|--|--|-------------------|
|  | 2024                                   | 2023              |
| Repayments of long-term borrowings                       | \$ (107,500)                           | \$ (200,000)      |
| Repayments of the principal portion of lease liabilities | <u>(888)</u>                           | <u>(961)</u>      |
| Net cash generated from (used in) financing activities   | <u>111,612</u>                         | <u>(200,961)</u>  |
| NET INCREASE (DECREASE) IN CASH AND CASH<br>EQUIVALENTS  | 184,285                                | (57,019)          |
| CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD       | <u>313,431</u>                         | <u>348,759</u>    |
| CASH AND CASH EQUIVALENTS, END OF THE PERIOD             | <u>\$ 497,716</u>                      | <u>\$ 291,740</u> |

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

(Concluded)

# TA-YUAN COGENERATION COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (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 the Republic of China (ROC) in August 1993. The Company is mainly engaged in the cogeneration business, operating and repair of equipment, processing of waste disposal, management of incinerators and processing of refuse derived fuel. In June 1994, the Company’s shares were approved for public offering by the Securities and Futures Bureau, and the Company’s shares were listed and have been 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 May 8, 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 initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

| <u>New, Amended and Revised Standards and Interpretations</u>  | <u>Effective Date<br/>Announced by IASB (Note 1)</u> |
|--|--|
| 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                                      |
| IFRS 18 “Presentation and Disclosures in Financial Statements”   | January 1, 2027                                      |
| Amendments to IAS 21 “Lack of Exchangeability”   | January 1, 2025 (Note 2)                             |

Note 1: Unless stated otherwise, the above IFRSs 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 to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

#### IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, 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 interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim financial statements is less than the disclosure information required by IFRS Accounting Standards in a complete set of annual financial statements.

##### **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. Other material accounting policies

Except for the following, please refer to the financial statements for the year ended December 31, 2023.

- 1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

- 2) Other long-term employee benefits

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

- 3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

## **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 recent development of the climate change and related government policies and regulations 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

|   | March 31, 2024    | December 31,<br>2023 | March 31, 2023    |
|---|-------------------|----------------------|-------------------|
| Cash on hand  | \$ 241            | \$ 226               | \$ 226            |
| Checking accounts and demand deposits                                       | 491,828           | 313,205              | <u>291,514</u>    |
| Cash equivalents (investments with original maturities of 3 months or less) | <u>5,647</u>      | <u>-</u>             | <u>-</u>          |
|   | <u>\$ 497,716</u> | <u>\$ 313,431</u>    | <u>\$ 291,740</u> |

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

### Investments in Equity Instruments at FVTOCI

|                        | March 31, 2024    | December 31,<br>2023 | March 31, 2023    |
|------------------------|-------------------|----------------------|-------------------|
| <u>Non-current</u>     |                   |                      |                   |
| Domestic investments   |                   |                      |                   |
| Publicly traded shares | \$ <u>322,811</u> | \$ <u>300,887</u>    | \$ <u>226,175</u> |

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.

## 8. ACCOUNTS RECEIVABLE

|   | March 31, 2024    | December 31,<br>2023 | March 31, 2023    |
|---|-------------------|----------------------|-------------------|
| <u>Accounts receivable from unrelated parties</u> |                   |                      |                   |
| At amortized cost                                 |                   |                      |                   |
| Gross carrying amount                             | \$ 173,916        | \$ 191,946           | \$ 244,563        |
| Less: Allowance for impairment loss               | <u>-</u>          | <u>-</u>             | <u>-</u>          |
|   | <u>\$ 173,916</u> | <u>\$ 191,946</u>    | <u>\$ 244,563</u> |
| <u>Accounts receivable from related parties</u>   |                   |                      |                   |
| At amortized cost                                 |                   |                      |                   |
| Gross carrying amount                             | \$ 69,454         | \$ 66,693            | \$ 69,021         |
| Less: Allowance for impairment loss               | <u>-</u>          | <u>-</u>             | <u>-</u>          |
|   | <u>\$ 69,454</u>  | <u>\$ 66,693</u>     | <u>\$ 69,021</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 records 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:

March 31, 2024

|                                | Not Past Due      | 1 to 60 Days | 61 to 120 Days | 121 to 180 Days | Over 180 Days | Total             |
|--------------------------------|-------------------|--------------|----------------|-----------------|---------------|-------------------|
| Expected credit loss rate      | -                 | -            | -              | -               | -             | -                 |
| Gross carrying amount          | \$ 243,370        | \$ -         | \$ -           | \$ -            | \$ -          | \$ 243,370        |
| Loss allowance (Lifetime ECLs) | <u>-</u>          | <u>-</u>     | <u>-</u>       | <u>-</u>        | <u>-</u>      | <u>-</u>          |
| Amortized cost                 | <u>\$ 243,370</u> | <u>\$ -</u>  | <u>\$ -</u>    | <u>\$ -</u>     | <u>\$ -</u>   | <u>\$ 243,370</u> |

December 31, 2023

|                                | Not Past Due      | 1 to 60 Days  | 61 to 120 Days | 121 to 180 Days | Over 180 Days | Total             |
|--------------------------------|-------------------|---------------|----------------|-----------------|---------------|-------------------|
| Expected credit loss rate      | -                 | -             | -              | -               | -             | -                 |
| Gross carrying amount          | \$ 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> |

March 31, 2023

|                                | Not Past Due      | 1 to 60 Days | 61 to 120 Days | 121 to 180 Days | Over 180 Days | Total             |
|--------------------------------|-------------------|--------------|----------------|-----------------|---------------|-------------------|
| Expected credit loss rate      | -                 | -            | -              | -               | -             | -                 |
| Gross carrying amount          | \$ 313,584        | \$ -         | \$ -           | \$ -            | \$ -          | \$ 313,584        |
| Loss allowance (Lifetime ECLs) | <u>-</u>          | <u>-</u>     | <u>-</u>       | <u>-</u>        | <u>-</u>      | <u>-</u>          |
| Amortized cost                 | <u>\$ 313,584</u> | <u>\$ -</u>  | <u>\$ -</u>    | <u>\$ -</u>     | <u>\$ -</u>   | <u>\$ 313,584</u> |

**9. INVENTORIES**

|               | March 31, 2024   | December 31, 2023 | March 31, 2023    |
|---------------|------------------|-------------------|-------------------|
| Raw materials | <u>\$ 35,167</u> | <u>\$ 174,700</u> | <u>\$ 251,289</u> |

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

|                                  | <b>For the Three Months ended<br/>March 31</b> |                   |
|----------------------------------|--|-------------------|
|                                  | <b>2024</b>                                    | <b>2023</b>       |
| Cost of inventories sold         | \$ 386,603                                     | \$ 568,423        |
| Inventory write-downs (reversed) | <u>(834)</u>                                   | <u>(13,429)</u>   |
|                                  | <u>\$ 385,769</u>                              | <u>\$ 554,994</u> |

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

## 10. PROPERTY, PLANT AND EQUIPMENT

|   | Land              | Buildings           | Machinery<br>Equipment | Transportation<br>Equipment | Other<br>Equipment | Property under<br>Construction | Total               |
|---|-------------------|---------------------|------------------------|-----------------------------|--------------------|--------------------------------|---------------------|
| <u>Cost</u>   |                   |                     |                        |                             |                    |                                |                     |
| Balance at January 1, 2024                                  | \$ 328,984        | \$ 1,258,694        | \$ 4,332,716           | \$ 5,923                    | \$ 31,265          | \$ 10,819                      | \$ 5,968,401        |
| Reclassification  | <u>-</u>          | <u>11,307</u>       | <u>30,214</u>          | <u>-</u>                    | <u>-</u>           | <u>(10,819)</u>                | <u>30,702</u>       |
| Balance at March 31, 2024                                   | <u>\$ 328,984</u> | <u>\$ 1,270,001</u> | <u>\$ 4,362,930</u>    | <u>\$ 5,923</u>             | <u>\$ 31,265</u>   | <u>\$ -</u>                    | <u>\$ 5,999,103</u> |
| <u>Accumulated depreciation</u>                             |                   |                     |                        |                             |                    |                                |                     |
| Balance at January 1, 2024                                  | \$ -              | \$ 491,584          | \$ 2,579,233           | \$ 2,385                    | \$ 28,670          | \$ -                           | \$ 3,101,872        |
| Depreciation expenses                                       | <u>-</u>          | <u>11,981</u>       | <u>46,536</u>          | <u>221</u>                  | <u>511</u>         | <u>-</u>                       | <u>59,249</u>       |
| Balance at March 31, 2024                                   | <u>\$ -</u>       | <u>\$ 503,565</u>   | <u>\$ 2,625,769</u>    | <u>\$ 2,606</u>             | <u>\$ 29,181</u>   | <u>\$ -</u>                    | <u>\$ 3,161,121</u> |
| Carrying amount at March 31, 2024                           | <u>\$ 328,984</u> | <u>\$ 766,436</u>   | <u>\$ 1,737,161</u>    | <u>\$ 3,317</u>             | <u>\$ 2,084</u>    | <u>\$ -</u>                    | <u>\$ 2,837,982</u> |
| Carrying amount at December 31, 2023<br>and January 1, 2024 | <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, 2023                                  | \$ 328,984        | \$ 1,256,928        | \$ 4,258,005           | \$ 4,893                    | \$ 31,265          | \$ 96                          | \$ 5,880,171        |
| Additions   | -                 | -                   | 1,504                  | 450                         | -                  | -                              | 1,954               |
| Reclassification  | <u>-</u>          | <u>-</u>            | <u>26,785</u>          | <u>-</u>                    | <u>-</u>           | <u>(96)</u>                    | <u>26,689</u>       |
| Balance at March 31, 2023                                   | <u>\$ 328,984</u> | <u>\$ 1,256,928</u> | <u>\$ 4,286,294</u>    | <u>\$ 5,343</u>             | <u>\$ 31,265</u>   | <u>\$ -</u>                    | <u>\$ 5,908,814</u> |
| <u>Accumulated depreciation</u>                             |                   |                     |                        |                             |                    |                                |                     |
| Balance at January 1, 2023                                  | \$ -              | \$ 443,838          | \$ 2,396,095           | \$ 1,588                    | \$ 26,628          | \$ -                           | \$ 2,868,149        |
| Depreciation expenses                                       | <u>-</u>          | <u>11,932</u>       | <u>45,858</u>          | <u>184</u>                  | <u>511</u>         | <u>-</u>                       | <u>58,485</u>       |
| Balance at March 31, 2023                                   | <u>\$ -</u>       | <u>\$ 455,770</u>   | <u>\$ 2,441,953</u>    | <u>\$ 1,772</u>             | <u>\$ 27,139</u>   | <u>\$ -</u>                    | <u>\$ 2,926,634</u> |
| Carrying amount at March 31, 2023                           | <u>\$ 328,984</u> | <u>\$ 801,158</u>   | <u>\$ 1,844,341</u>    | <u>\$ 3,571</u>             | <u>\$ 4,126</u>    | <u>\$ -</u>                    | <u>\$ 2,982,180</u> |

No impairment loss or reversal of impairment loss was recognized for the three months ended March 31, 2024 and 2023.

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:

|                          |             |
|--------------------------|-------------|
| <b>Buildings</b>         |             |
| 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

|   | March 31, 2024  | December 31,<br>2023                           | March 31, 2023  |
|---|-----------------|--|-----------------|
| <u>Carrying amount</u>                      |                 |  |                 |
| Land  | \$ 239          | \$ 478   | \$ 1,195        |
| Buildings                                   | 4,014           | 2,781  | 3,941           |
| Transportation equipment                    | <u>1,323</u>    | <u>1,559</u>                                   | <u>1,235</u>    |
|   | <u>\$ 5,576</u> | <u>\$ 4,818</u>                                | <u>\$ 6,371</u> |
|   |                 | <b>For the Three Months ended<br/>March 31</b> |                 |
|   |                 | <b>2024</b>                                    | <b>2023</b>     |
| Additions to right-of-use assets            |                 | <u>\$ 1,626</u>                                | <u>\$ -</u>     |
| Depreciation charge for right-of-use assets |                 |  |                 |
| Land  |                 | \$ 239   | \$ 239          |
| Buildings                                   |                 | 393  | 386             |
| Transportation equipment                    |                 | <u>236</u>                                     | <u>317</u>      |
|   |                 | <u>\$ 868</u>                                  | <u>\$ 942</u>   |

Other than the depreciation expense recognized, the Company did not have significant sublease or impairment of right-of-use assets for the three months ended March 31, 2024 and 2023.

### b. Lease liabilities

|                        | March 31, 2024 | December 31,<br>2023 | March 31, 2023 |
|------------------------|----------------|----------------------|----------------|
| <u>Carrying amount</u> |                |                      |                |
| Current                | \$ 2,610       | \$ 2,320             | \$ 3,291       |
| Non-current            | <u>3,005</u>   | <u>2,541</u>         | <u>3,138</u>   |

Range of discount rate for lease liabilities was as follows:

|                          | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|--------------------------|-----------------------|------------------------------|-----------------------|
| Land                     | 1.015%                | 1.015%                       | 1.015%                |
| Buildings                | 1.055%-1.750%         | 1.055%-1.060%                | 1.055%-1.060%         |
| Transportation equipment | 1.300%-1.750%         | 1.300%-1.750%                | 0.960%-1.300%         |

c. Material leasing activities and terms

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

d. Other lease information

|  | <b>For the Three Months ended<br/>March 31</b> |                   |
|--|--|-------------------|
|  | <b>2024</b>                                    | <b>2023</b>       |
| Expenses relating to short-term leases | <u>\$ 170</u>                                  | <u>\$ 1,735</u>   |
| Total cash outflow for leases          | <u>\$ (1,058)</u>                              | <u>\$ (2,696)</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

|   | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|---|-----------------------|------------------------------|-----------------------|
| <b>Prepayments</b>  |                       |                              |                       |
| Prepaid expense   | \$ 4,529              | \$ 3,661                     | \$ 14,986             |
| Prepayments for goods                                       | 21,162                | 15,976                       | 65,931                |
| Supplies inventory  | 61,767                | 70,278                       | 68,315                |
| Tax overpaid retained for offsetting the future tax payable | <u>23</u>             | <u>-</u>                     | <u>819</u>            |
|   | <u>\$ 87,481</u>      | <u>\$ 89,915</u>             | <u>\$ 150,051</u>     |
| <b><u>Non-current</u></b>                                   |                       |                              |                       |
| Prepayments for equipment                                   | \$ 612,535            | \$ 522,927                   | \$ 59,737             |
| Refundable deposits   | 5,820                 | 5,822                        | 2,536                 |
| Other   | <u>4,611</u>          | <u>9,869</u>                 | <u>5,073</u>          |
|   | <u>\$ 622,966</u>     | <u>\$ 538,618</u>            | <u>\$ 67,346</u>      |

### 13. BORROWINGS

#### a. Short-term borrowings

|                                     | March 31, 2024    | December 31,<br>2023 | March 31, 2023 |
|-------------------------------------|-------------------|----------------------|----------------|
| <u>Secured borrowings (Note 26)</u> |                   |                      |                |
| Bank loans                          | \$ 100,000        | \$ 100,000           | \$ -           |
| <u>Unsecured borrowings</u>         |                   |                      |                |
| Line of credit borrowing            | <u>100,000</u>    | <u>100,000</u>       | <u>-</u>       |
|                                     | <u>\$ 200,000</u> | <u>\$ 200,000</u>    | <u>\$ -</u>    |

- 1) The interest rates of the bank revolving loan were 1.985% and 1.860% per annum as of March 31, 2024 and December 31, 2023, respectively.
- 2) The lands and buildings used by the Company were pledged as collateral for secured borrowings (see Note 26). As of March 31, 2024 and December 31, 2023, the range of effective interest rate of the secured borrowings were both 1.700% per annum.

#### b. Long-term borrowings

|                                     | March 31, 2024      | December 31,<br>2023 | March 31, 2023      |
|-------------------------------------|---------------------|----------------------|---------------------|
| <u>Secured borrowings (Note 26)</u> |                     |                      |                     |
| Bank loans                          | \$ 1,895,000        | \$ 1,757,500         | \$ 1,551,666        |
| <u>Unsecured borrowings</u>         |                     |                      |                     |
| Bank loans                          | 75,000              | 100,000              | 175,000             |
| Less: Current portion               | <u>(455,000)</u>    | <u>(480,000)</u>     | <u>(345,833)</u>    |
|                                     | <u>\$ 1,515,000</u> | <u>\$ 1,377,500</u>  | <u>\$ 1,380,833</u> |

- 1) The range of effective interest rates on bank loans was 2.025%, 1.900% and 1.900%-2.195% per annum as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- 2) The lands, buildings and machinery equipment used by the Company were pledged as collateral for secured borrowings (see Note 26). The borrowings are due between March 17, 2024 and November 1, 2028. As of March 31, 2024, December 31, 2023 and March 31, 2023, the range of effective interest rates of the secured borrowings was 1.350%-2.025%, 1.710%-1.900% and 1.710%-1.925%, respectively.

#### 14. OTHER LIABILITIES

|                                     | March 31, 2024    | December 31,<br>2023 | March 31, 2023    |
|-------------------------------------|-------------------|----------------------|-------------------|
| <u>Current</u>                      |                   |                      |                   |
| Other payables                      |                   |                      |                   |
| Payables for purchases of equipment | \$ 35,649         | \$ 31,085            | \$ 12,177         |
| Payables for salaries or bonuses    | 46,756            | 95,504               | 35,131            |
| Payables for repair and maintenance | 61,693            | 61,990               | 53,779            |
| Payables for freight                | 7,259             | 7,615                | 20,265            |
| Payables for utilities              | 7,143             | 4,798                | 3,653             |
| Payables for business tax           | -                 | 4,883                | -                 |
| Others                              | <u>24,250</u>     | <u>31,222</u>        | <u>26,044</u>     |
|                                     | <u>\$ 182,750</u> | <u>\$ 237,097</u>    | <u>\$ 151,049</u> |

#### 15. PROVISIONS

|                             | March 31, 2024   | December 31,<br>2023 | March 31, 2023 |
|-----------------------------|------------------|----------------------|----------------|
| Non-current                 |                  |                      |                |
| Long-term employee benefits | \$ <u>12,611</u> | \$ <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

For the three months ended March 31, 2024 and 2023, the pension (benefit) expenses of defined benefit plans, which were \$(6) thousand and \$27 thousand, respectively, were calculated based on the actuarially determined pension cost rates on December 31, 2023 and 2022, respectively.

#### 17. EQUITY

##### a. Share capital

##### Ordinary share

|   | March 31, 2024      | December 31,<br>2023 | March 31, 2023      |
|---|---------------------|----------------------|---------------------|
| Number of shares authorized (in thousands of shares)            | <u>150,000</u>      | <u>150,000</u>       | <u>150,000</u>      |
| Shares authorized   | \$ <u>1,500,000</u> | \$ <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>       | <u>122,255</u>      |
| Shares issued   | \$ <u>1,222,549</u> | \$ <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 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, where not less than 50% of the distributed retained earnings should be distributed as dividends to shareholders, and resolved by the shareholders in their meeting. 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 sets the dividend distribution policy. In accordance with the Articles, there are two kinds of dividends for shareholders, share dividends and cash dividends. In order to comply with the balanced policy regarding dividend distribution, cash dividends should not be less than 20% of the total dividends distributed. If there is an important investment project with no other funds available, the Company can either distribute cash dividends at a lower rate or not distribute any cash dividends, which should be resolved in the shareholders in their meeting.

Appropriation of earnings to the 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 2023 and 2022, which have been proposed by Corporation’s board of directors on March 5, 2024 and approved in the shareholders’ meeting on May 31, 2023, were as follows:

|                                 | <b>Appropriation of Earnings</b>      |             |
|---------------------------------|---------------------------------------|-------------|
|                                 | <b>For the Year Ended December 31</b> |             |
|                                 | <b>2023</b>                           | <b>2022</b> |
| Legal reserve                   | \$ 28,195                             | \$ 37,438   |
| Cash dividends                  | \$ 256,735                            | \$ 305,637  |
| Cash dividends per share (NT\$) | \$ 2.1                                | \$ 2.5      |

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in their meeting to be held on May 29, 2024.

c. Other equity items

Unrealized valuation gain on financial assets at FVTOCI

|  | <b>For the Three Months ended<br/>March 31</b> |                  |
|--|--|------------------|
|  | <b>2024</b>                                    | <b>2023</b>      |
| Balance at January 1   | <u>\$ 48,195</u>                               | <u>\$ 30,266</u> |
| Recognized during the period                                   |  |                  |
| Unrealized profit or loss                                      |  |                  |
| Equity instruments   | <u>(7,318)</u>                                 | <u>7,438</u>     |
| Other comprehensive (loss) income recognized during the period | <u>(7,318)</u>                                 | <u>7,438</u>     |
| Balance at March 31  | <u>\$ 40,877</u>                               | <u>\$ 37,704</u> |

**18. REVENUE**

|  | <b>For the Three Months ended<br/>March 31</b> |                   |
|--|--|-------------------|
|  | <b>2024</b>                                    | <b>2023</b>       |
| Revenue from contracts with customers                |  |                   |
| Revenue from the sale of goods                       |  |                   |
| Revenue from the sale of electricity generation      | \$ 264,803                                     | \$ 451,978        |
| Revenue from the sale of steam generation            | <u>212,981</u>                                 | <u>246,626</u>    |
|  | <u>477,784</u>                                 | <u>698,604</u>    |
| Service revenue                                      |  |                   |
| Revenue from subcontracted operation of incinerators | 42,726   | 37,549            |
| Revenue from processing of waste                     | <u>52,398</u>                                  | <u>56,797</u>     |
|  | <u>95,124</u>                                  | <u>94,346</u>     |
|  | <u>\$ 572,908</u>                              | <u>\$ 792,950</u> |

a. Contract balances

|  | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|--|-----------------------|------------------------------|-----------------------|
| Accounts receivable (Note 8)                         | <u>\$ 173,916</u>     | <u>\$ 191,946</u>            | <u>\$ 244,563</u>     |
| Accounts receivable from related parties<br>(Note 8) | <u>\$ 69,454</u>      | <u>\$ 66,693</u>             | <u>\$ 69,021</u>      |
| Contract liabilities - current                       | <u>\$ 2,405</u>       | <u>\$ 2,469</u>              | <u>\$ 7,079</u>       |

b. Disaggregation of revenue

Refer to Note 30 for information about the disaggregation of revenue.

## 19. NET PROFIT

### a. Interest income

|               | <b>For the Three Months ended<br/>March 31</b> |               |
|---------------|--|---------------|
|               | <b>2024</b>                                    | <b>2023</b>   |
| Bank deposits | \$ <u>32</u>                                   | \$ <u>147</u> |

### b. Other income

|        | <b>For the Three Months ended<br/>March 31</b> |               |
|--------|--|---------------|
|        | <b>2024</b>                                    | <b>2023</b>   |
| Others | \$ <u>205</u>                                  | \$ <u>879</u> |

### c. Other gains and losses

|        | <b>For the Three Months ended<br/>March 31</b> |                |
|--------|--|----------------|
|        | <b>2024</b>                                    | <b>2023</b>    |
| Others | \$ <u>-</u>                                    | \$ <u>(13)</u> |

### d. Finance costs

|                               | <b>For the Three Months ended<br/>March 31</b> |                 |
|-------------------------------|--|-----------------|
|                               | <b>2024</b>                                    | <b>2023</b>     |
| Interest on bank loans        | \$ 6,512                                       | \$ 7,748        |
| Interest on lease liabilities | <u>16</u>                                      | <u>18</u>       |
|                               | \$ <u>6,528</u>                                | \$ <u>7,766</u> |

Information about capitalized interest is as follows:

|                             | <b>For the Three Months ended<br/>March 31</b> |               |
|-----------------------------|--|---------------|
|                             | <b>2024</b>                                    | <b>2023</b>   |
| Capitalized interest amount | \$ <u>2,328</u>                                | \$ <u>223</u> |
| Capitalization rate         | 1.72%  | 1.72%         |

e. Depreciation and amortization

|   | <b>For the Three Months ended<br/>March 31</b> |                  |
|---|--|------------------|
|   | <b>2024</b>                                    | <b>2023</b>      |
| An analysis of depreciation by function |  |                  |
| Operating costs                         | \$ 58,266                                      | \$ 57,531        |
| Operating expenses                      | <u>1,851</u>                                   | <u>1,896</u>     |
|   | <u>\$ 60,117</u>                               | <u>\$ 59,427</u> |
| An analysis of amortization by function |  |                  |
| Operating costs                         | \$ 219   | \$ 219           |
| Operating expenses                      | <u>1,191</u>                                   | <u>416</u>       |
|   | <u>\$ 1,410</u>                                | <u>\$ 635</u>    |

f. Employee benefits expense

|  | <b>For the Three Months ended<br/>March 31</b> |                  |
|--|--|------------------|
|  | <b>2024</b>                                    | <b>2023</b>      |
| Post-employment benefits                             |  |                  |
| Defined contribution plan                            | \$ 1,828                                       | \$ 1,709         |
| Defined benefit plans (Note 16)                      | <u>-</u>                                       | <u>27</u>        |
|  | 1,828  | 1,736            |
| Other employee benefits                              | <u>60,978</u>                                  | <u>64,338</u>    |
| Total employee benefits expense                      | <u>\$ 62,806</u>                               | <u>\$ 66,074</u> |
| An analysis of employee benefits expense by function |  |                  |
| Operating costs                                      | \$ 40,999                                      | \$ 39,859        |
| Operating expenses                                   | <u>21,807</u>                                  | <u>26,215</u>    |
|  | <u>\$ 62,806</u>                               | <u>\$ 66,074</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. For the three months ended March 31, 2024 and 2023, the compensation of employees and the remuneration of directors were as follows:

Accrual rate

|                           | <b>For the Three Months ended<br/>March 31</b> |             |
|---------------------------|--|-------------|
|                           | <b>2024</b>                                    | <b>2023</b> |
| Compensation of employees | 1.5%   | 1.5%        |
| Remuneration of directors | -  | -           |

Amount

|                           | <b>For the Three Months ended<br/>March 31</b> |             |
|---------------------------|--|-------------|
|                           | <b>2024</b>                                    | <b>2023</b> |
| Compensation of employees | \$ 948   | \$ 1,836    |
| Remuneration of directors | \$ -   | \$ -        |

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

The compensation of employees and the remuneration of directors for 2023 and 2022, which were resolved by the board of directors on March 5, 2024 and March 7, 2023, respectively, were as follows:

Amount

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

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, 2023 and 2022.

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 Three Months ended<br/>March 31</b> |                  |
|---|--|------------------|
|   | <b>2024</b>                                    | <b>2023</b>      |
| Current tax                                     |  |                  |
| In respect of the current period                | \$ 12,928                                      | \$ 21,603        |
| Adjustments for prior year                      | -  | 1,575            |
|   | <u>12,928</u>                                  | <u>23,178</u>    |
| Deferred tax                                    |  |                  |
| In respect of the current period                | <u>(452)</u>                                   | <u>2,712</u>     |
| Income tax expense recognized in profit or loss | \$ <u>12,476</u>                               | \$ <u>25,890</u> |

- b. Income tax assessment

The income tax returns of the Company through 2022 have been assessed by the tax authorities.

## 21. EARNINGS PER SHARE

Unit: NT\$ Per Share

|                            | For the Three Months ended<br>March 31 |                |
|----------------------------|--|----------------|
|                            | 2024                                   | 2023           |
| Basic earnings per share   | <u>\$ 0.41</u>                         | <u>\$ 0.78</u> |
| Diluted earnings per share | <u>\$ 0.41</u>                         | <u>\$ 0.78</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 Period

Unit: NT\$ Per Share

|  | For the Three Months ended<br>March 31 |                  |
|--|--|------------------|
|  | 2024                                   | 2023             |
| Earnings used in the computation of basic earnings per share   | <u>\$ 49,800</u>                       | <u>\$ 95,686</u> |
| Earnings used in the computation of diluted earnings per share | <u>\$ 49,800</u>                       | <u>\$ 95,686</u> |

### Number of Shares

Unit: In Thousands of Shares

|   | For the Three Months ended<br>March 31 |                |
|---|--|----------------|
|   | 2024                                   | 2023           |
| Weighted average number of ordinary shares used in the<br>computation of basic earnings per share   | 122,255                                | 122,255        |
| Effect of potentially dilutive ordinary shares<br>Compensation of employees                         | <u>83</u>                              | <u>112</u>     |
| Weighted average number of ordinary shares used in the<br>computation of diluted earnings per share | <u>122,338</u>                         | <u>122,367</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 period.

## 22. NON-CASH TRANSACTIONS

For the three months ended of March 31, 2024 and 2023, the Company entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows:

|  | For the Three Months ended<br>March 31 |                 |
|--|--|-----------------|
|  | 2024                                   | 2023            |
| Additions of property, plant and equipment (Note 10)                                   | \$ -                                   | \$ 1,954        |
| Change of prepayments for equipment  | 119,644                                | 17,080          |
| Change of payables for purchases of equipment  | (4,564)                                | (9,748)         |
| Capitalized interest   | <u>-</u>                               | <u>-</u>        |
| Cash outflow of the Company due to the acquisition of property,<br>plant and equipment | <u>\$ 115,080</u>                      | <u>\$ 9,286</u> |

## 23. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company reviews its capital structure on a regular basis, which is determined based on both the business development strategy and the operating requirements.

## 24. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair values (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

March 31, 2024

|   | Level 1           | Level 2     | Level 3     | Total             |
|---|-------------------|-------------|-------------|-------------------|
| Financial assets at FVTOCI                        |                   |             |             |                   |
| Investments in equity instruments                 |                   |             |             |                   |
| Domestic listed shares and emerging market shares | <u>\$ 322,811</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 322,811</u> |

December 31, 2023

|   | <b>Level 1</b>    | <b>Level 2</b>  | <b>Level 3</b>  | <b>Total</b>      |
|---|-------------------|-----------------|-----------------|-------------------|
| Financial assets at FVTOCI                        |                   |                 |                 |                   |
| Investments in equity instruments                 |                   |                 |                 |                   |
| Domestic listed shares and emerging market shares | <u>\$ 300,887</u> | <u>\$ _____</u> | <u>\$ _____</u> | <u>\$ 300,887</u> |

March 31, 2023

|   | <b>Level 1</b>    | <b>Level 2</b>  | <b>Level 3</b>  | <b>Total</b>      |
|---|-------------------|-----------------|-----------------|-------------------|
| Financial assets at FVTOCI                        |                   |                 |                 |                   |
| Investments in equity instruments                 |                   |                 |                 |                   |
| Domestic listed shares and emerging market shares | <u>\$ 226,175</u> | <u>\$ _____</u> | <u>\$ _____</u> | <u>\$ 226,175</u> |

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2024 and 2023.

2) Valuation techniques applied for fair value measurement

The fair value of financial instruments, which were trading in a active market, was determined by the market price.

c. Categories of financial instruments

|  | <b>March 31, 2024</b> | <b>December 31, 2023</b> | <b>March 31, 2023</b> |
|--|-----------------------|--------------------------|-----------------------|
| <u>Financial assets</u>                |                       |                          |                       |
| Financial assets at amortized cost (1) | \$ 746,906            | \$ 577,892               | \$ 607,860            |
| Financial assets at FVTOCI             |                       |                          |                       |
| Equity instruments                     | 322,811               | 300,887                  | 226,175               |
| <u>Financial liabilities</u>           |                       |                          |                       |
| Amortized cost (2)                     | 2,401,649             | 2,351,958                | 1,930,974             |

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 borrowings, 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 ensures it has sufficient funds for operations. The Company carefully manages risks associated with operating activities, such as foreign currency risk, price risk of equity instruments, credit risk and liquidity risk, to minimize the uncertainty of the market, which brings potential risks for the financial position of the Company.

1) Market risk

a) Foreign currency risk

The major types of business of the Company are the cogeneration business, operating and repair of equipment, processing of waste disposal, management of incinerators and processing of refuse derived fuel (RDF). Foreign currency risk is not significant to the Company as less foreign currencies are held and no derivative financial instruments are used.

b) Interest rate risk

Interest rate risk is the risk due to changes in the fair value of financial instruments as a result of fluctuations of the 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 reporting period were as follows:

|                               | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|-------------------------------|-----------------------|------------------------------|-----------------------|
| Fair value interest rate risk |                       |                              |                       |
| Financial assets              | \$ 497,716            | \$ 313,431                   | \$ 291,740            |
| Cash flow interest rate risk  |                       |                              |                       |
| Financial liabilities         | 2,170,000             | 2,057,500                    | 1,726,666             |

Sensitivity analysis

The sensitivity analysis below was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole reporting period. If interest rates had been 100 basis points higher and all other variables were held constant, the Company's post-tax profit for the three months ended March 31, 2024 and 2023 would have decreased by \$4,340 thousand and \$3,453 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 reporting period, 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 carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company only transacts with companies with good credit ratings based on the policy. Collateral held as security is required in some situations to lower the risk of financial loss. In order to lower the credit risk, controls regarding the determination and approval of the line of credit have been made to ensure that overdue accounts receivable overdue are received. Furthermore, the Company reviews the recoverable amount of accounts receivable at the balance sheet date to ensure that an appropriate amount has been set aside as loss allowance for those unrecoverable accounts receivable. Therefore, the Company considers that credit risk has decreased significantly.

The Company's concentration of credit risk of 61.08%, 60.60% and 68.30% of total accounts receivable as of March 31, 2024, December 31, 2023 and March 31, 2023, 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 March 31, 2024, December 31, 2023 and March 31, 2023, the available unutilized short-term bank loan facilities were \$500,000 thousand, \$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.

#### March 31, 2024

|                       | <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 | 1.778%                         | \$ 203,555              | \$ -             | \$ -             | \$ -            | \$ 203,555   |
| Accounts payable      | -                              | 40,699                  | -                | -                | -               | 40,699       |
| Other payables        | -                              | 182,750                 | -                | -                | -               | 182,750      |
| Lease liabilities     | 1.015%-1.750%                  | 2,666                   | 1,940            | 1,096            | -               | 5,702        |
| Long-term borrowings  | 1.717%                         | 462,812                 | 705,274          | 713,604          | 166,197         | 2,047,887    |

#### 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      |
| Lease liabilities     | 1.015%-1.750%                  | 2,363                   | 1,182            | 1,392            | -               | 4,937        |
| Long-term borrowings  | 1.755%                         | 488,423                 | 731,685          | 706,772          | -               | 1,926,880    |

#### March 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> |
|----------------------|--------------------------------|-------------------------|------------------|------------------|-----------------|--------------|
| Notes payable        | -                              | \$ 4                    | \$ -             | \$ -             | \$ -            | \$ 4         |
| Accounts payable     | -                              | 45,555                  | -                | -                | -               | 45,555       |
| Other payables       | -                              | 151,049                 | -                | -                | -               | 151,049      |
| Lease liabilities    | 0.960%-1.300%                  | 3,341                   | 1,497            | 1,680            | -               | 6,518        |
| Long-term borrowings | 1.720%                         | 351,768                 | 419,018          | 885,742          | 143,615         | 1,800,143    |

## 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

| <u>Related Party Name</u>       | <u>Related Party Category</u>                        |
|---------------------------------|--|
| Cheng Loong Corporation         | Investor with significant influence over the Company |
| Taiwan Cogeneration Corporation | Investor with significant influence over the Company |

b. Operating revenue

| <u>Line Item</u> | <u>Related Party Category/Name</u>  | <u>For the Three Months ended<br/>March 31</u> |                   |
|------------------|---|--|-------------------|
|                  |   | <u>2024</u>                                    | <u>2023</u>       |
| Sales of goods   | Investor with significant influence over the Company<br>Cheng Loong Corporation | <u>\$ 151,474</u>                              | <u>\$ 129,157</u> |

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. Transaction terms between the Company and its related parties were not different from non-related parties.

c. Purchases of goods

| <u>Related Party Category/Name</u>  | <u>For the Three Months Ended<br/>March 31</u> |               |
|---|--|---------------|
|   | <u>2024</u>                                    | <u>2023</u>   |
| Investor with significant influence over the Company<br>Cheng Loong Corporation | <u>\$ 203</u>                                  | <u>\$ 227</u> |

Purchases were made at the prices determined based on each contract.

d. Receivables from related parties (excluding loans to related parties)

| <u>Line Item</u>                         | <u>Related Party Category/Name</u>  | <u>March 31,<br/>2024</u> | <u>December 31,<br/>2023</u> | <u>March 31,<br/>2023</u> |
|--|---|---------------------------|------------------------------|---------------------------|
| Accounts receivable from related parties | Investor with significant influence over the Company<br>Cheng Loong Corporation | <u>\$ 69,454</u>          | <u>\$ 66,693</u>             | <u>\$ 69,021</u>          |

The outstanding accounts receivable from related parties are unsecured.

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

| <b>Line Item</b>                    | <b>Related Party Category/Name</b>   | <b>March 31,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>March 31,<br/>2023</b> |
|-------------------------------------|--|---------------------------|------------------------------|---------------------------|
| Accounts payable to related parties | Investor with significant influence over the Company<br>Cheng Loong Corporation                                    | \$ <u>91</u>              | \$ <u>64</u>                 | \$ <u>102</u>             |
| Other payables                      | Investor with significant influence over the Company<br>Cheng Loong Corporation<br>Taiwan Cogeneration Corporation | \$ 450<br><u>100</u>      | \$ 468<br><u>1,149</u>       | \$ 396<br><u>121</u>      |
|                                     |  | \$ <u>550</u>             | \$ <u>1,617</u>              | \$ <u>517</u>             |

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

f. Lease arrangements

| <b>Line Item</b>  | <b>Related Party Category/Name</b>  | <b>March 31,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>March 31,<br/>2023</b> |
|-------------------|---|---------------------------|------------------------------|---------------------------|
| Lease liabilities | Investor with significant influence over the Company<br>Cheng Loong Corporation | \$ <u>245</u>             | \$ <u>490</u>                | \$ <u>1,221</u>           |

**For the Three Months Ended  
March 31**

| <b>Line Item</b> | <b>Related Party Category/Name</b>  | <b>2024</b> | <b>2023</b> |
|------------------|---|-------------|-------------|
| Interest expense | Investor with significant influence over the Company<br>Cheng Loong Corporation | \$ <u>1</u> | \$ <u>3</u> |

g. Other transactions with related parties

**For the Three Months Ended  
March 31**

| <b>Line Item</b>      | <b>Related Party Category/Name</b>  | <b>2024</b>            | <b>2023</b>            |
|-----------------------|---|------------------------|------------------------|
| Manufacturing expense | Investor with significant influence over the Company<br>Cheng Loong Corporation           | \$ <u>437</u>          | \$ <u>437</u>          |
| Operating expense     | Investor with significant influence over the Company<br>Cheng Loong Corporation<br>Others | \$ 545<br><u>1,765</u> | \$ 312<br><u>1,900</u> |
|                       |   | \$ <u>2,310</u>        | \$ <u>2,212</u>        |
| Other income          | Investor with significant influence over the Company<br>Cheng Loong Corporation           | \$ <u>-</u>            | \$ <u>283</u>          |

h. Remuneration of key management personnel

|                              | <b>For the Three Months Ended<br/>March 31</b> |                 |
|------------------------------|--|-----------------|
|                              | <b>2024</b>                                    | <b>2023</b>     |
| Short-term employee benefits | \$ <u>2,712</u>                                | \$ <u>3,331</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:

|                          | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|--------------------------|-----------------------|------------------------------|-----------------------|
| Land                     | \$ 300,115            | \$ 300,115                   | \$ 300,115            |
| Buildings, net           | 231,471               | 235,688                      | 248,338               |
| Machinery equipment, net | <u>858,063</u>        | <u>875,537</u>               | <u>916,619</u>        |
|                          | <u>\$ 1,389,649</u>   | <u>\$ 1,411,340</u>          | <u>\$ 1,465,072</u>   |

**27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS**

In addition to those disclosed in other notes, significant commitments of the Company on March 31, 2024, December 31, 2023 and March 31, 2023 were as follows:

|  | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|--|-----------------------|------------------------------|-----------------------|
| Acquisition of property, plant and equipment | <u>\$ 117,566</u>     | <u>\$ 82,338</u>             | <u>\$ 7,459</u>       |
| Prepayments for equipment                    | <u>\$ 361,825</u>     | <u>\$ 357,828</u>            | <u>\$ 53,366</u>      |

**28. OTHER ITEMS**

On February 15, 2023, the president of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, on April 29, 2024, the Ministry of Environment announced the draft “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees”. According to the draft “Regulations Governing the Collection of Carbon Fees”, companies belonging to the power generation industry and large-scale operators in the manufacturing industry, with total annual greenhouse gas emissions generated by direct emissions and indirect emissions that occur through the use of purchased electricity exceeding 25,000 metric tons of carbon dioxide equivalent (tCO<sub>2</sub>e), shall pay carbon fees if their plants are the emission sources subject to inventory, registration and inspection as announced by the Ministry of Environment.

Based on the emissions record of the Company in 2023, the Company expects that the aforementioned threshold will be reached in 2024. However, because the aforementioned drafts are still in the stage of draft preview and the rates of the carbon fee have not yet been announced, the Company is not able to reasonably estimate the impact of carbon fees.

## 29. 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 period, 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 period (None)
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (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 period 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 period 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)

### 30. 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<br/>Cogeneration</b> | <b>Plant of<br/>Renewable<br/>Energy</b> | <b>Total</b>      |
|--|----------------------------------|--|-------------------|
| <u>For the three months ended March 31, 2024</u> |                                  |  |                   |
| Revenue from external customers                  | \$ 520,510                       | \$ 52,398                                | \$ 572,908        |
| Inter-segment revenue                            | <u>-</u>                         | <u>-</u>                                 | <u>-</u>          |
| Segment revenue                                  | <u>\$ 520,510</u>                | <u>\$ 52,398</u>                         | <u>\$ 572,908</u> |
| Segment income                                   | \$ 59,368                        | \$ 9,199                                 | \$ 68,567         |
| Interest income                                  |                                  |  | 32                |
| Finance costs                                    |                                  |  | (6,528)           |
| Other income                                     |                                  |  | 205               |
| Other expense and losses                         |                                  |  | <u>-</u>          |
| Profit before tax                                |                                  |  | <u>\$ 62,276</u>  |
| <u>For the three months ended March 31, 2023</u> |                                  |  |                   |
| Revenue from external customers                  | \$ 736,153                       | \$ 56,797                                | \$ 792,950        |
| Inter-segment revenue                            | <u>-</u>                         | <u>-</u>                                 | <u>-</u>          |
| Segment revenue                                  | <u>\$ 736,153</u>                | <u>\$ 56,797</u>                         | <u>\$ 792,950</u> |
| Segment income                                   | \$ 116,638                       | \$ 11,691                                | \$ 128,329        |
| Interest income                                  |                                  |  | 147               |
| Finance costs                                    |                                  |  | (7,766)           |
| Other income                                     |                                  |  | 879               |
| Other expense and losses                         |                                  |  | <u>(13)</u>       |
| Profit before tax                                |                                  |  | <u>\$ 121,576</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.

**TA-YUAN COGENERATION COMPANY LIMITED**

**MARKETABLE SECURITIES HELD  
MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)**

| Holding Company Name | Type and Name of Marketable Securities   | Relationship with the Holding Company                | Financial Statement Account   | March 31, 2024   |                   |                             |                   | Note |
|----------------------|--|--|---|------------------|-------------------|-----------------------------|-------------------|------|
|                      |  |  |   | Number of Shares | Carrying Amount   | Percentage of Ownership (%) | Fair Value        |      |
| The Company          | <u>Shares</u><br>Cheng Loong Corporation | Investor with significant influence over the Company | Financial assets at fair value through other comprehensive income - non-current | 11,073,000       | \$ 321,117        | 1.00                        | \$ 321,117        |      |
|                      | Taiwan Cogeneration Corporation          | "  | "   | 36,113           | <u>1,694</u>      | -                           | <u>1,694</u>      |      |
|                      |  |  |   |                  | <u>\$ 322,811</u> |                             | <u>\$ 322,811</u> |      |

**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 THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)**

| Buyer       | Related Party           | Relationship   | Transaction Details |            |            |               | Abnormal Transaction |               | Notes/Accounts Receivable (Payable) |            | Note |
|-------------|-------------------------|--|---------------------|------------|------------|---------------|----------------------|---------------|-------------------------------------|------------|------|
|             |                         |  | Purchase/<br>Sale   | Amount     | % of Total | Payment Terms | Unit Price           | Payment Terms | Ending Balance                      | % of Total |      |
| The Company | Cheng Loong Corporation | Investor with significant influence over the Company | Sale                | \$ 151,474 | 26.44      | Monthly       | Note                 | Note          | Accounts receivable \$ 69,454       | 28.54      |      |

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****MARCH 31, 2024**

| 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.