Ta-Yuan Cogeneration Company Limited and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matter

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

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

<u>Revenue Recognition</u>

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

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

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

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

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2023

Notice to Readers

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

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

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

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

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 348,759	8	$ 520,307	12
Accounts receivable from unrelated parties (Notes 8 and 17)	289,512	7	156,348	4
Accounts receivable from related parties (Notes 8, 17 and 24)	62,214	1	50,083	1
Inventories (Note 9)	285,630	6	324,491	7
Prepayments (Note 12)	122,191	3	96,976	2
Other current assets	-	-	112	-
Total current assets	1,108,306	25	1,148,317	26
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	217,640	5	181,795	4
Property, plant and equipment (Notes 10, 24 and 25)	3,012,022	68	2,788,418	63
Right-of-use assets (Note 11)	7,313	-	5,209	-
Intangible assets	460	-	1,155	-
Deferred tax assets (Note 19)	8,157	-	941	-
Prepayments for equipment (Notes 12 and 24)	69,124	2	263,947	6
Refundable deposits (Note 12)	6,406	-	7,686	-
Prepaid pension cost - non-current (Note 15)	21,053	-	12,937	1
Other non-current assets (Note 12)	4,760	-	5,480	-
Total non-current assets	3,346,935	75	3,267,568	74
TOTAL	$ 4,455,241	100	$ 4,415,885	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 100,000	2	$ -	-
Contract liabilities - current (Note 17)	9,759	-	5,633	-
Notes payable	-	-	99	-
Accounts payable to unrelated parties	51,995	1	56,333	1
Accounts payable to related parties (Note 24)	122	-	495	-
Other payables (Notes 14 and 24)	204,506	5	151,688	4
Current tax liabilities (Note 19)	64,866	1	38,502	1
Lease liabilities - current (Notes 11 and 24)	3,510	-	2,226	-
Current portion of long-term borrowings (Notes 13 and 25)	338,333	8	131,667	3
Other current liabilities	919	-	1,768	-
Total current liabilities	774,010	17	388,411	9
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 25)	1,488,333	34	1,968,333	45
Deferred tax liabilities (Note 19)	4,211	-	3,472	-
Lease liabilities - non-current (Notes 11 and 24)	3,862	-	3,025	-
Guarantee deposits received	7,700	-	8,700	-
Total non-current liabilities	1,504,106	34	1,983,530	45
Total liabilities	2,278,116	51	2,371,941	54
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 16)				
Share capital				
Ordinary shares	1,222,549	27	1,222,549	28
Retained earnings				
Legal reserve	292,902	7	265,453	6
Unappropriated earnings	631,408	14	467,861	10
Total retained earnings	924,310	21	733,314	16
Other equity	30,266	1	88,081	2
Total equity	2,177,125	49	2,043,944	46
TOTAL	$ 4,455,241	100	$ 4,415,885	100

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

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

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

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

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

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

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

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

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

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

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

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

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

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

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

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

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

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

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

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

- Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

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

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

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

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

e. Foreign currencies

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

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

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

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

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

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

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

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Internally generated intangible assets - research and development expenditures

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

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

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

3) Derecognition of intangible assets

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

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

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

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

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

1) Revenue from sale of goods

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

2) Service revenue

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

l. Leases

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

<u>The Group as lessee</u>

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

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

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

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

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

m. Borrowing costs

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

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

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

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

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

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

8. ACCOUNTS RECEIVABLE

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

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

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

December 31, 2022

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

December 31, 2021

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

9. INVENTORIES

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

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

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

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

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
Cost							
Balance at January 1, 2022	$ 328,984	$ 1,252,246	$ 4,381,340	$ 3,154	$ 45,487	$ 7,021	$ 6,018,232
Additions	-	6,128	198,234	3,091	-	4,082	211,535
Disposals	-	(7,103)	(569,792)	(1,352)	(14,222)	-	(592,469)
Reclassification	-	5,657	248,223	-	-	(11,007)	242,873
Balance at December 31, 2022	$ 328,984	$ 1,256,928	$ 4,258,005	$ 4,893	$ 31,265	$ 96	$ 5,880,171
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 400,315	$ 2,788,645	$ 2,047	$ 38,807	$ -	$ 3,229,814
Disposals	-	(6,067)	(567,801)	(864)	(14,222)	-	(588,954)
Depreciation expenses	-	49,590	175,251	405	2,043	-	227,289
Balance at December 31, 2022	$ -	$ 443,838	$ 2,396,095	$ 1,588	$ 26,628	$ -	$ 2,868,149
Carrying amounts at December 31, 2022	$ 328,984	$ 813,090	$ 1,861,910	$ 3,305	$ 4,637	$ 96	$ 3,012,022
Cost							
Balance at January 1, 2021	$ 328,984	$ 782,489	$ 4,007,587	$ 5,704	$ 41,974	$ 174,194	$ 5,340,932
Additions	-	85,962	38,177	450	-	7,021	131,610
Disposals	-	-	(37,887)	(3,000)	(2,540)	-	(43,427)
Reclassification	-	383,795	373,463	-	6,053	(174,194)	589,117
Balance at December 31, 2021	$ 328,984	$ 1,252,246	$ 4,381,340	$ 3,154	$ 45,487	$ 7,021	$ 6,018,232
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 362,232	$ 2,648,478	$ 4,711	$ 37,843	$ -	$ 3,053,264
Disposals	-	-	(20,205)	(3,000)	(1,924)	-	(25,129)
Depreciation expenses	-	38,083	160,372	336	2,888	-	201,679
Balance at December 31, 2021	$ -	$ 400,315	$ 2,788,645	$ 2,047	$ 38,807	$ -	$ 3,229,814
Carrying amounts at December 31, 2021	$ 328,984	$ 851,931	$ 1,592,695	$ 1,107	$ 6,680	$ 7,021	$ 2,788,418

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

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

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

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

11. LEASE ARRANGEMENTS

a. Right-of-use assets

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

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

b. Lease liabilities

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

Range of discount rates for lease liabilities was as follows:

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

c. Material leasing activities and terms

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

d. Other lease information

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

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

12. OTHER ASSETS

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

13. BORROWINGS

a. Short-term borrowings

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

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

b. Long-term borrowings

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

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

14. OTHER LIABILITIES

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

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plans

The defined benefit plans adopted by the Group in accordance with the Labor Standards Act is operated by the government of the Republic of China (ROC). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund.

If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

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

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

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 55,897	$ (70,492)	$ (14,595)
Service cost			
Current service cost	497	-	497
Net interest expense (income)	279	(356)	(77)
Recognized in profit or loss	776	(356)	420
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(868)	(868)
Actuarial (gain) loss			
Changes in financial assumptions	1,545	-	1,545
Experience adjustments	1,238	-	1,238
Recognized in other comprehensive income	2,783	(868)	1,915
Contributions from the employer	-	(677)	(677)
Benefits paid	(9,233)	9,233	-
Balance at December 31, 2021	50,223	(63,160)	(12,937)
Service cost			
Current service cost	448	-	448
Net interest expense (income)	251	(318)	(67)
Recognized in profit or loss	699	(318)	381
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,874)	(4,874)
Actuarial (gain) loss			
Changes in financial assumptions	(3,412)	-	(3,412)
Experience adjustments	400	-	400
Recognized in other comprehensive income	(3,012)	(4,874)	(7,886)
Contributions from the employer	-	(611)	(611)
Benefits paid	(5,622)	5,622	-
Balance at December 31, 2022	$ 42,288	$ (63,341)	$ (21,053)

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

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

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

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

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

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

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

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

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

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

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

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

16. EQUITY

a. Share capital

Ordinary share

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

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

b. Retained earnings and dividends policy

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

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

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

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

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

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

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

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

c. Other equity items

Unrealized valuation gain (loss) on financial assets at FVTOCI

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

17. REVENUE

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

a. Contract balances

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

b. Disaggregation of revenue

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

18. NET PROFIT

a. Interest income

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

b. Other income

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

c. Other gains and (losses)

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

d. Finance costs

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

Information about capitalized interests is as follows:

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

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 224,028	$ 199,953
Operating expenses	6,704	3,941
	$ 230,732	$ 203,894
An analysis of amortization by function		
Operating costs	$ 876	$ 875
Operating expenses	1,508	1,124
	$ 2,384	$ 1,999

f. Employee benefits expense

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

g. Compensation of employees and remuneration of directors

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

Accrual rate

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

Amount

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

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

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

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

19. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

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

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

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 442,022	$ 212,453
Income tax expense calculated at the statutory rate	$ 88,404	$ 42,491
Repatriated earnings	-	13,159
Nondeductible expenses in determining taxable income	794	116
Tax-exempt income	(2,952)	(1,814)
Adjustments for prior years' tax	(12,293)	(11,870)
Income tax expense recognized in profit	$ 73,953	$ 42,082

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

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

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

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 502	$ -	$ 383	$ 885
Unrealized foreign exchange losses	566	(521)	-	45
Unrealized loss on inventories	5	6	-	11
	$ 1.073	$ (515)	$ 383	$ 941

(Continued)

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

(Concluded)

e. Income tax examination

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

20. EARNINGS PER SHARE

Unit: NT$ Per Share

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

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

Net Profit for the Year

Unit: NT$ Per Share

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

Number of Shares

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares used in the computation of basic earnings per share	122,255	122,255
Effect of potentially dilutive ordinary shares		
Compensation of employees	181	124
Weighted average number of ordinary shares used in the computation of diluted earnings per share	122,436	122,379

The Group may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. NON-CASH TRANSACTIONS

For the years ended December 31, 2022 and 2021, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

a. In 2022, the Group acquired property, plant and equipment with an aggregate fair value of $211,535 thousand with a decrease in payables for purchases of equipment of $13,035 thousand, an increase in capitalized interest of $96 thousand, and a cash outflow in the amount of $224,474 thousand (see Note 10).

b. In 2021, the Group acquired property, plant and equipment with an aggregate fair value of $131,610 thousand with a decrease in payables for purchases of equipment of $11,763 thousand, an increase in capitalized interest of $1,364 thousand, and a cash outflow in the amount of $142,009 thousand (see Note 10).

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group adopts a circumspect capital management and reviews it on a regular basis. The capital structure is determined depending on both the development strategy on business and the operating requirement.

23. FINANCIAL INSTRUMENTS

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

The Group's management believes that the carrying amount of financial assets and financial liabilities without measuring at fair value are either due to the maturity date or close to the fair value (i.e., the carrying amount equals the amount which will be received or paid in the future).

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

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

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 181,795	$ -	$	$ 181,795

There were no transfers between Levels 1 and 2 in the current and prior year.

2) Valuation techniques assumption applied for fair value measurement

The fair value of financial instruments, which were in the standard terms and active in the market was determined by the market price.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (1)	$ 706,891	$ 734,424
Financial assets at FVTOCI		
Equity instruments	217,640	181,795
Financial liabilities		
Amortized cost (2)	2,190,989	2,317,315

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowing, notes payable, accounts payable, other payables, guarantee deposits received, current portion of long-term borrowings and long-term borrowings.

d. Financial risk management objectives and policies

The Group seeks to ensure the Group having sufficient and cost-benefit funds for operation. The Group carefully manages risks associated with operating activities, such as foreign currency risk, price risk of equity instrument, credit risk and liquidity risk, to minimize the uncertainty of the market, which brings potential risks for finance of the Group.

1) Market risk

a) Foreign currency risk

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

b) Interest rate risk

Interest rate risk is the risk that appears when the fair value of financial instruments changes due to the variation of market rate. The Group is mainly exposed to interest rate risk because of bank loans. Therefore, the change in interest rate does not affect the cash flow in the future.

The carrying amounts of the Group’s financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 348,759	$ 520,307
Cash flow interest rate risk		
Financial liabilities	1,926,666	2,100,000

Sensitivity analysis

The sensitivity analysis below was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. If interest rates had been 100 basis points higher and all other variables were held constant, the Group’s post-tax profit for the years ended December 31, 2022 and 2021 would have decreased by $15,413 thousand and $16,800 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group’s maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group only makes transaction with companies with good credits based on the policy. Collaterals held as security are required in some necessary situations to lower the risk of financial loss. In order to lower the credit risk, the controls about determining and approving the line of credit have been made to ensure accounts receivable overdue being received. Furthermore, the Group reviews the recoverable amount of accounts receivable at the balance sheet date to make sure that proper credit loss has been taken into consideration for those unrecoverable accounts receivables. Therefore, the Group considers credit risk has decreased significantly.

The Group's concentration of credit risk of 66.19% and 52.31% of total accounts receivable as of December 31, 2022 and 2021, respectively, was attributable to the Group's five largest customers. Other credit concentration risks are not relatively significant.

3) Liquidity risk

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

The Group relies on bank loans as a significant source of liquidity. As of December 31, 2022 and 2021, the available unutilized short-term bank loan facilities were $600,000 thousand and $500,000 thousand, respectively.

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

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

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

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

December 31, 2021

	Effective Interest Rate	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Notes payable	-	$ 99	$ -	$ -	$ -	$ 99
Accounts payable	-	56,828	-	-	-	56,828
Other payables	-	151,688	-	-	-	151,688
Lease liabilities	0.960%-1.300%	2,272	1,994	1,058	-	5,324
Long-term borrowings	1.097%	133,111	601,315	990,225	440,480	2,165,131

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Cheng Loong Corporation	Investor with significant influence over the Group
Taiwan Cogeneration Corporation	Investor with significant influence over the Group
Star Energy Corporation	Other related party
Cheng Loong Children's Care Foundation	Other related party

b. Operating revenue

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2022	2021
Sales of goods	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 513,709	$ 451,499

The sales of goods to Cheng Loong Corporation were made at the Group's usual unit prices less an average discount of 10% when the percentage of the purchase amount to the total production is no more than the percentage of shares held by Cheng Loong Corporation. Other purchase amounts were made at the usual unit prices. Besides, other terms of transaction between the Group and its related parties were not different from others.

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category/Name	2022	2021
Investor with significant influence over the Group	$ 3,135	$ 2,524

Purchases were made at the prices determined by each contract.

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

		December 31	
Line Item	Related Party Category/Name	2022	2021
Accounts receivable from related parties	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 62,214	$ 50,083

The outstanding accounts receivable from related parties are unsecured. There is no allowance of accounts receivable listed in 2022 and 2021.

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

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts payable to related parties	Investor with significant influence over the Group	$ 122	$ 495
Other payables	Investor with significant influence over the Group	$ 2,217	$ 1,463

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

f. Prepayments

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Prepayments for equipment	Investor with significant influence over the Group	$ -	$ 1,530

g. Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2022	Purchase Price For the Year Ended December 31 2021
Other related party		
Star Energy Corporation	$ -	$ 84,699

The terms of transaction were determined by both sides as there were no similar kinds of transaction.

h. Lease arrangements

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Lease liabilities	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 1,463	$ 2,426

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Interest expense	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 19	$ 29

The Group leases land from investors with significant influence. The content of the lease is determined by agreement between the two parties, and the rent is paid monthly.

i. Other transactions with related parties

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Manufacturing expense	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 1,746	$ 1,320
Operating expense	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 1,381	$ 2,245
	Taiwan Cogeneration Corporation	4,620	3,610
	Cheng Loong Children's Care Foundation	200	300
		$ 6,201	$ 6,155
Other income	Investor with significant influence over the Group		
	Cheng Loong Corporation	$ 10,102	$ 1,195

j. Remuneration of key management personnel

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Short-term employee benefits	$ 32,451	$ 17,701

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

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31 2022	December 31 2021
Land	$ 300,115	$ 300,115
Buildings, net	252,554	272,134
Machinery equipment, net	914,257	658,086
	$ 1,466,926	$ 1,230,335

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Group on December 31, 2022 and 2021 were as follows:

	December 31 2022	December 31 2021
Acquisition of property, plant and equipment	$ 5,033	$ 168,897

27. OTHER MATTER

On November 2, 2021, the Group's board of directors resolved to liquidate its subsidiary TYC International Company Ltd. and took December 22, 2021 as the liquidation base date. The liquidation amount of $251,023 thousand has been fully recovered, and the liquidation was completed on March 17, 2022.

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 2)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (None)

b. Information on investees (None)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (None)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (None)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (None)

c) The amount of property transactions and the amount of the resultant gains or losses (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (None)

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (None)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 3)

29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods delivered. Specifically, the Group's reportable segments were steam and electricity segment and other segment.

a. Segment revenue and results

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

	Plant of Cogeneration	Plant of Renewable Energy	Total
For the year ended December 31, 2022			
Revenue from external customers	$ 2,608,517	$ 252,491	$ 2,861,008
Inter-segment revenue	-	-	-
Segment revenue	$ 2,608,517	$ 252,491	$ 2,861,008
Segment income	$ 369,082	$ 67,893	$ 436,975
Interest income			733
Finance costs			(25,951)
Other income			31,514
Other expense and losses			(1,249)
Profit before tax			$ 442,022

(Continued)

	Plant of Cogeneration	Plant of Renewable Energy	Total
For the year ended December 31, 2021			
Revenue from external customers	$ 1,757,734	$ 240,002	$ 1,997,736
Inter-segment revenue	-	-	-
Segment revenue	$ 1,757,734	$ 240,002	$ 1,997,736
Segment income	$ 157,544	$ 71,854	$ 229,398
Interest income			323
Finance costs			(16,921)
Other income			17,290
Other expense and losses			(17,637)
Profit before tax			$ 212,453

(Concluded)

b. Revenue from major products and services

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

c. Geographical information

The Group operates only in Taiwan.

TABLE 1

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Shares							
	Cheng Loong Corporation	Investor with significant influence over the Group	Financial assets at fair value through other comprehensive income - non-current	7,922,000	$ 216,667	0.71	$ 216,667	
	Taiwan Cogeneration Corporation	〃	〃	30,000	973	0.01	973	

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Cheng Loong Corporation	Investor with significant influence over the Group	Sale	$ 513,709	17.96	Monthly	Note	Note	Accounts receivable $ 62,214	17.69	

Note: The sales of goods to Cheng Loong Corporation were made at the Group's usual unit prices less an average discount of 10% when the percentage of the purchase amount to the total production is no more than the percentage of shares held by Cheng Loong Corporation. Other purchase amounts were made at the usual unit prices. Besides, other terms of transaction between the Group and its related parties were not major different from others.

TABLE 3

TA-YUAN COGENERATION COMPANY LIMITED

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Cheng Loong Corporation	50,201,180	41.06
Taiwan Cogeneration Corporation	35,833,827	29.31

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.