

**Ta-Yuan Cogeneration Company
Limited**

**Financial Statements for the
Three Months Ended March 31, 2023 and 2022 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 (collectively, the “Company”) as of March 31, 2023 and 2022, 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 a summary of significant accounting policies (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 than 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, 2023 and 2022, and of its financial performance and its cash flows for the three months then ended 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 Jui-Chuan Chih and Li-Huang Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 9, 2023

Notice to Readers

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

	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 291,740	7	\$ 348,759	8	\$ 397,074	9
Accounts receivable from unrelated parties (Notes 8 and 17)	244,563	6	289,512	7	172,460	4
Accounts receivable from related parties (Notes 8, 17 and 24)	69,021	1	62,214	1	48,722	1
Inventories (Note 9)	251,289	6	285,630	6	353,749	8
Prepayments (Note 12)	150,051	3	122,191	3	109,990	3
Other current assets	-	-	-	-	57	-
Total current assets	<u>1,006,664</u>	<u>23</u>	<u>1,108,306</u>	<u>25</u>	<u>1,082,052</u>	<u>25</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	226,175	5	217,640	5	249,900	6
Property, plant and equipment (Notes 10 and 25)	2,982,180	69	3,012,022	68	2,746,752	62
Right-of-use assets (Note 11)	6,371	-	7,313	-	4,653	-
Intangible assets	662	-	460	-	1,356	-
Deferred tax assets	5,470	-	8,157	-	915	-
Prepayments for equipment (Note 24)	59,737	2	69,124	2	302,178	7
Refundable deposits	2,536	-	6,406	-	6,375	-
Prepaid pension cost - non-current (Note 15)	21,181	1	21,053	-	12,982	-
Other non-current assets	5,073	-	4,760	-	5,261	-
Total non-current assets	<u>3,309,385</u>	<u>77</u>	<u>3,346,935</u>	<u>75</u>	<u>3,330,372</u>	<u>75</u>
TOTAL	<u>\$ 4,316,049</u>	<u>100</u>	<u>\$ 4,455,241</u>	<u>100</u>	<u>\$ 4,412,424</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 13)	\$ -	-	\$ 100,000	2	\$ -	-
Contract liabilities - current (Note 17)	7,079	-	9,759	-	2,771	-
Notes payable	4	-	-	-	3	-
Accounts payable to unrelated parties	45,453	1	51,995	1	70,417	1
Accounts payable to related parties (Note 24)	102	-	122	-	252	-
Other payables (Notes 14 and 24)	151,049	4	204,506	5	125,328	3
Current tax liabilities	86,469	2	64,866	1	40,648	1
Lease liabilities - current (Notes 11 and 24)	3,291	-	3,510	-	2,232	-
Current portion of long-term borrowings (Notes 13 and 25)	345,833	8	338,333	8	181,667	4
Other current liabilities	613	-	919	-	1,847	-
Total current liabilities	<u>639,893</u>	<u>15</u>	<u>774,010</u>	<u>17</u>	<u>425,165</u>	<u>9</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 13 and 25)	1,380,833	32	1,488,333	34	1,918,333	44
Deferred tax liabilities	4,236	-	4,211	-	3,907	-
Lease liabilities - non-current (Notes 11 and 24)	3,138	-	3,862	-	2,466	-
Guarantee deposits received	7,700	-	7,700	-	9,200	-
Total non-current liabilities	<u>1,395,907</u>	<u>32</u>	<u>1,504,106</u>	<u>34</u>	<u>1,933,906</u>	<u>44</u>
Total liabilities	<u>2,035,800</u>	<u>47</u>	<u>2,278,116</u>	<u>51</u>	<u>2,359,071</u>	<u>53</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 16)						
Share capital						
Ordinary shares	<u>1,222,549</u>	<u>28</u>	<u>1,222,549</u>	<u>27</u>	<u>1,222,549</u>	<u>28</u>
Retained earnings						
Legal reserve	292,902	7	292,902	7	265,453	6
Unappropriated earnings	727,094	17	631,408	14	478,289	11
Total retained earnings	<u>1,019,996</u>	<u>24</u>	<u>924,310</u>	<u>21</u>	<u>743,742</u>	<u>17</u>
Other equity	37,704	1	30,266	1	87,062	2
Total equity	<u>2,280,249</u>	<u>53</u>	<u>2,177,125</u>	<u>49</u>	<u>2,053,353</u>	<u>47</u>
TOTAL	<u>\$ 4,316,049</u>	<u>100</u>	<u>\$ 4,455,241</u>	<u>100</u>	<u>\$ 4,412,424</u>	<u>100</u>

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) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 17 and 24)				
Sales	\$ 698,604	88	\$ 364,033	80
Service revenue	<u>94,346</u>	<u>12</u>	<u>93,786</u>	<u>20</u>
Total operating revenue	<u>792,950</u>	<u>100</u>	<u>457,819</u>	<u>100</u>
OPERATING COSTS (Notes 9, 18 and 24)				
Cost of sales	(554,994)	(70)	(355,835)	(78)
Service costs	<u>(73,732)</u>	<u>(9)</u>	<u>(60,019)</u>	<u>(13)</u>
Total operating costs	<u>(628,726)</u>	<u>(79)</u>	<u>(415,854)</u>	<u>(91)</u>
GROSS PROFIT	<u>164,224</u>	<u>21</u>	<u>41,965</u>	<u>9</u>
OPERATING EXPENSES (Notes 18 and 24)				
Selling and marketing expenses	(1,494)	-	(6,061)	(1)
General and administrative expenses	(29,556)	(4)	(17,650)	(4)
Research and development expenses	<u>(4,845)</u>	<u>(1)</u>	<u>(4,115)</u>	<u>(1)</u>
Total operating expenses	<u>(35,895)</u>	<u>(5)</u>	<u>(27,826)</u>	<u>(6)</u>
PROFIT FROM OPERATIONS	<u>128,329</u>	<u>16</u>	<u>14,139</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES (Notes 18 and 24)				
Interest income	147	-	3	-
Other income	879	-	2,577	1
Other gains and losses	(13)	-	1,110	-
Finance costs	<u>(7,766)</u>	<u>(1)</u>	<u>(4,794)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(6,753)</u>	<u>(1)</u>	<u>(1,104)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	121,576	15	13,035	3
INCOME TAX EXPENSE (Note 19)	<u>(25,890)</u>	<u>(3)</u>	<u>(2,607)</u>	<u>(1)</u>
NET PROFIT	<u>95,686</u>	<u>12</u>	<u>10,428</u>	<u>2</u>

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss: (Note 16)				
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	\$ 7,438	1	\$ (1,019)	-
Other comprehensive income (loss), net of income tax	7,438	1	(1,019)	-
TOTAL COMPREHENSIVE INCOME	\$ 103,124	13	\$ 9,409	2
EARNINGS PER SHARE (Note 20)				
Basic	\$ 0.78		\$ 0.09	
Diluted	\$ 0.78		\$ 0.09	

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)
(Reviewed, Not Audited)

	Share Capital		Retained Earnings		Other Equity	Total Equity
	Shares (In Thousands)	Amount	Legal Reserve	Unappropriated Earnings	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE, JANUARY 1, 2022	122,254.9	\$ 1,222,549	\$ 265,453	\$ 467,861	\$ 88,081	\$ 2,043,944
Net profit for the three months ended March 31, 2022	-	-	-	10,428	-	10,428
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	(1,019)	(1,019)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	10,428	(1,019)	9,409
BALANCE, MARCH 31, 2022	<u>122,254.9</u>	<u>\$ 1,222,549</u>	<u>\$ 265,453</u>	<u>\$ 478,289</u>	<u>\$ 87,062</u>	<u>\$ 2,053,353</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>

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) (Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 121,576	\$ 13,035
Adjustments for:		
Depreciation expense	59,427	56,648
Amortization expense	635	518
Finance costs	7,766	4,794
Interest income	(147)	(3)
Write-down of inventories	-	97
Reversal of write-down of inventories	(13,429)	-
Changes in operating assets and liabilities		
Accounts receivable	38,142	(14,751)
Inventories	47,770	(29,355)
Prepaid pension cost	(128)	(45)
Prepayments	(27,860)	(16,209)
Other current assets	-	55
Other non-current assets	(650)	-
Contract liabilities	(2,680)	(2,862)
Notes payable	4	(96)
Accounts payable	(6,562)	13,841
Other payables	(64,160)	(27,523)
Other current liabilities	(306)	79
Cash generated from operations	159,398	(1,777)
Interest paid	(7,858)	(5,406)
Income tax paid	(1,575)	-
Net cash generated from (used in) operating activities	<u>149,965</u>	<u>(7,183)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(254)	(69,124)
Payments for property, plant and equipment	(9,286)	(47,674)
Decrease in refundable deposits	3,870	1,311
Payments for intangible assets	(500)	(500)
Interest received	147	3
Net cash used in investing activities	<u>(6,023)</u>	<u>(115,984)</u>

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease from short-term borrowings	\$ (100,000)	\$ -
Proceeds from long-term borrowings	100,000	-
Repayments of long-term borrowings	(200,000)	-
Increase in guarantee deposits received	-	500
Repayment of the principal portion of lease liabilities	<u>(961)</u>	<u>(566)</u>
Net cash used in financing activities	<u>(200,961)</u>	<u>(66)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(57,019)	(123,233)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>348,759</u>	<u>520,307</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 291,740</u>	<u>\$ 397,074</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 9, 2023.

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

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

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

- b. The IFRSs 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 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
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

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

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

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

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 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 and based on the significance of the inputs to the fair value measurement in its entirety, are 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 significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

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) 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 COVID-19 pandemic and the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 226	\$ 226	\$ 226
Checking accounts and demand deposits	<u>291,514</u>	<u>348,533</u>	<u>396,848</u>
	<u>\$ 291,740</u>	<u>\$ 348,759</u>	<u>\$ 397,074</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Domestic investments			
Publicly traded shares	\$ 226,175	\$ 217,640	\$ 249,900

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, 2023	December 31, 2022	March 31, 2022
<u>Accounts receivable from unrelated parties</u>			
At amortized cost			
Gross carrying amount	\$ 244,563	\$ 289,512	\$ 172,460
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 244,563	\$ 289,512	\$ 172,460
<u>Accounts receivable from related parties</u>			
At amortized cost			
Gross carrying amount	\$ 69,021	\$ 62,214	\$ 48,722
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 69,021	\$ 62,214	\$ 48,722

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, 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>

December 31, 2022

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

March 31, 2022

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	\$ 221,182	\$ -	\$ -	\$ -	\$ -	\$ 221,182
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 221,182</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,182</u>

9. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	<u>\$ 251,289</u>	<u>\$ 285,630</u>	<u>\$ 353,749</u>

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

	For the Three Months ended March 31	
	2023	2022
Cost of inventories sold	\$ 568,423	\$ 355,738
Inventory write-downs (reversed)	<u>(13,429)</u>	<u>97</u>
	<u>\$ 554,994</u>	<u>\$ 355,835</u>

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

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 328,984	\$ 1,256,928	\$ 4,258,005	\$ 4,893	\$ 31,265	\$ 96	\$ 5,880,171
Additions	-	-	1,504	450	-	-	1,954
Reclassification	-	-	26,785	-	-	(96)	26,689
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	-	11,932	45,858	184	511	-	58,485
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 amounts 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>
Carrying amounts at December 31, 2022 and January 1, 2023	<u>\$ 328,984</u>	<u>\$ 813,090</u>	<u>\$ 1,861,910</u>	<u>\$ 3,305</u>	<u>\$ 4,637</u>	<u>\$ 96</u>	<u>\$ 3,012,022</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 328,984	\$ 1,252,246	\$ 4,381,340	\$ 3,154	\$ 45,487	\$ 7,021	\$ 6,018,232
Additions	-	-	378	-	-	510	888
Reclassification	-	-	12,760	-	-	778	13,538
Balance at March 31, 2022	<u>\$ 328,984</u>	<u>\$ 1,252,246</u>	<u>\$ 4,394,478</u>	<u>\$ 3,154</u>	<u>\$ 45,487</u>	<u>\$ 8,309</u>	<u>\$ 6,032,658</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 400,315	\$ 2,788,645	\$ 2,047	\$ 38,807	\$ -	\$ 3,229,814
Depreciation expenses	-	12,844	42,663	75	510	-	56,092
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 413,159</u>	<u>\$ 2,831,308</u>	<u>\$ 2,122</u>	<u>\$ 39,317</u>	<u>\$ -</u>	<u>\$ 3,285,906</u>
Carrying amounts at March 31, 2022	<u>\$ 328,984</u>	<u>\$ 839,087</u>	<u>\$ 1,563,170</u>	<u>\$ 1,032</u>	<u>\$ 6,170</u>	<u>\$ 8,309</u>	<u>\$ 2,746,752</u>

No impairment loss or reversal of impairment loss was recognized for the three months ended March 31, 2023 and 2022.

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

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

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

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Land	\$ 1,195	\$ 1,434	\$ 2,151
Buildings	3,941	4,327	-
Transportation equipment	<u>1,235</u>	<u>1,552</u>	<u>2,502</u>
	<u>\$ 6,371</u>	<u>\$ 7,313</u>	<u>\$ 4,653</u>
		For the Three Months ended March 31	
		2023	2022
Depreciation charge for right-of-use assets			
Land		\$ 239	\$ 239
Buildings		386	-
Transportation equipment		<u>317</u>	<u>317</u>
		<u>\$ 942</u>	<u>\$ 556</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, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Current	<u>\$ 3,291</u>	<u>\$ 3,510</u>	<u>\$ 2,232</u>
Non-current	<u>\$ 3,138</u>	<u>\$ 3,862</u>	<u>\$ 2,466</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	1.015%	1.015%	1.015%
Buildings	1.055%-1.060%	1.055%-1.060%	-
Transportation equipment	0.960%-1.300%	0.960%-1.300%	0.960%-1.300%

c. Material leasing activities and terms

The Company leases certain land, buildings and transportation equipment as factory and for the use of official transportation with lease terms of 2 to 5 years. These lease arrangements do not contain purchase options.

d. Other lease information

	For the Three Months ended March 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 1,735</u>	<u>\$ 2,945</u>
Total cash outflow for leases	<u>\$ (2,696)</u>	<u>\$ (3,511)</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

	March 31, 2023	December 31, 2022	March 31, 2022
Prepayments			
Prepaid expense	\$ 14,986	\$ 3,754	\$ 25,830
Prepayments for goods	65,931	41,384	6,327
Supplies inventory	68,315	77,053	68,903
Tax overpaid retained for offsetting the future tax payable	<u>819</u>	<u>-</u>	<u>8,930</u>
	<u>\$ 150,051</u>	<u>\$ 122,191</u>	<u>\$ 109,990</u>

13. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured borrowings</u>			
Line of credit borrowing	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>

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

b. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured borrowings (Note 25)</u>			
Bank loans	\$ 1,551,666	\$ 1,626,666	\$ 1,900,000
<u>Unsecured borrowings</u>			
Bank loans	175,000	200,000	200,000
Less: Current portion	<u>(345,833)</u>	<u>(338,333)</u>	<u>(181,667)</u>
	<u>\$ 1,380,833</u>	<u>\$ 1,488,333</u>	<u>\$ 1,918,333</u>

- 1) The range of effective interest rates on bank loans was 1.900%-2.195%, 1.755% and 1.400% per annum at March 31, 2023, December 31, 2022 and March 31, 2022, respectively.
- 2) Bank loans secured by the Company's land, buildings and machinery equipment (see Note 25) are due from July 27, 2023 to November 1, 2028. As of March 31, 2023, December 31, 2022 and March 31, 2022, the range of effective interest rates of the secured borrowings was 1.710%-1.925%, 1.585%-1.775% and 1.210%-1.400%, respectively.

14. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Other payables			
Payables for purchases of equipment	\$ 12,177	\$ 2,429	\$ 16,492
Payables for salaries or bonuses	35,131	91,665	23,722
Payables for repair and maintenance	53,779	51,618	38,458
Payables for utilities	3,653	3,564	6,631
Payables for freight	20,265	16,098	16,767
Payables for business tax	-	10,530	-
Others	<u>26,044</u>	<u>28,602</u>	<u>23,258</u>
	<u>\$ 151,049</u>	<u>\$ 204,506</u>	<u>\$ 125,328</u>

15. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2023 and 2022, the pension expenses of defined benefit plans, which were \$27 thousand and \$105 thousand, respectively, were calculated based on the actuarially determined pension cost rates on December 31, 2022 and 2021, respectively.

16. EQUITY

a. Share capital

Ordinary share

	March 31, 2023	December 31, 2022	March 31, 2022
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 18.g.

The Company's Articles also stipulate that the Company's profit, future development, budget planning and demand of funds should be taken into account when the Company 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 2022 and 2021, which have been proposed by Corporation's board of directors on March 7, 2023 and approved in the shareholders' meeting on June 16, 2022, were as follows:

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

The appropriation of earnings for 2022 is subject to the resolution of the shareholders in their meeting to be held on May 31, 2023.

c. Other equity items

Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Three Months ended	
	March 31	
	2023	2022
Balance at January 1	<u>\$ 30,266</u>	<u>\$ 88,081</u>
Recognized during the period		
Unrealized profit or loss		
Equity instruments	<u>7,438</u>	<u>(1,019)</u>
Other comprehensive income (loss) recognized during the period	<u>7,438</u>	<u>(1,019)</u>
Balance at March 31	<u>\$ 37,704</u>	<u>\$ 87,062</u>

17. REVENUE

	For the Three Months ended	
	March 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods		
Revenue from the sale of electricity	<u>\$ 451,978</u>	<u>\$ 147,712</u>
Revenue from the sale of steam	<u>246,626</u>	<u>216,321</u>
	<u>698,604</u>	<u>364,033</u>
Service revenue		
Revenue from subcontracted operation of incinerators	<u>37,549</u>	<u>26,028</u>
Revenue from processing of refuse derived fuel (RDF)	<u>56,797</u>	<u>67,758</u>
	<u>94,346</u>	<u>93,786</u>
	<u>\$ 792,950</u>	<u>\$ 457,819</u>

a. Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable (Note 8)	<u>\$ 244,563</u>	<u>\$ 289,512</u>	<u>\$ 172,460</u>
Accounts receivable from related parties (Note 8)	<u>\$ 69,021</u>	<u>\$ 62,214</u>	<u>\$ 48,722</u>
Contract liabilities - current	<u>\$ 7,079</u>	<u>\$ 9,759</u>	<u>\$ 2,771</u>

b. Disaggregation of revenue

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

18. NET PROFIT

a. Interest income

	For the Three Months ended March 31	
	2023	2022
Bank deposits	<u>\$ 147</u>	<u>\$ 3</u>

b. Other income

	For the Three Months ended March 31	
	2023	2022
Others	<u>\$ 879</u>	<u>\$ 2,577</u>

c. Other gains and losses

	For the Three Months ended March 31	
	2023	2022
Net foreign exchange gains	\$ -	\$ 2,358
Others	<u>(13)</u>	<u>(1,248)</u>
	<u>\$ (13)</u>	<u>\$ 1,110</u>

d. Finance costs

	For the Three Months ended March 31	
	2023	2022
Interest on bank loans	\$ 7,748	\$ 4,781
Interest on lease liabilities	<u>18</u>	<u>13</u>
	<u>\$ 7,766</u>	<u>\$ 4,794</u>

Information about capitalized interest is as follows:

	For the Three Months ended March 31	
	2023	2022
Capitalized interest amount	<u>\$ 223</u>	<u>\$ 760</u>
Capitalization rate	1.72%	1.06%
 e. Depreciation and amortization		
	For the Three Months ended March 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 57,531	\$ 55,439
Operating expenses	<u>1,896</u>	<u>1,209</u>
	<u>\$ 59,427</u>	<u>\$ 56,648</u>
An analysis of amortization by function		
Operating costs	\$ 219	\$ 219
Operating expenses	<u>416</u>	<u>299</u>
	<u>\$ 635</u>	<u>\$ 518</u>
 f. Employee benefits expense		
	For the Three Months ended March 31	
	2023	2022
Post-employment benefits		
Defined contribution plan	\$ 1,709	\$ 1,584
Defined benefit plans (Note 15)	<u>27</u>	<u>105</u>
	1,736	1,689
Other employee benefits	<u>64,338</u>	<u>51,682</u>
Total employee benefits expense	<u>\$ 66,074</u>	<u>\$ 53,371</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 39,859	\$ 37,830
Operating expenses	<u>26,215</u>	<u>15,541</u>
	<u>\$ 66,074</u>	<u>\$ 53,371</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, 2023 and 2022, the compensation of employees and the remuneration of directors were as follows:

Accrual rate

	For the Three Months ended March 31	
	2023	2022
Compensation of employees	1.5%	1.5%
Remuneration of directors	-	-

Amount

	For the Three Months ended March 31	
	2023	2022
Compensation of employees	<u>\$ 1,836</u>	<u>\$ 198</u>
Remuneration of directors	<u>\$ -</u>	<u>\$ -</u>

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

The compensation of employees and the remuneration of directors for 2022 and 2021, which were resolved by the board of directors on March 7, 2023 and March 10, 2022, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees	<u>\$ 6,731</u>	<u>\$ 3,235</u>
Remuneration of directors	<u>\$ -</u>	<u>\$ -</u>

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

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

19. INCOME TAXES

- a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months ended March 31	
	2023	2022
Current tax		
In respect of the current period	\$ 21,603	\$ 2,146
Adjustments for prior year	<u>1,575</u>	<u>-</u>
	<u>23,178</u>	<u>2,146</u>
Deferred tax		
In respect of the current period	<u>2,712</u>	<u>461</u>
Income tax expense recognized in profit or loss	<u>\$ 25,890</u>	<u>\$ 2,607</u>

- b. Income tax assessment

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months ended March 31	
	2023	2022
Basic earnings per share	<u>\$ 0.78</u>	<u>\$ 0.09</u>
Diluted earnings per share	<u>\$ 0.78</u>	<u>\$ 0.09</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 March 31	
	2023	2022
Earnings used in the computation of basic earnings per share	<u>\$ 95,686</u>	<u>\$ 10,428</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 95,686</u>	<u>\$ 10,428</u>

Number of Shares

	Unit: In Thousands of Shares	
	For the Three Months ended March 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	122,255	122,255
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>112</u>	<u>84</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>122,367</u>	<u>122,339</u>

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were 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.

21. NON-CASH TRANSACTIONS

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

	For the Three Months ended March 31	
	2023	2022
Additions of property, plant and equipment (Note 10)	\$ 1,954	\$ 888
Change of prepayments for equipment	17,080	47,834
Change of payables for purchases of equipment	(9,748)	(1,028)
Capitalized interest	<u>-</u>	<u>(20)</u>
Cash outflow of the Company due to the acquisition of property, plant and equipment	<u>\$ 9,286</u>	<u>\$ 47,674</u>

22. 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.

23. 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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 226,175	\$ -	\$ -	\$ 226,175

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 217,640	\$ -	\$ -	\$ 217,640

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 249,900	\$ -	\$ -	\$ 249,900

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2023 and 2022.

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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 607,860	\$ 706,891	\$ 624,631
Financial assets at FVTOCI			
Equity instruments	226,175	217,640	249,900
<u>Financial liabilities</u>			
Amortized cost (2)	1,930,974	2,190,989	2,305,200

- 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 291,740	\$ 348,759	\$ 397,074
Cash flow interest rate risk			
Financial liabilities	1,726,666	1,926,666	2,100,000

Sensitivity analysis

The sensitivity analysis below was prepared assuming the amount of each liability outstanding at the end of the 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, 2023 and 2022 would have decreased by \$3,453 thousand and \$4,200 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 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 68.30%, 66.19% and 55.43% of total accounts receivable as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively, was attributable to the Company's five largest customers. Other credit concentration risks are not relatively significant.

3) Liquidity risk

With stable profitability, the Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The Company relies on bank loans as a significant source of liquidity. As of March 31, 2023, December 31, 2022 and March 31, 2022, the available unutilized short-term bank loan facilities were \$600,000 thousand, \$600,000 thousand and \$500,000 thousand, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

March 31, 2023

	Effective Interest Rate	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
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

December 31, 2022

	Effective Interest Rate	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Short-term borrowings	1.725%	\$ 101,725	\$ -	\$ -	\$ -	\$ 101,725
Accounts payable	-	52,117	-	-	-	52,117
Other payables	-	204,506	-	-	-	204,506
Lease liabilities	0.960%-1.300%	3,568	2,021	1,890	-	7,479
Long-term borrowings	1.340%	342,871	441,610	902,004	202,157	1,888,642

March 31, 2022

	Effective Interest Rate	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Notes payable	-	\$ 3	\$ -	\$ -	\$ -	\$ 3
Accounts payable	-	70,669	-	-	-	70,669
Other payables	-	125,328	-	-	-	125,328
Lease liabilities	0.96%-1.30%	2,272	1,828	657	-	4,757
Long-term borrowings	1.06%	183,584	659,537	937,398	379,785	2,160,304

24. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category
Cheng Loong Corporation	Investor with significant influence over the Company
Taiwan Cogeneration Corporation	Investor with significant influence over the Company

b. Operating revenue

Line Item	Related Party Category/Name	For the Three Months ended March 31	
		2023	2022
Sales of goods	Investor with significant influence over the Company Cheng Loong Corporation	<u>\$ 129,157</u>	<u>\$ 98,845</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

Related Party Category/Name	For the Three Months ended March 31	
	2023	2022
Investor with significant influence over the Company	<u>\$ 227</u>	<u>\$ 837</u>

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

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

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable from related parties	Investor with significant influence over the Company Cheng Loong Corporation	<u>\$ 69,021</u>	<u>\$ 62,214</u>	<u>\$ 48,722</u>

The outstanding accounts receivable from related parties are unsecured.

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

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable to related parties	Investor with significant influence over the Company	<u>\$ 102</u>	<u>\$ 122</u>	<u>\$ 252</u>
Other payables	Investor with significant influence over the Company	<u>\$ 517</u>	<u>\$ 2,217</u>	<u>\$ 747</u>

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

f. Prepayments

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Prepayments for equipment	Investor with significant influence over the Company	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,530</u>

g. Lease arrangements

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Lease liabilities	Investor with significant influence over the Company			
	Cheng Loong Corporation	<u>\$ 1,221</u>	<u>\$ 1,463</u>	<u>\$ 2,187</u>

Line Item	Related Party Category/Name	For the Three Months ended March 31	
		2023	2022
Interest expense	Investor with significant influence over the Company Cheng Loong Corporation	<u>\$ 3</u>	<u>\$ 6</u>

h. Other transactions with related parties

Line Item	Related Party Category/Name	For the Three Months ended March 31	
		2023	2022
Manufacturing expense	Investor with significant influence over the Company	<u>\$ 437</u>	<u>\$ 437</u>
Operating expense	Investor with significant influence over the Company	<u>\$ 2,212</u>	<u>\$ 832</u>
Other income	Investor with significant influence over the Company	<u>\$ 283</u>	<u>\$ -</u>

i. Remuneration of key management personnel

	For the Three Months ended March 31	
	2023	2022
Short-term employee benefits	<u>\$ 3,331</u>	<u>\$ 2,759</u>

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

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 300,115	\$ 300,115	\$ 300,115
Buildings, net	248,338	252,554	266,754
Machinery equipment, net	<u>916,619</u>	<u>914,257</u>	<u>646,374</u>
	<u>\$ 1,465,072</u>	<u>\$ 1,466,926</u>	<u>\$ 1,213,243</u>

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	<u>\$ 7,459</u>	<u>\$ 5,033</u>	<u>\$ 146,064</u>

27. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)

b. Information on investees (None)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the 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)

28. 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 steam and electricity segment and other segment.

a. Segment revenue and results

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

	Plant of Cogeneration	Plant of Renewable Energy	Total
<u>For the three months ended March 31, 2023</u>			
Revenue from external customers	\$ 736,153	\$ 56,797	\$ 792,950
Inter-segment revenue	_____ -	_____ -	_____ -
Segment revenue	<u>\$ 736,153</u>	<u>\$ 56,797</u>	<u>\$ 792,950</u>

(Continued)

	Plant of Cogeneration	Plant of Renewable Energy	Total
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>
<u>For the three months ended March 31, 2022</u>			
Revenue from external customers	\$ 390,061	\$ 67,758	\$ 457,819
Inter-segment revenue	<u>-</u>	<u>-</u>	<u>-</u>
Segment revenue	<u>\$ 390,061</u>	<u>\$ 67,758</u>	<u>\$ 457,819</u>
Segment income	\$ (8,723)	\$ 22,862	\$ 14,139
Interest income			3
Finance costs			(4,794)
Other income			4,935
Other expense and losses			<u>(1,248)</u>
Profit before tax			<u>\$ 13,035</u>

(Concluded)

b. Revenue from major products and services

The Company's revenue from continuing operations from its major products and services is disclosed in Note 17.

c. Geographical information

The Company operates only in Taiwan.

TA-YUAN COGENERATION COMPANY LIMITED

MARKETABLE SECURITIES HELD

MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u> Cheng Loong Corporation	Investor with significant influence over the Company	Financial assets at fair value through other comprehensive income - non-current	7,961,000	\$ 224,898	0.72	\$ 224,898	
	Taiwan Cogeneration Corporation	"	"	30,000	1,277	0.01	1,277	

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, 2023
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Cheng Loong Corporation	Investor with significant influence over the Company	Sale	\$ 129,157	16.29	Monthly	Note	Note	Accounts receivable \$ 69,021	22.01	

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

TABLE 3**TA-YUAN COGENERATION COMPANY LIMITED****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2023**

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.