

Taiwan Cogeneration Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Taiwan Cogeneration Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Cogeneration Corporation (the "Corporation") and its subsidiaries (collectively, the "Group") as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Emphasis of Matter

For details on Taiwan Power Company's filing of a civil lawsuit against the Group's associates, Sun Ba Power Corporation, Star Energy Power Corporation, Star Buck Power Corporation, and Kuo Kuang Power Company Ltd., in connection with their alleged violation of the Fair Trade Act and request for compensation on the basis of claims for damages which it has suffered, refer to Note 35d. Our review conclusion is not modified in respect of this matter.

The engagement partners on the reviews resulting in this independent auditors' review report are Chao-Mei Chen and Cheng-Chuan Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 10, 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 review such consolidated financial statements are those generally applied in the Republic of China.

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

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,429,445	14	\$ 3,734,653	15	\$ 2,698,846	11
Contract assets (Notes 23, 25 and 33)	1,956,240	8	1,959,825	8	2,401,910	10
Notes receivable (Notes 7 and 25)	-	-	-	-	16,907	-
Accounts receivable (Notes 7 and 25)	216,400	1	521,402	2	548,250	3
Accounts receivable from related parties (Notes 25 and 33)	121,293	-	151,212	1	37,534	-
Finance lease receivables (Notes 8 and 33)	10,349	-	10,324	-	10,338	-
Other receivables (Note 33)	21,380	-	36,885	-	10,388	-
Inventories (Note 9)	19,896	-	18,104	-	14,460	-
Prepaid construction costs (Note 23)	57,793	-	46,184	-	17,484	-
Prepaid value-added tax	121,594	1	102,751	1	79,964	1
Other financial assets (Note 34)	20,337	-	20,341	-	343	-
Other current assets	66,473	-	34,523	-	41,270	-
Total current assets	6,041,200	24	6,636,204	27	5,877,694	25
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Notes 10 and 32)	264,120	1	277,120	1	272,510	1
Investments accounted for using the equity method (Note 12)	13,672,877	54	13,004,719	52	12,902,975	54
Property, plant and equipment (Notes 13 and 34)	3,403,923	13	3,231,917	13	3,082,126	13
Right-of-use assets (Notes 14 and 33)	420,527	2	417,718	2	435,613	2
Goodwill	141,014	1	141,014	-	141,014	-
Intangible assets (Notes 15 and 34)	925,277	4	937,452	4	888,068	4
Deferred income tax assets (Notes 4 and 27)	188,800	1	188,007	1	197,283	1
Finance lease receivables (Notes 8 and 33)	8,729	-	11,325	-	19,251	-
Prepayments for equipment	1,674	-	7,149	-	4,089	-
Refundable deposits	64,987	-	69,134	-	78,172	-
Other financial assets (Note 34)	21,867	-	34,104	-	47,373	-
Other non-current assets (Note 16)	20,273	-	20,537	-	22,212	-
Total non-current assets	19,134,068	76	18,340,196	73	18,090,686	75
TOTAL	\$ 25,175,268	100	\$ 24,976,400	100	\$ 23,968,380	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 52,000	-	\$ 67,000	-	\$ 40,000	-
Short-term bills payable (Note 17)	999,594	4	999,276	4	998,773	4
Contract liabilities (Notes 23, 25 and 33)	353,112	1	583,082	3	157,948	1
Notes payable	-	-	-	-	305	-
Accounts payable	140,341	1	156,870	1	69,680	-
Construction costs payable	3,086,979	12	3,220,782	13	3,275,152	14
Accounts payable to related parties (Note 33)	10,419	-	2,045	-	7,597	-
Other payables (Notes 19 and 33)	226,295	1	315,915	1	289,405	1
Current income tax liabilities (Note 4)	95,264	-	70,657	-	71,820	1
Provisions (Notes 21 and 23)	258,192	1	259,197	1	287,377	1
Lease liabilities (Notes 14 and 33)	62,826	-	53,315	-	57,504	-
Current portion of long-term borrowings (Note 17)	1,121,938	5	947,393	4	137,988	1
Other current liabilities	16,004	-	24,905	-	5,342	-
Total current liabilities	6,422,964	25	6,700,437	27	5,398,891	23
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 17)	2,897,266	12	3,127,031	13	3,050,154	13
Contract liabilities (Note 25)	141,841	1	122,188	1	75,547	-
Lease liabilities (Notes 14 and 33)	419,314	2	424,382	2	435,215	2
Bonds payable (Note 18)	2,498,042	10	2,497,884	10	2,497,411	10
Provisions (Note 21)	14,373	-	14,296	-	14,061	-
Deferred income tax liabilities (Note 4)	69,944	-	70,691	-	73,994	-
Net defined benefit liabilities (Notes 4 and 22)	112,582	-	112,088	-	124,675	1
Guarantee deposits received	56,841	-	41,297	-	33,388	-
Other liabilities (Note 20)	15,905	-	15,866	-	2,809	-
Total non-current liabilities	6,226,108	25	6,425,723	26	6,307,254	26
Total liabilities	12,649,072	50	13,126,160	53	11,706,145	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 24)						
Share capital						
Ordinary shares	5,890,486	23	5,890,486	24	5,890,486	24
Capital surplus	499,694	2	499,694	2	499,694	2
Retained earnings						
Legal reserve	1,737,133	7	1,737,133	7	1,644,763	7
Special reserve	2,621,945	10	2,621,945	10	2,823,917	12
Unappropriated earnings	1,635,960	7	958,281	4	1,243,868	5
Total retained earnings	5,995,038	24	5,317,359	21	5,712,548	24
Other equity	(18,245)	-	(14,130)	-	8,371	-
Total equity attributable to owners of the Corporation	12,366,973	49	11,693,409	47	12,111,099	50
NON-CONTROLLING INTERESTS	159,223	1	156,831	-	151,136	1
Total equity	12,526,196	50	11,850,240	47	12,262,235	51
TOTAL	\$ 25,175,268	100	\$ 24,976,400	100	\$ 23,968,380	100

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

(With Deloitte & Touche review report dated May 10, 2023)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 33)				
Sales	\$ 462,284	43	\$ 327,856	37
Construction services	590,308	54	522,719	59
Operations, maintenance and consulting services	<u>31,620</u>	<u>3</u>	<u>39,622</u>	<u>4</u>
Total operating revenues	<u>1,084,212</u>	<u>100</u>	<u>890,197</u>	<u>100</u>
OPERATING COSTS (Notes 22, 26 and 33)				
Cost of sales	344,911	32	275,883	31
Construction services	541,354	50	487,857	55
Operations, maintenance and consulting services	<u>30,698</u>	<u>3</u>	<u>39,444</u>	<u>4</u>
Total operating costs	<u>916,963</u>	<u>85</u>	<u>803,184</u>	<u>90</u>
GROSS PROFIT	167,249	15	87,013	10
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>4,858</u>	<u>1</u>	<u>2,465</u>	<u>-</u>
REALIZED GROSS PROFIT	172,107	16	89,478	10
OPERATING EXPENSES (Notes 22 and 26)	<u>107,473</u>	<u>10</u>	<u>89,894</u>	<u>10</u>
PROFIT (LOSS) FROM OPERATIONS	<u>64,634</u>	<u>6</u>	<u>(416)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	3,049	-	76	-
Other income (Notes 26 and 33)	4,870	1	4,597	-
Other gains and losses (Note 26)	3,621	-	25,022	3
Finance costs (Note 26)	(29,199)	(3)	(17,812)	(2)
Share of profit of associates accounted for using the equity method (Note 12)	<u>654,978</u>	<u>61</u>	<u>294,672</u>	<u>33</u>
Total non-operating income and expenses	<u>637,319</u>	<u>59</u>	<u>306,555</u>	<u>34</u>
PROFIT BEFORE INCOME TAX	701,953	65	306,139	34
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(21,882)</u>	<u>(2)</u>	<u>(18,960)</u>	<u>(2)</u>
NET PROFIT	<u>680,071</u>	<u>63</u>	<u>287,179</u>	<u>32</u>

(Continued)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income (Note 32)	\$ (13,000)	(1)	\$ (2,800)	-
Share of other comprehensive income (loss) of associate accounted for using the equity method	<u>2,180</u>	-	<u>(299)</u>	-
	<u>(10,820)</u>	<u>(1)</u>	<u>(3,099)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	3,573	-	92	-
Share of the other comprehensive income of associate accounted for using the equity method	<u>3,132</u>	-	<u>-</u>	-
	<u>6,705</u>	-	<u>92</u>	-
Other comprehensive loss for the period, net of income tax	<u>(4,115)</u>	<u>(1)</u>	<u>(3,007)</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 675,956</u>	<u>62</u>	<u>\$ 284,172</u>	<u>32</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 677,679	63	\$ 282,633	32
Non-controlling interests	<u>2,392</u>	-	<u>4,546</u>	-
	<u>\$ 680,071</u>	<u>63</u>	<u>\$ 287,179</u>	<u>32</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 673,564	62	\$ 279,626	31
Non-controlling interests	<u>2,392</u>	-	<u>4,546</u>	1
	<u>\$ 675,956</u>	<u>62</u>	<u>\$ 284,172</u>	<u>32</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 1.15</u>		<u>\$ 0.48</u>	
Diluted	<u>\$ 1.15</u>		<u>\$ 0.48</u>	

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

(With Deloitte & Touche review report dated May 10, 2023)

(Concluded)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation					Other Equity				
	Ordinary Shares	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve						
BALANCE AT JANUARY 1, 2022	\$ 5,890,486	\$ 499,694	\$ 1,644,763	\$ 2,823,917	\$ 961,235	\$ (70,640)	\$ 82,018	\$ -	\$ 146,590	\$ 11,978,063
Net profit for the three months ended March 31, 2022	-	-	-	-	282,633	-	-	-	4,546	287,179
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	92	(3,099)	-	-	(3,007)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	282,633	92	(3,099)	-	4,546	284,172
BALANCE AT MARCH 31, 2022	\$ 5,890,486	\$ 499,694	\$ 1,644,763	\$ 2,823,917	\$ 1,243,868	\$ (70,548)	\$ 78,919	\$ -	\$ 151,136	\$ 12,262,235
BALANCE AT JANUARY 1, 2023	\$ 5,890,486	\$ 499,694	\$ 1,737,133	\$ 2,621,945	\$ 958,281	\$ (71,626)	\$ 66,882	\$ (9,386)	\$ 156,831	\$ 11,850,240
Net profit for the three months ended March 31, 2023	-	-	-	-	677,679	-	-	-	2,392	680,071
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	3,573	(10,820)	3,132	-	(4,115)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	677,679	3,573	(10,820)	3,132	2,392	675,956
BALANCE AT MARCH 31, 2023	\$ 5,890,486	\$ 499,694	\$ 1,737,133	\$ 2,621,945	\$ 1,635,960	\$ (68,053)	\$ 56,062	\$ (6,254)	\$ 159,223	\$ 12,526,196

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

(With Deloitte & Touche review report dated May 10, 2023)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 701,953	\$ 306,139
Adjustments for:		
Depreciation expense	87,603	71,023
Amortization expense	16,009	15,188
Finance costs	29,199	17,812
Interest income	(3,049)	(76)
Share of profit of associates accounted for using the equity method	(654,978)	(294,672)
Loss on disposal of property, plant and equipment	40	-
Gain on disposal of investment accounted for using the equity method	-	(15,070)
Net unrealized gain on foreign currency exchange	(10,958)	(7,110)
Realized gain on transactions with associates	(4,858)	(2,465)
Others	-	(2,157)
Changes in operating assets and liabilities		
Contract assets	3,585	239,489
Notes receivable	-	(16,907)
Accounts receivable	305,002	(92,671)
Accounts receivable from related parties	29,919	58,531
Other receivables	17,259	27,502
Inventories	(1,792)	(1,273)
Prepaid construction costs	(11,609)	795
Other current assets	(31,950)	(5,786)
Prepaid value-added tax	(18,843)	584
Contract liabilities	(210,317)	(16,152)
Notes payable	-	305
Accounts payable	(16,529)	(57,788)
Construction costs payable	(133,803)	(73,428)
Accounts payable to related parties	8,374	5,686
Other payables	(81,074)	(26,812)
Provisions	(1,005)	(17,422)
Other current liabilities	(8,901)	(12,496)
Net defined benefit liabilities	494	288
Cash generated from operations	9,771	101,057
Interest received	2,742	27
Interest paid	(23,249)	(13,244)
Income tax (paid) refunded	(262)	6
Net cash (used in) generated from operating activities	(10,998)	87,846

(Continued)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of associate	\$ -	\$ 160,000
Acquisition of property, plant and equipment (Note 29)	(253,499)	(129,115)
Decrease in refundable deposits	4,147	11,583
Acquisition of intangible assets	(3,570)	-
Decrease in finance lease receivables	2,571	2,557
Decrease (increase) in other financial assets	12,241	(3,521)
Increase in prepayments for equipment	-	(4,089)
Net cash (used in) generated from investing activities	(238,110)	37,415
CASH FLOWS FROM FINANCING ACTIVITIES (Note 29)		
Increase in short-term borrowings	(15,000)	-
Decrease in short-term bills payable	-	499,078
Proceeds from long-term borrowings	2,100,000	2,025,000
Repayments of long-term borrowings	(2,155,220)	(2,699,470)
Increase (decrease) in guarantee deposits received	15,544	(10,695)
Repayments of the principal portion of lease liabilities	(12,945)	(11,281)
Net cash used in financing activities	(67,621)	(197,368)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	11,521	7,131
NET DECREASE IN CASH AND CASH EQUIVALENTS	(305,208)	(64,976)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3,734,653	2,763,822
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,429,445</u>	<u>\$ 2,698,846</u>

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

(With Deloitte & Touche review report dated May 10, 2023)

(Concluded)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Taiwan Cogeneration Corporation (the “Corporation” and its subsidiaries are collectively referred to as the “Group”) was established by Taiwan Power Corporation (TPC) and several local companies on May 7, 1992. The Corporation’s shares have been trading on the Taipei Exchange from May 8, 2000 to August 24, 2003 before being listed on the Taiwan Stock Exchange on August 25, 2003. The Corporation is engaged in the following businesses:

- a. Engineering, planning, design, procurement, installation, construction and financial planning of cogeneration systems, and environmental protection and procurement of fuel for cogeneration systems and related businesses;
- b. Operation and management of cogeneration plants;
- c. Research and development, technical services and consultation services related to cogeneration;
- d. Manufacture, assembly, sale, lease, installation, and repair of cogeneration equipment;
- e. Investment in cogeneration plants and trading of related equipment;
- f. Businesses with respect to power generation other than utility; and
- g. Electric equipment installation.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Corporation’s board of directors on May 10, 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 of (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

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

New IFRSs	Effective Date Announced by the International Accounting Standards Board (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 New 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 that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in the consolidated financial statements is less than that required in a complete set of annual consolidated financial statements.

- 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 and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

See Note 11 and Table 6 for the detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other material accounting policies

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

1) Retirement benefits

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

2) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates 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 the COVID-19 pandemic and its economic environment implications, climate change and related government policies and regulations and the 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.

a. Fair Trade Act litigation against associates

Since TPC concluded that these associates of the Corporation violated the Fair Trade Act with concerted action and caused a loss to TPC, TPC filed civil actions to claim compensation for the loss, refer to Note 35 (d) for the detailed information. The aforementioned civil actions are still pending; results may vary depending on the subsequent development of the cases.

b. Profit and loss evaluation of construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of the contract is measured based on the proportion of actual costs incurred relative to the total expected costs. Variations in contract work, claims and incentives are included in contract revenue to the extent that the amount can be measured reliably and its receipt is considered probable.

The expected total costs and contract items are assessed and determined by the management based on the nature of activities, expected sub-contracting charges, construction periods, processes, methods, etc. for each construction contract. Changes in the estimates might affect the calculation of the percentage of completion and related profits from construction contracts.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 3,673	\$ 3,343	\$ 2,943
Checking accounts and demand deposits	2,726,590	3,146,874	2,616,078
Cash equivalents			
Time deposits	<u>699,182</u>	<u>584,436</u>	<u>79,825</u>
	<u>\$ 3,429,445</u>	<u>\$ 3,734,653</u>	<u>\$ 2,698,846</u>

Cash equivalents include time deposits which are highly liquid, readily convertible into a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

The market interest rates of cash in bank at the end of the reporting periods were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Demand deposits	0.00%-2.88%	0.00%-2.88%	0.00%-0.10%
Time deposits	0.10%-4.89%	0.20%-5.35%	0.20%-0.75%

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ <u> -</u>	\$ <u> -</u>	\$ <u>16,907</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ <u>216,400</u>	\$ <u>521,402</u>	\$ <u>548,250</u>

The average credit period ranges from 30 to 60 days. The Group applies the simplified approach prescribed by IFRS 9, providing for expected credit losses over the lifetime of all notes receivable and accounts receivable. These expected credit losses are individually estimated for each customer. The estimation takes into consideration the customer's past default history and current financial situation, the economic conditions of the industry they operate in, along with GDP forecasts and the industry outlook.

The Group did not recognize an allowance for impairment loss against all of the notes receivable and accounts receivable because lifetime ECL through individually assessed receivables indicated that all of the notes receivable and accounts receivable are collectible.

The aging analysis of notes receivable based on the invoice date was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Up to 60 days	\$ <u> -</u>	\$ <u> -</u>	\$ <u>16,907</u>

The aging analysis of accounts receivable based on the invoice date was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Up to 60 days	\$ 216,400	\$ 507,056	\$ 548,250
61-90 days	-	14,346	-
91-120 days	-	-	-
121-180 days	-	-	-
More than 180 days	<u> -</u>	<u> -</u>	<u> -</u>
	\$ <u>216,400</u>	\$ <u>521,402</u>	\$ <u>548,250</u>

8. FINANCE LEASE RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Undiscounted lease payments</u>			
Year 1	\$ 10,481	\$ 10,481	\$ 10,572
Year 2	8,761	10,481	10,572
Year 3	-	900	8,844
Year 4	-	-	-
Year 5	-	-	-
	<u>19,242</u>	<u>21,862</u>	<u>29,988</u>
Less: Unearned finance income	<u>(164)</u>	<u>(213)</u>	<u>(399)</u>
Lease payments receivable	<u>19,078</u>	<u>21,649</u>	<u>29,589</u>
Net investment in leases presented as finance lease receivables	<u>\$ 19,078</u>	<u>\$ 21,649</u>	<u>\$ 29,589</u>
Finance lease receivables - current	<u>\$ 10,349</u>	<u>\$ 10,324</u>	<u>\$ 10,338</u>
Finance lease receivables - non-current	<u>\$ 8,729</u>	<u>\$ 11,325</u>	<u>\$ 19,251</u>

The Group subleased its leasehold office premises to associates, and the lease term was 5 years, with fixed annual lease payments referenced in the head lease agreement. As the Group subleased the leasehold office premises for all of the remaining lease term of the head lease, the sublease contracts were classified as finance leases. The interest rates inherent in leases were fixed at the contract dates for the entire term of the lease. The implicit interest rate was approximately 0.98%.

The Group measured the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. As of the reporting periods, no finance lease receivable was past due. The Group did not recognize a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held.

9. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	<u>\$ 19,896</u>	<u>\$ 18,104</u>	<u>\$ 14,460</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Domestic investments			
Unlisted shares			
Kaohsiung Arena Development Corporation (KADC)	\$ 241,800	\$ 254,800	\$ 253,400
Synergy Co., Ltd. (Synergy)	<u>22,320</u>	<u>22,320</u>	<u>19,110</u>
	<u>\$ 264,120</u>	<u>\$ 277,120</u>	<u>\$ 272,510</u>

The investments in KADC and Synergy are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments 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.

Refer to Note 32 for fair value information relating to financial assets at FVTOCI.

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Nature of Activities	Percentage of Ownership			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
The Corporation	Star Energy Corporation (SEC)	Undertaking and installing of power engineering projects	100%	100%	100%	
The Corporation	Taiwan Cogeneration International Corporation (TCIC)	Investment in foreign countries and international trading	100%	100%	100%	a
The Corporation	Yi Yuan Corporation (YYC)	Investment in geothermal power plant	51%	51%	51%	
The Corporation	TCC Green Energy Corporation (TGE)	Investment in green power plant	100%	100%	100%	
The Corporation	Miaoli Wind Co., Ltd. (MWC)	Power generation	100%	100%	100%	b
The Corporation	Hamaguri Co., Ltd. (HML)	Power generation	100%	100%	100%	c
TGE	Shin Kuang Electric Energy Ltd. (SKE)	Power generation	100%	100%	100%	d
SEC	Star Wind Corporation (SWC)	Power generation	100%	100%	100%	
SEC	Star Solar Corporation (SSC)	Power generation	100%	100%	100%	
YYC	Chingshuei Geothermal Power Corporation (CGPC)	Power generation	100%	100%	100%	

- TCIC established a branch in the Philippines mainly for the expansion of the local engineering business.
- On September 20, 2022, MWC returned its capital of \$200,000 thousand to the Corporation.
- On December 30, 2022, the Corporation participated in a capital raising of HML, and increased its investment by \$33,500 thousand.
- On December 26, 2022, the Corporation resolved to change the legal form of SKE to a company limited by shares. The original capital issued and fully paid that amounted to \$170,000 thousand was divided into 17,000 thousand common shares with a par value of \$10 per share. The aforementioned change of legal form was approved by the Taipei City Government on February 16, 2023.

Please refer to Table 6 for the nature of activities, principal places of business and countries of incorporation of the subsidiaries.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Investments in associates</u>			
Material associates			
Ta-Yuan Cogeneration Company (TYC)	\$ 662,185	\$ 631,873	\$ 595,335
Sun Ba Power Corporation (Sun Ba)	6,168,416	5,901,135	5,664,575
Star Energy Power Corporation (SEPC)	2,395,696	2,264,035	2,418,549
Star Buck Power Corporation (SBPC)	2,462,508	2,335,752	2,143,315
Kuo Kuang Power Company Ltd. (KKPC)	<u>1,846,465</u>	<u>1,737,173</u>	<u>1,921,144</u>
	13,535,270	12,869,968	12,742,918
Associates that are not individually material	<u>137,607</u>	<u>134,751</u>	<u>160,057</u>
	<u>\$ 13,672,877</u>	<u>\$ 13,004,719</u>	<u>\$ 12,902,975</u>

The share of profit or loss of associates accounted for using the equity method was as follows:

	For the Three Months Ended March 31	
	2023	2022
Sun Ba	\$ 265,540	\$ 188,034
SEPC	130,279	77,437
KKPC	109,292	51,419
SBPC	121,974	(24,883)
TYC	28,046	3,057
Associates that are not individually material	<u>(153)</u>	<u>(392)</u>
	<u>\$ 654,978</u>	<u>\$ 294,672</u>

a. Material associates

	Proportion of Ownership and Voting Rights		
	March 31, 2023	December 31, 2022	March 31, 2022
TYC	29.31%	29.31%	29.31%
Sun Ba	43.00%	43.00%	43.00%
SEPC	40.50%	40.50%	40.50%
SBPC	41.27%	41.27%	41.27%
KKPC	35.00%	35.00%	35.00%

Refer to Table 6 for the nature of activities, principal places of business and countries of incorporation of the associates.

The market value of the investment in TYC, which was based on its closing price at the balance sheet date, is as follows:

Name of Associate	March 31, 2023	December 31, 2022	March 31, 2022
TYC	\$ 2,791,455	\$ 1,490,687	\$ 1,171,766

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

TYC

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 1,006,664	\$ 1,108,306	\$ 1,082,052
Non-current assets	3,309,386	3,346,935	3,330,373
Current liabilities	(639,893)	(774,010)	(425,165)
Non-current liabilities	<u>(1,395,907)</u>	<u>(1,504,106)</u>	<u>(1,933,907)</u>
Equity	<u>\$ 2,280,250</u>	<u>\$ 2,177,125</u>	<u>\$ 2,053,353</u>
Proportion of the Group's ownership	29.31%	29.31%	29.31%
Equity attributable to the Group	\$ 668,357	\$ 638,131	\$ 601,853
Unrealized gain with associates	<u>(6,172)</u>	<u>(6,258)</u>	<u>(6,518)</u>
Carrying amount	<u>\$ 662,185</u>	<u>\$ 631,873</u>	<u>\$ 595,335</u>

	For the Three Months Ended March 31	
	2023	2022
Operating revenue	<u>\$ 792,950</u>	<u>\$ 457,819</u>
Net profit	\$ 95,686	\$ 10,428
Other comprehensive income (loss)	<u>7,439</u>	<u>(1,019)</u>
Total comprehensive income	<u>\$ 103,125</u>	<u>\$ 9,409</u>

Sun Ba

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 5,384,581	\$ 3,856,190	\$ 4,063,816
Non-current assets	22,396,127	19,707,241	15,217,559
Current liabilities	(6,375,009)	(3,075,949)	(4,906,390)
Non-current liabilities	<u>(6,897,673)</u>	<u>(6,604,275)</u>	<u>(1,069,516)</u>
Equity	<u>\$ 14,508,026</u>	<u>\$ 13,883,207</u>	<u>\$ 13,305,469</u>
Proportion of the Group's ownership	43.00%	43.00%	43.00%

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Equity attributable to the Group	\$ 6,238,451	\$ 5,969,779	\$ 5,721,352
Unrealized gain with associates	(72,122)	(70,731)	(58,864)
Goodwill	<u>2,087</u>	<u>2,087</u>	<u>2,087</u>
Carrying amount	<u>\$ 6,168,416</u>	<u>\$ 5,901,135</u>	<u>\$ 5,664,575</u> (Concluded)

	For the Three Months Ended March 31	
	2023	2022
Operating revenue	<u>\$ 6,563,642</u>	<u>\$ 4,406,408</u>
Net profit	\$ 617,534	\$ 437,288
Other comprehensive income	<u>7,284</u>	<u>-</u>
Total comprehensive income	<u>\$ 624,818</u>	<u>\$ 437,288</u>

On May 9, 2022, Sun Ba issued 362,307 thousand new shares by transferring capital from earnings and 37,693 thousand new shares by transferring capital from legal reserve, which were resolved in the shareholders' meeting. The base date for the transfer of capital from earnings was May 23, 2022 and obtained an approval letter from the Ministry of Economic Affairs on June 10, 2022. The number of shares held by the Group increased by 172,000 thousand shares.

SEPC

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 3,883,283	\$ 3,133,426	\$ 2,216,354
Non-current assets	4,849,392	5,059,908	5,643,645
Current liabilities	(2,268,735)	(2,044,508)	(1,284,051)
Non-current liabilities	<u>(395,461)</u>	<u>(402,024)</u>	<u>(437,379)</u>
Equity	<u>\$ 6,068,479</u>	<u>\$ 5,746,802</u>	<u>\$ 6,138,569</u>
Proportion of the Group’s ownership	40.50%	40.50%	40.50%
Equity attributable to the Group	\$ 2,457,735	\$ 2,327,456	\$ 2,486,121
Unrealized gain with associates	<u>(62,039)</u>	<u>(63,421)</u>	<u>(67,572)</u>
Carrying amount	<u>\$ 2,395,696</u>	<u>\$ 2,264,035</u>	<u>\$ 2,418,549</u>
		For the Three Months Ended March 31	
		2023	2022
Operating revenue		<u>\$ 3,434,854</u>	<u>\$ 2,144,710</u>
Net profit		\$ 321,677	\$ 191,202
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>\$ 321,677</u>	<u>\$ 191,202</u>

SBPC

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 2,616,543	\$ 2,419,226	\$ 1,552,846
Non-current assets	8,354,682	8,505,321	8,703,515
Current liabilities	(1,767,684)	(1,769,582)	(1,277,293)
Non-current liabilities	<u>(2,712,496)</u>	<u>(2,959,451)</u>	<u>(3,215,049)</u>
Equity	<u>\$ 6,491,045</u>	<u>\$ 6,195,514</u>	<u>\$ 5,764,019</u>
Proportion of the Group's ownership	41.27%	41.27%	41.27%
Equity attributable to the Group	\$ 2,679,032	\$ 2,557,058	\$ 2,378,968
Unrealized gain with associates	<u>(216,524)</u>	<u>(221,306)</u>	<u>(235,653)</u>
Carrying amount	<u>\$ 2,462,508</u>	<u>\$ 2,335,752</u>	<u>\$ 2,143,315</u>

**For the Three Months Ended
March 31**

	2023	2022
Operating revenue	<u>\$ 2,774,809</u>	<u>\$ 1,017,694</u>
Net profit (loss)	\$ 295,531	\$ (60,289)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	<u>\$ 295,531</u>	<u>\$ (60,289)</u>

KKPC

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 2,867,039	\$ 2,242,596	\$ 1,828,057
Non-current assets	4,234,388	4,390,089	5,039,666
Current liabilities	(1,701,555)	(1,528,172)	(833,659)
Non-current liabilities	<u>(290,039)</u>	<u>(321,694)</u>	<u>(769,872)</u>
Equity	<u>\$ 5,109,833</u>	<u>\$ 4,782,819</u>	<u>\$ 5,264,192</u>
Proportion of the Group's ownership	35.00%	35.00%	35.00%
Equity attributable to the Group	\$ 1,788,441	\$ 1,673,986	\$ 1,842,467
Goodwill	19,304	19,304	19,304
Investment premium	<u>38,720</u>	<u>43,883</u>	<u>59,373</u>
Carrying amount	<u>\$ 1,846,465</u>	<u>\$ 1,737,173</u>	<u>\$ 1,921,144</u>

	For the Three Months Ended March 31	
	2023	2022
Operating revenue	<u>\$ 3,205,709</u>	<u>\$ 1,609,662</u>
Net profit	\$ 327,014	\$ 161,666
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$ 327,014</u>	<u>\$ 161,666</u>

On July 10, 2014, the FTC fined Sun Ba, SEPC, SBPC, and KKPC a total of \$489 million, \$392 million, \$100 million and \$371 million, respectively, for violation of the Fair Trade Act (Original FTC Ruling) again. These companies requested the revocation of fines under the petition procedure. In December 2014, Petitions and Appeals Committee of the Executive Yuan notified these companies that the proceedings for the appeal were postponed and the appeal is subject to the ruling to be made by the Supreme Administrative Court. These companies paid the above-mentioned fines in full in advance in accordance with the Administrative Appeal Act and recognized them as other receivables. On June 16, 20, 30 and August 11, 2022, the Supreme Administrative Court revoked the second ruling, and ruled to dismiss original ruling against Sun Ba, SEPC, SBPC, and KKPC. Considering that the Supreme Administrative Court have made final decision, these companies reclassified the fines recognized in other receivables as impairment loss in 2022 Q2. However, the Petitions and Appeals Committee restarted the suspended appeals process due to the above-mentioned final judgment. Following the oral arguments on March 8, 2023, the Petitions and Appeals Committee dismissed the petitions filed by IPP on April 14, 2023.

The Group is the single largest shareholder of Sun Ba, SEPC, and SBPC with 43%, 40.50%, and 41.27% ownership of the investees, respectively. However, according to the articles of incorporation of the investees, certain material events of the investees shall be approved by the vote of a certain number of members of the board of directors; therefore, the Group cannot direct the relevant activities of the investee and has no control over them. Management of the Group considered the Group as exercising significant influence over the investees and classified them as associates.

b. Aggregate information of associates that are not individually material

	For the Three Months Ended March 31	
	2023	2022
The Group's share of:		
Net loss	<u>\$ (153)</u>	<u>\$ (392)</u>
Total comprehensive loss	<u>\$ (153)</u>	<u>\$ (392)</u>

The amounts of the share of profit or loss and other comprehensive income of the investments in associates accounted for using the equity method for the three months ended March 31, 2023 and 2022 were based on the associates' financial statements reviewed by independent auditors for the same periods.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 264,637	\$ 362,096	\$ 6,630,990	\$ 793	\$ 191,597	\$ 40,643	\$ 82,183	\$ 7,572,939
Additions	-	-	4,928	-	12,231	-	222,799	239,958
Reclassifications (Note)	-	-	5,475	-	-	-	-	5,475
Disposals	-	-	-	-	(42)	-	-	(42)
Balance at March 31, 2023	<u>264,637</u>	<u>362,096</u>	<u>6,641,393</u>	<u>793</u>	<u>203,786</u>	<u>40,643</u>	<u>304,982</u>	<u>7,818,330</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	-	64,851	4,185,588	44	58,237	32,302	-	4,341,022
Depreciation expense	-	1,893	61,891	24	8,443	1,136	-	73,387
Disposals	-	-	-	-	(2)	-	-	(2)
Balance at March 31, 2023	<u>-</u>	<u>66,744</u>	<u>4,247,479</u>	<u>68</u>	<u>66,678</u>	<u>33,438</u>	<u>-</u>	<u>4,414,407</u>
Carrying amount at March 31, 2023	<u>\$ 264,637</u>	<u>\$ 295,352</u>	<u>\$ 2,393,914</u>	<u>\$ 725</u>	<u>\$ 137,108</u>	<u>\$ 7,205</u>	<u>\$ 304,982</u>	<u>\$ 3,403,923</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 264,637</u>	<u>\$ 297,245</u>	<u>\$ 2,445,402</u>	<u>\$ 749</u>	<u>\$ 133,360</u>	<u>\$ 8,341</u>	<u>\$ 82,183</u>	<u>\$ 3,231,917</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 264,637	\$ 78,954	\$ 5,911,042	\$ -	\$ 91,365	\$ 44,779	\$ 721,242	\$ 7,112,019
Additions	-	-	-	-	1,032	-	129,733	130,765
Decreases	-	-	(127)	-	-	-	-	(127)
Balance at March 31, 2022	<u>264,637</u>	<u>78,954</u>	<u>5,910,915</u>	<u>-</u>	<u>92,397</u>	<u>44,779</u>	<u>850,975</u>	<u>7,242,657</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	-	62,469	3,954,532	-	53,456	31,895	-	4,102,352
Depreciation expense	-	474	52,589	-	3,980	1,136	-	58,179
Balance at March 31, 2022	<u>-</u>	<u>62,943</u>	<u>4,007,121</u>	<u>-</u>	<u>57,436</u>	<u>33,031</u>	<u>-</u>	<u>4,160,531</u>
Carrying amount at March 31, 2022	<u>\$ 264,637</u>	<u>\$ 16,011</u>	<u>\$ 1,903,794</u>	<u>\$ -</u>	<u>\$ 34,961</u>	<u>\$ 11,748</u>	<u>\$ 850,975</u>	<u>\$ 3,082,126</u>

Note: The amount was reclassified from prepayments for equipment.

For the three months ended March 31, 2023 and 2022, no impairment loss was recognized.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Office building	50 years
Plant and its attached facilities	15-25 years
Machinery and equipment	
Main power generation equipment	20-30 years
Others	3-15 years
Transportation equipment	5-10 years
Other equipment	2-8 years
Lease improvements	5 years

Refer to Note 26 for information on capitalized interest for the three months ended March 31, 2022.

Refer to Note 34 for the carrying amount of property plant and equipment mortgaged as collateral for bank borrowings of the Group.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	Land	Buildings	Transportation Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 345,749	\$ 192,556	\$ 22,560	\$ 9,424	\$ 570,289
Additions	-	14,349	2,824	-	17,173
Disposals	-	-	(572)	-	(572)
Balance at March 31, 2023	<u>345,749</u>	<u>206,905</u>	<u>24,812</u>	<u>9,424</u>	<u>586,890</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	57,032	84,670	9,443	1,426	152,571
Depreciation expense	3,870	8,026	2,323	145	14,364
Disposals	-	-	(572)	-	(572)
Balance at March 31, 2023	<u>60,902</u>	<u>92,696</u>	<u>11,194</u>	<u>1,571</u>	<u>166,363</u>
Carrying amount at March 31, 2023	<u>\$ 284,847</u>	<u>\$ 114,209</u>	<u>\$ 13,618</u>	<u>\$ 7,853</u>	<u>\$ 420,527</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 288,717</u>	<u>\$ 107,886</u>	<u>\$ 13,117</u>	<u>\$ 7,998</u>	<u>\$ 417,718</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 338,341	\$ 191,834	\$ 22,591	\$ 9,424	\$ 562,190
Additions	-	1,929	652	-	2,581
Disposals	-	(1,805)	(1,247)	-	(3,052)
Balance at March 31, 2022	<u>338,341</u>	<u>191,958</u>	<u>21,996</u>	<u>9,424</u>	<u>561,719</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	41,351	57,946	14,245	846	114,388
Depreciation expense	4,074	6,725	1,900	145	12,844
Disposals	-	-	(1,126)	-	(1,126)
Balance at March 31, 2022	<u>45,425</u>	<u>64,671</u>	<u>15,019</u>	<u>991</u>	<u>126,106</u>
Carrying amount at March 31, 2022	<u>\$ 292,916</u>	<u>\$ 127,287</u>	<u>\$ 6,977</u>	<u>\$ 8,433</u>	<u>\$ 435,613</u>

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Current	<u>\$ 62,826</u>	<u>\$ 53,315</u>	<u>\$ 57,504</u>
Non-current	<u>\$ 419,314</u>	<u>\$ 424,382</u>	<u>\$ 435,215</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the range of discount rates for lease liabilities was 0.98%-2.83%.

c. Material lease activities and terms

The rental payments for some leases of the solar power generation equipment are calculated at an agreed ratio of sales of electricity generated pursuant to the power purchase agreements the Group entered into with TPC.

Refer to Note 15 for the information about the Group's acquisition of the rights to superficies from the Yilan county government.

In 2019, HML leased the land from the landlords in Fangyuan Township, Changhua County for the fishery and electricity symbiosis development project. The period covered by the agreements include the development and construction period and 20 years from the date of the start of commercial operations. HML shall make a priority request for renewal of the agreements six months before expiration of the lease if it obtains permission to continue operations. The lease agreements are renewable for no more than 5 years each time and within the limit of two times.

d. Subleases

Refer to Note 8 for the information on the Group's sublease transactions.

e. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	\$ 2,261	\$ 3,379
Expenses relating to low-value asset leases	\$ 291	\$ 211
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 1,219	\$ 1,233
Total cash outflow for leases	\$ (18,792)	\$ (17,969)

The Group's leases of certain buildings and transportation equipment qualified as short-term leases and certain other equipment qualified as low-value asset 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.

15. INTANGIBLE ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Service concession arrangement	\$ 578,864	\$ 586,974	\$ 519,409
Computer software	15,354	12,970	11,803
Business rights	<u>331,059</u>	<u>337,508</u>	<u>356,856</u>
	<u>\$ 925,277</u>	<u>\$ 937,452</u>	<u>\$ 888,068</u>

a. Movements in intangible assets were as follows:

	Service Concession Arrangement		Computer Software	Business Rights	Others	Total
	Operating Assets	Right-of-use Assets				
<u>Cost</u>						
Balance at January 1, 2023	\$ 633,253	\$ 2,710	\$ 19,953	\$ 402,000	\$ 12,000	\$ 1,069,916
Additions	-	-	3,570	-	-	3,570
Balance at March 31, 2023	<u>633,253</u>	<u>2,710</u>	<u>23,523</u>	<u>402,000</u>	<u>12,000</u>	<u>1,073,486</u>
<u>Accumulated amortization and impairment loss</u>						
Balance at January 1, 2023	48,440	549	6,983	64,492	12,000	132,464
Amortization	<u>8,073</u>	<u>37</u>	<u>1,186</u>	<u>6,449</u>	<u>-</u>	<u>15,745</u>
Balance at March 31, 2023	<u>56,513</u>	<u>586</u>	<u>8,169</u>	<u>70,941</u>	<u>12,000</u>	<u>148,209</u>
Carrying amount at March 31, 2023	<u>\$ 576,740</u>	<u>\$ 2,124</u>	<u>\$ 15,354</u>	<u>\$ 331,059</u>	<u>\$ -</u>	<u>\$ 925,277</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 584,813</u>	<u>\$ 2,161</u>	<u>\$ 12,970</u>	<u>\$ 337,508</u>	<u>\$ -</u>	<u>\$ 937,452</u>
<u>Cost</u>						
Balance at January 1 and March 31, 2022	<u>\$ 537,752</u>	<u>\$ 2,710</u>	<u>\$ 23,053</u>	<u>\$ 402,000</u>	<u>\$ 12,000</u>	<u>\$ 977,515</u>
<u>Accumulated amortization and impairment loss</u>						
Balance at January 1, 2022	13,742	402	9,420	38,695	12,000	74,259
Amortization	<u>6,871</u>	<u>38</u>	<u>1,830</u>	<u>6,449</u>	<u>-</u>	<u>15,188</u>
Balance at March 31, 2022	<u>20,613</u>	<u>440</u>	<u>11,250</u>	<u>45,144</u>	<u>12,000</u>	<u>89,447</u>
Carrying amount at March 31, 2022	<u>\$ 517,139</u>	<u>\$ 2,270</u>	<u>\$ 11,803</u>	<u>\$ 356,856</u>	<u>\$ -</u>	<u>\$ 888,068</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Service concession arrangement	
Main power generation equipment	20 years
Transmission pipelines and other facilities	10-20 years
Others	5-20 years
Computer software	1-6 years
Business rights	15 years

b. Service concession arrangement

YYC signed the investment agreement “Yilan Chingshuei Geothermal Power Generation Build, Reconstruction, Operation, and Transfer” (referred to also as “Chingshuei Geothermal Contract”) with the Yilan county government in July 2017 for a service concession which will be operated by CGPC. YYC established CGPC to undertake the operations for a period of 20 years starting from the commencement date of commercial operations of the power generating unit.

The operating assets refer to the public infrastructure constructed and operated by CGPC.

The right-of-use asset was obtained by YYC from the Yilan county government under the Chingshuei Geothermal Contract to build and operate the power plant site. The rental rate during the construction period was set at 1% of the announced land value, and the rental rate during the period of operations was set at 3% of the announced land value.

c. Business rights

Business rights refer to the licenses to generate electricity from the Zhunan and Houlong wind farms in Miaoli County acquired from the Ministry of Economic Affairs through the business combination with MWC, in accordance with the Electricity Act. Amortization of the aforementioned licenses is recognized on a straight-line basis until February 2036.

d. Other intangible assets

Other intangible assets represent the Grade A comprehensive construction registration certificate of SEC, which is deemed to have an indefinite useful life and not amortized because the certificate can be reviewed and renewed at a fraction of the cost every 5 years and is expected to generate sustainable net cash inflow, but is rather tested for impairment at least once a year and assessed at each balance sheet date to determine whether events and circumstances continue to support the assessment of its indefinite useful life.

16. OTHER ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Other non-current assets</u>			
Prepaid power lines usage expenses	\$ 20,273	\$ 20,537	\$ 22,212

In order to operate the solar power plant, the Group signed an agreement with a company for the “Installation of Renewable Energy Generation Equipment (Non-user) for Integration of Line to User”, and the Group should apportion the electricity project expenses (power lines usage expenses) in accordance with “Calculation of Apportionment Expenses for Renewable Energy Enhancement Projects on Power Grid”.

17. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Secured borrowings	\$ 52,000	\$ 67,000	\$ 40,000

The ranges of interest rates on short-term borrowings at the end of the reporting were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Secured borrowings	2.23%-2.90%	1.98%-2.76%	1.83%

b. Short-term bills payable

	March 31, 2023	December 31, 2022	March 31, 2022
Commercial papers	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Less: Unamortized discounts on bills payable	<u>(406)</u>	<u>(724)</u>	<u>(1,227)</u>
	<u>\$ 999,594</u>	<u>\$ 999,276</u>	<u>\$ 998,773</u>

On March 18, 2022, the Group signed a revolving and non-guaranteed commercial paper underwriting contract with a bank. The Group could issue a non-guaranteed commercial paper (up to 90 days) on a revolving basis during the period of 4 years effective from March 23, 2022. The total underwriting amount is \$500 million.

On August 12, 2021, the Group signed a revolving and non-guaranteed commercial paper underwriting agreement with a bills finance company. The Group could issue a non-guaranteed commercial paper (up to 90 days) on a revolving basis during the period of 4 years effective August 16, 2021. The total underwriting amount is \$500 million.

The ranges of interest rates on commercial paper payable were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Commercial papers	0.64%-0.70%	0.64%-0.70%	0.64%-0.70%

c. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Pledged or mortgaged borrowings</u>			
Repayable in semi-annual installments from August 2021 to February 2032	\$ 321,440	\$ 339,080	\$ 396,720
Repayable in semi-annual installments from July 2022 to May 2031	283,240	283,240	-
Repayable in quarterly installments from December 2021 to September 2034	159,231	162,692	173,077
Repayable in semi-annual installments from February 2020 to February 2026	149,310	154,980	160,650
Repayable in semi-annual installments from November 2021 to May 2031	121,250	121,250	125,000
Repayable in semi-annual installments from August 2021 to May 2031	84,390	84,390	87,000
Repayable in semi-annual installments from November 2022 to May 2031	70,810	70,810	-
Repayable in monthly installments from January 2019 to January 2034	59,222	61,044	64,689
Repayable in semi-annual installments from August 2022 to February 2032	36,000	38,000	-
Repayable in quarterly installments from September 2021 to September 2034	34,942	35,702	37,981
Repayable in semi-annual installments from May 2021 to May 2031	22,310	22,310	23,000
			(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured borrowing</u>			
Repayable in semi-annual installments from July 2022 to January 2025	\$ 337,500	\$ 356,250	\$ 375,000
<u>Unsecured borrowings</u>			
Repayable in monthly installments from January 2021 to December 2025	86,700	88,400	93,500
Repayable in quarterly installments from April 2020 to March 2026	61,292	62,601	66,528
Repayable in quarterly installments from October 2019 to March 2026	51,054	52,193	55,610
Repayable in quarterly installments from October 2018 to October 2025	40,513	41,482	44,387
<u>Revolving unsecured borrowings</u>			
Revolving through November 2023	955,000	780,000	-
Revolving through November 2024	500,000	500,000	-
Revolving through November 2024	495,000	500,000	-
Revolving through October 2026	150,000	320,000	-
Revolving through January 2024	-	-	675,000
Revolving through July 2023	-	-	450,000
Revolving through August 2023	-	-	230,000
Revolving through April 2024	-	-	130,000
	<u>4,019,204</u>	<u>4,074,424</u>	<u>3,188,142</u>
Less: Current portion	<u>(1,121,938)</u>	<u>(947,393)</u>	<u>(137,988)</u>
	<u>\$ 2,897,266</u>	<u>\$ 3,127,031</u>	<u>\$ 3,050,154</u> (Concluded)

The Group's revolving unsecured borrowings are to be utilized on a revolving basis during the credit period according to the repayment schedule negotiated with banks.

The ranges of interest rates on long-term borrowings at the end of the reporting periods were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Pledged or mortgaged borrowings	2.09%-2.98%	1.96%-2.97%	1.26%-2.04%
Secured borrowing	2.33%	2.21%	1.72%
Unsecured borrowings	1.80%-2.53%	1.80%-2.41%	1.72%-1.80%
Revolving unsecured borrowings	1.43%-1.64%	1.40%-1.71%	0.75%

18. BONDS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic unsecured bond	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Less: Unamortized issuance cost	<u>(1,958)</u>	<u>(2,116)</u>	<u>(2,589)</u>
	<u>\$ 2,498,042</u>	<u>\$ 2,497,884</u>	<u>\$ 2,497,411</u>

On August 14, 2020, the Group issued unsecured bonds at par value for a total of \$2,500 million, which comprise bond A - \$1,900 million of 5-year bonds with annual coupon rate of 0.75% and bond B - \$600 million of 10-year bonds with annual coupon rate of 1%. Both types of bonds have bullet repayment terms, where simple interest is paid on an annual basis and the principal is repaid on maturity. The trustee of the bonds is Bank SinoPac Company Limited.

19. OTHER PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Payables for compensation of employees and remuneration of directors	\$ 73,877	\$ 47,492	\$ 58,462
Payables for equipment	54,004	67,693	158,790
Payables for salaries and bonuses	20,885	44,333	16,771
Payables for compensated absences	15,036	14,384	13,796
Payables for interest	14,859	9,716	13,973
Payables for repairs	12,368	12,208	-
Payables for professional fees	7,717	17,489	8,341
Payables for purchase of electricity	6,060	21,456	392
Payables for business tax	-	54,876	2,317
Others	<u>21,489</u>	<u>26,268</u>	<u>16,563</u>
	<u>\$ 226,295</u>	<u>\$ 315,915</u>	<u>\$ 289,405</u>

20. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Other liabilities			
Payables for levies	<u>\$ 15,905</u>	<u>\$ 15,866</u>	<u>\$ 2,809</u>

Pursuant to the Regulations Governing the Installation of Renewable Energy Generation Equipment, the module recovery fees of the Group's solar power generation equipment should be calculated based on the installed capacity (kW) of the equipment. The module recovery fees are levied over a period of 10 years and should be paid at the end of each year.

21. PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Warranties	<u>\$ 258,192</u>	<u>\$ 259,197</u>	<u>\$ 287,377</u>
<u>Non-current</u>			
Decommissioning costs and liability	<u>\$ 14,373</u>	<u>\$ 14,296</u>	<u>\$ 14,061</u>
	Warranties	Decom- missioning Costs and Liability	Total
Balance at January 1, 2023	\$ 259,197	\$ 14,296	\$ 273,493
Additions	12,225	77	12,302
Usage	<u>(13,230)</u>	<u>-</u>	<u>(13,230)</u>
Balance at March 31, 2023	<u>\$ 258,192</u>	<u>\$ 14,373</u>	<u>\$ 272,565</u>
Balance at January 1, 2022	\$ 304,799	\$ 13,986	\$ 318,785
Additions	1,067	75	1,142
Usage	<u>(18,489)</u>	<u>-</u>	<u>(18,489)</u>
Balance at March 31, 2022	<u>\$ 287,377</u>	<u>\$ 14,061</u>	<u>\$ 301,438</u>

22. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2023 and 2022, the pension expenses of defined benefit plans were calculated based on the actuarially determined pension cost rate on December 31, 2022 and 2021, respectively. The amounts were recognized under the following financial statement accounts:

	For the Three Months Ended March 31	
	2023	2022
Operating costs	<u>\$ 844</u>	<u>\$ 703</u>
Operating expenses	<u>\$ 558</u>	<u>\$ 500</u>

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Group's assets and liabilities related to the construction business are classified as either current or non-current based on the operating cycle. The amounts expected to be recovered or settled within one year after the reporting period and more than one year after the reporting period for related assets and liabilities were as follows:

March 31, 2023

	Within One Year	More than One Year	Total
<u>Assets</u>			
Contract assets	\$ 1,430,029	\$ 297,274	\$ 1,727,303
Prepaid construction costs	<u>13,014</u>	<u>44,779</u>	<u>57,793</u>
	<u>\$ 1,443,043</u>	<u>\$ 342,053</u>	<u>\$ 1,785,096</u>
<u>Liabilities</u>			
Contract liabilities	\$ 8,680	\$ 344,432	\$ 353,112
Provisions - warranties	<u>7,402</u>	<u>250,790</u>	<u>258,192</u>
	<u>\$ 16,082</u>	<u>\$ 595,222</u>	<u>\$ 611,304</u>

December 31, 2022

	Within One Year	More than One Year	Total
<u>Assets</u>			
Contract assets	\$ 1,516,324	\$ 171,567	\$ 1,687,891
Prepaid construction costs	<u>46,184</u>	<u>-</u>	<u>46,184</u>
	<u>\$ 1,562,508</u>	<u>\$ 171,567</u>	<u>\$ 1,734,075</u>
<u>Liabilities</u>			
Contract liabilities	\$ 221	\$ 582,861	\$ 583,082
Provisions - warranties	<u>7,439</u>	<u>251,758</u>	<u>259,197</u>
	<u>\$ 7,660</u>	<u>\$ 834,619</u>	<u>\$ 842,279</u>

March 31, 2022

	Within One Year	More than One Year	Total
<u>Assets</u>			
Contract assets	\$ 1,769,329	\$ 458,146	\$ 2,227,475
Prepaid construction costs	<u>17,484</u>	<u>-</u>	<u>17,484</u>
	<u>\$ 1,786,813</u>	<u>\$ 458,146</u>	<u>\$ 2,244,959</u>
<u>Liabilities</u>			
Contract liabilities	\$ 243	\$ 157,705	\$ 157,948
Provisions - warranties	<u>7,723</u>	<u>279,654</u>	<u>287,377</u>
	<u>\$ 7,966</u>	<u>\$ 437,359</u>	<u>\$ 445,325</u>

24. EQUITY

a. Share capital

	March 31, 2023	December 31, 2022	March 31, 2022
Number of authorized ordinary shares (in thousands)	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>
Amount of authorized ordinary shares	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>
Number of issued and fully paid ordinary shares (in thousands)	<u>589,049</u>	<u>589,049</u>	<u>589,049</u>
Amount of issued and fully paid ordinary shares	<u>\$ 5,890,486</u>	<u>\$ 5,890,486</u>	<u>\$ 5,890,486</u>

A holder of issued ordinary shares with par value of \$10 is entitled to vote and to receive dividends.

On November 10, 2022, the board of directors resolved to issue 100,000 thousand shares at a premium of NT\$30.31 per share with a par value of NT\$10 per share, resulting in a paid-in capital of NT\$6,890,486 thousand. The above cash capital increase was approved by the Securities and Futures Bureau of the FSC on March 7, 2023, with the base date of April 25, 2023 resolved by the board of directors.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
Issuance of ordinary shares	\$ 460,000	\$ 460,000	\$ 460,000
Conversion of bonds	32,494	32,494	32,494
Share options	<u>7,200</u>	<u>7,200</u>	<u>7,200</u>
	<u>\$ 499,694</u>	<u>\$ 499,694</u>	<u>\$ 499,694</u>

The capital surplus generated from shares issued in excess of par (including additional paid-in capital from issuance of ordinary shares and conversion of bonds) may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be transferred to share capital or distributed in cash. Capitalization of such capital surplus is limited to once a year and a certain prescribed percentage of the Corporation's paid-in capital.

The capital surplus generated from share options may not be used for any purpose except for offsetting a deficit.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Corporation's current articles of incorporation (the "Articles"), where the Corporation 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, setting aside or reversing 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 Corporation's board of directors as the basis for proposing a distribution plan, where not less than 70% of distributable retained earnings shall be distributed; the plan should be resolved in the shareholders' meeting for the distribution of dividends to shareholders. For the policies on the distribution of the compensation of employees and remuneration of directors, please refer to Note 26.f.

The Corporation adopted a balanced dividend policy, where dividends are distributed in the form of both cash and shares, out of which cash dividends shall not be less than 20% of the total dividends distributed. However, the ratio of cash dividends may be reduced to less than 20%, which should be resolved by the shareholders, if the expenditure for a new important investment plan reaches \$300 million or above and the Corporation is unable to obtain other funds to meet the cash needs of the plan.

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

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation.

The appropriations of earnings for 2022 and 2021, which had been proposed by the board of directors on March 10, 2023 and resolved in the shareholders' meeting on May 31, 2022, were as follows:

	Appropriation of Earnings	
	2022	2021
Legal reserve	\$ 91,828	\$ 92,370
Special reserve	14,130	-
Reversal of special reserve	(200,714)	(201,972)
Cash dividends	618,501	1,030,835
Share dividends	412,334	-
Cash dividends per share (NT\$)	1.05	1.75
Share dividends per share (NT\$)	0.70	-

The appropriation of earnings for 2022 is subject to the resolution of the shareholders in their meeting to be held on June 26, 2023.

25. REVENUE

	For the Three Months Ended March 31	
	2023	2022
Revenue from contracts with customers		
Sales		
Sales of electricity	\$ 392,187	\$ 259,476
Sales of steam	45,084	42,266
Service concession	24,915	26,021
Others	<u>98</u>	<u>93</u>
	462,284	327,856
Construction service	590,308	522,719
Operations, maintenance and consulting services	<u>31,620</u>	<u>39,622</u>
	<u>\$ 1,084,212</u>	<u>\$ 890,197</u>

a. Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Notes receivable	\$ <u>-</u>	\$ <u>-</u>	\$ 16,907	\$ <u>-</u>
Accounts receivable (including related parties)	\$ <u>337,693</u>	\$ <u>672,614</u>	\$ <u>585,784</u>	\$ <u>551,644</u>
Contract assets				
Construction contracts	\$ 1,727,303	\$ 1,687,891	\$ 2,227,475	\$ 2,499,530
Rendering of services	<u>228,937</u>	<u>271,934</u>	<u>174,435</u>	<u>141,869</u>
	<u>\$ 1,956,240</u>	<u>\$ 1,959,825</u>	<u>\$ 2,401,910</u>	<u>\$ 2,641,399</u>
Contract liabilities				
Construction contracts	\$ 353,112	\$ 583,082	\$ 157,948	\$ 193,467
Sales	<u>141,841</u>	<u>122,188</u>	<u>75,547</u>	<u>56,180</u>
	<u>\$ 494,953</u>	<u>\$ 705,270</u>	<u>\$ 233,495</u>	<u>\$ 249,647</u>

The changes in the contract assets and the contract liabilities balances primarily resulted from the timing difference between the Group's satisfaction of performance obligations and the customer's payment.

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The contract assets will be transferred to accounts receivable when the corresponding invoice is billed to the customer, and the contract assets have substantially the same risk characteristics as the trade receivables from the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables can be applied to the contract assets. The Group did not recognize an allowance for impairment loss against all of the contract assets.

b. Refer to Note 38 for information about disaggregation of revenue from contracts with customers.

26. NET PROFIT

a. Other income

	For the Three Months Ended March 31	
	2023	2022
Transferred from payables for equipment	\$ -	\$ 2,057
Others	<u>4,870</u>	<u>2,540</u>
	<u>\$ 4,870</u>	<u>\$ 4,597</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Foreign exchange gain	\$ 14,643	\$ 22,406
Gain on disposal of associates	-	15,070
Foreign exchange loss	(9,982)	(12,553)
Loss on disposal of property, plant and equipment	(40)	-
Others	<u>(1,000)</u>	<u>99</u>
	<u>\$ 3,621</u>	<u>\$ 25,022</u>

c. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans	\$ 19,874	\$ 9,343
Interest on bonds payable	5,221	5,219
Interest on lease liabilities	2,188	2,212
Interest on commercial papers	1,771	930
Others	<u>145</u>	<u>108</u>
	<u>\$ 29,199</u>	<u>\$ 17,812</u>

Information about capitalized interest were as follows:

	For the Three Months Ended March 31	
	2023	2022
Amount of capitalized interest	<u>\$ -</u>	<u>\$ 1,605</u>
Capitalized interest rate	-	1.44%-1.56%

d. Depreciation and amortization

For the Three Months Ended March 31		
	2023	2022
Property, plant and equipment	\$ 73,387	\$ 58,179
Right-of-use assets	14,216	12,844
Intangible assets	15,745	15,188
Prepaid power lines usage expense	<u>264</u>	<u>-</u>
	<u>\$ 103,612</u>	<u>\$ 86,211</u>
An analysis of depreciation by function		
Operating costs	\$ 67,970	\$ 58,082
Operating expenses	<u>19,633</u>	<u>12,941</u>
	<u>\$ 87,603</u>	<u>\$ 71,023</u>
An analysis of amortization by function		
Operating costs	\$ 8,377	\$ 7,012
Operating expenses	<u>7,632</u>	<u>8,176</u>
	<u>\$ 16,009</u>	<u>\$ 15,188</u>

e. Employee benefits expense

For the Three Months Ended March 31		
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 3,720	\$ 3,429
Defined benefit plans	<u>1,402</u>	<u>1,203</u>
	5,122	4,632
Short-term benefits	<u>145,945</u>	<u>108,593</u>
Total employee benefits expense	<u>\$ 151,067</u>	<u>\$ 113,225</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 90,241	\$ 71,396
Operating expenses	<u>60,826</u>	<u>41,829</u>
	<u>\$ 151,067</u>	<u>\$ 113,225</u>
Short-term benefits		
Wages and salaries	\$ 129,668	\$ 95,912
Labor and health insurance	9,079	7,967
Others	<u>7,198</u>	<u>4,714</u>
	<u>\$ 145,945</u>	<u>\$ 108,593</u>

f. Compensation of employees and remuneration of directors

The compensation of employees and remuneration of directors is set aside at rates not less than 0.5% and not higher than 1%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors for the three months ended March 31, 2023 and 2022 were as follows:

	For the Three Months Ended March 31	
	2023	2022
Employees' compensation	\$ 18,935	\$ 7,490
Remuneration of directors	6,312	2,497

If there will be a change in the proposed amount after the annual consolidated financial statements are authorized for issue, the difference will be recorded as a change in the accounting estimate.

The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021, which had been resolved by the Corporation's board of directors on March 10, 2023 and March 16, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Compensation of employees - cash	\$ 30,046	\$ 30,225
Remuneration of directors	9,522	9,496

There was no difference between the above resolved amounts and the respective amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

27. INCOME TAX

a. Major components of income tax expense recognized in profit or loss

	For the Three Months Ended March 31	
	2023	2022
Current income tax		
In respect of the current period	\$ 22,942	\$ 19,127
Income tax on unappropriated earnings	<u>480</u>	<u>149</u>
	23,422	19,276
Deferred income tax		
In respect of the current period	<u>(1,540)</u>	<u>(316)</u>
Income tax expense recognized in profit or loss	<u>\$ 21,882</u>	<u>\$ 18,960</u>

b. Income tax assessments

The income tax returns of the Corporation, SEC, SSC, SWC, TGE, SKE, YYC, CGPC, MWC and HML through 2021 have been assessed by the tax authorities.

Under the local income tax law, TCIC is not obligated to pay income tax.

28. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2023	2022
Basic earnings per share (NT\$)	<u>\$ 1.15</u>	<u>\$ 0.48</u>
Diluted earnings per share (NT\$)	<u>\$ 1.15</u>	<u>\$ 0.48</u>

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

Net profit

	For the Three Months Ended March 31	
	2023	2022
Earnings used in the computation of basic earnings per share	\$ 677,679	\$ 282,633
Effect of potentially dilutive ordinary shares		
Compensation of employees of the Corporation	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 677,679</u>	<u>\$ 282,633</u>

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Three Months Ended March 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	589,049	589,049
Effect of potentially dilutive ordinary shares		
Compensation of employees of the Corporation	<u>1,048</u>	<u>864</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>590,097</u>	<u>589,913</u>

The Corporation may settle the compensation of employees paid in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares are 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.

29. PARTIAL CASH TRANSACTIONS

- a. For the three months ended March 31, 2023 and 2022, the Group entered into the following partial cash investing activities:

	For the Three Months Ended March 31	
	2023	2022
Partial cash payments for acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	\$ 239,958	\$ 130,765
Changes in payables for equipment	13,689	(1,650)
Depreciation of right-of-use assets	(148)	-
Cash payments	<u>\$ 253,499</u>	<u>\$ 129,115</u>

- b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2023

	January 1, 2023	Cash Flows	Non-cash Changes			March 31, 2023
			New Leases	Interest Expense	Others	
Short-term borrowings	\$ 67,000	\$ (15,000)	\$ -	\$ -	\$ -	\$ 52,000
Short-term bills payable	999,276	-	-	1,771	(1,453)	999,594
Long-term loans	4,074,424	(55,220)	-	-	-	4,019,204
Guarantee deposits received	41,297	15,544	-	-	-	56,841
Bonds payable	2,497,884	-	-	5,221	(5,063)	2,498,042
Lease liabilities	<u>477,697</u>	<u>(12,945)</u>	<u>17,173</u>	<u>2,188</u>	<u>(1,973)</u>	<u>482,140</u>
	<u>\$ 8,157,578</u>	<u>\$ (67,621)</u>	<u>\$ 17,173</u>	<u>\$ 9,180</u>	<u>\$ (8,489)</u>	<u>\$ 8,107,821</u>

For the three months ended March 31, 2022

	January 1, 2022	Cash Flows	Non-cash Changes			March 31, 2022
			New Leases	Interest Expense	Others	
Short-term borrowings	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000
Short-term bills payable	499,614	499,078	-	930	(849)	998,773
Long-term loans	3,862,612	(674,470)	-	-	-	3,188,142
Guarantee deposits received	44,083	(10,695)	-	-	-	33,388
Bonds payable	2,497,255	-	-	5,219	(5,063)	2,497,411
Lease liabilities	<u>503,039</u>	<u>(11,281)</u>	<u>2,581</u>	<u>2,212</u>	<u>(3,832)</u>	<u>492,719</u>
	<u>\$ 7,446,603</u>	<u>\$ (197,368)</u>	<u>\$ 2,581</u>	<u>\$ 8,361</u>	<u>\$ (9,744)</u>	<u>\$ 7,250,433</u>

30. EXPLANATORY COMMENTS ABOUT THE SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The operations of the cogeneration plant have seasonal characteristics and the electricity price is determined in accordance with TPC's requirements. During the summer months (starting from May 16 to October 15), the selling price of electricity is higher. The rest of the months are considered non-summer months. Based on past experience, the Corporation sells electricity and steam it produces to energy users, and sells any remaining electricity to TPC. Revenue is recognized accordingly on a monthly basis. Hence, the peak period for sales is in the summer months.

Construction and operations, maintenance and consulting services do not have seasonal characteristics. Based on past experience, the Group's consolidated revenue is recognized based on the progress of each construction project and when services are provided.

31. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Corporation's overall strategy remains unchanged within the last 5 years.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Corporation (comprising ordinary shares, capital surplus, retained earnings and other equity).

Key management personnel of the Corporation review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders, the number of new shares issued, and/or the amount of new debt issued or existing debt redeemed.

32. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of the financial assets and financial liabilities not carried at fair value are approximately at their fair values.

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

- 1) Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted securities	\$ -	\$ -	\$ 264,120	\$ 264,120

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted securities	\$ -	\$ -	\$ 277,120	\$ 277,120

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted securities	\$ _____ -	\$ _____ -	\$ 272,510	\$ 272,510

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the three months ended March 31, 2023

	Financial Assets at FVTOCI - Equity Investments
Beginning balance	\$ 277,120
Recognized in other comprehensive income	<u>(13,000)</u>
Ending balance	<u>\$ 264,120</u>

For the three months ended March 31, 2022

	Financial Assets at FVTOCI - Equity Investments
Beginning balance	\$ 275,310
Recognized in other comprehensive income	<u>(2,800)</u>
Ending balance	<u>\$ 272,510</u>

3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair value of domestic unlisted equity in KADC securities was determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investee. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the weighted average cost of capital (WACC) or discount for lack of marketability used in isolation would result in increases in fair value.

	March 31, 2023	December 31, 2022	March 31, 2022
Long-term revenue growth rates	0%-0.14%	0%-2.65%	0%-2.65%
Long-term pre-tax operating margin	40.54%-41.53%	40.68%-41.53%	40.93%-41.90%
WACC	7.10%	6.97%	7.33%
Discount for lack of marketability	13.49%	15.20%	12.77%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the equity investments would have increased (decreased) as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Long-term revenue growth rate			
1% increase	\$ 26,200	\$ 26,200	\$ 26,800
1% decrease	\$ (25,200)	\$ (25,200)	\$ (26,800)
WACC			
0.5% increase	\$ (21,600)	\$ (22,000)	\$ (21,800)
0.5% decrease	\$ 25,000	\$ 25,400	\$ 25,000

The fair value of domestic unlisted equity in Synergy securities was determined using the market approach. The judgment is based on the evaluation of companies of the same type and the operating conditions of the invested companies.

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets measured at amortized cost (Note 1)	\$ 3,887,305	\$ 4,560,774	\$ 3,437,813
Financial assets at FVTOCI	264,120	277,120	272,510
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	10,968,324	11,201,341	10,295,492

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, accounts receivable from related parties, part of other receivables, other financial assets and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, accounts payable to related parties, construction costs payable, other payables, current portion of long-term borrowings, guarantee deposits received, bonds payable and long-term borrowings. However, short-term employee benefits payable and payables for business tax are not included.

d. Financial risk management objectives and policies

The Group's financial risk management objectives are to manage the market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk with respect to the Group's operations. To lower the financial risks, the Group seeks to identify, evaluate, and avoid market uncertainty, to minimize the potential unfavorable impact on the Group due to market volatility.

The Group's important financial activities are reviewed by the board of directors in accordance with related regulations and internal control systems. The Group shall follow the overall guidelines for financial risk management and segregation of duties with respect to financial operating procedures.

1) Market risk

a) Foreign currency risk

Refer to Note 36 for the carrying amounts of the Group's significant monetary assets and monetary liabilities denominated in non-functional foreign currencies (including those eliminated in the consolidated financial statements).

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar and the Euro.

The following table details the Group's sensitivity to a 1% increase and decrease in its functional currency against the relevant foreign currencies. A positive number below indicates a decrease in profit before income tax associated with the New Taiwan dollar strengthening 1% against the relevant foreign currency. For a 1% weakening of the New Taiwan dollar, there would be an equal and opposite impact on profit before income tax, and the balances below would be negative.

	For the Three Months Ended March 31	
	2023	2022
Profit or loss		
USD	\$ 572	\$ 449
EUR	4,233	3,452

b) Interest rate risk

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 749,094	\$ 636,923	\$ 145,806
Financial liabilities	3,979,776	3,974,857	3,988,903
Cash flow interest rate risk			
Financial assets	2,736,972	3,169,167	2,627,063
Financial liabilities	4,071,204	4,141,424	3,228,142

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the reporting period. A 1% increase or decrease in interest rates was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

As of March 31, 2023 and 2022, the Group's borrowings with floating interest rates amounted to \$4,071,204 thousand and \$3,228,142 thousand, respectively. If interest rates had been 1% higher and all other variables were held constant, the Group's profit before income tax for the three months ended March 31, 2023 and 2022 would have decreased by \$10,178 thousand and \$8,070 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the period.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$2,641 thousand and \$2,725 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk represents the potential loss that would be incurred by the Group if the counterparties or third parties breached the contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The Group only transacts with financial institutions and companies with good credit ratings; thus, no material credit risk is anticipated.

3) Liquidity risk

The Group manages liquidity risk by maintaining adequate cash in banks and banking facilities, and continuously monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of March 31, 2023, December 31, 2022 and March 31, 2022, the available unutilized bank loan facilities were \$9,112,017 thousand, \$7,770,620 thousand and \$10,556,259 thousand, respectively. In addition, the Corporation has proceeded with a cash capital increase to repay bank loans, which has been declared effective as of March 7, 2023. The base date of the cash capital increase has been set as April 25, 2023. After the completion of this cash capital increase, current liabilities will be reduced, fulfilling the aim of managing liquidity risks as of March 31, 2023 and December 31, 2022.

The following tables detail the Group's remaining contractual maturities of its non-derivative financial liabilities with agreed repayment periods. The tables have 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.

March 31, 2023

	Within One Year	2 to 3 Years	4 to 5 Years	5+ Years	Total
Short-term borrowings	\$ 52,000	\$ -	\$ -	\$ -	\$ 52,000
Short-term bills payable	1,000,000	-	-	-	1,000,000
Non-interest bearing liabilities	3,379,875	12,134	7,475	-	3,399,484
Lease liabilities	71,368	91,891	47,260	364,699	575,218
Long-term borrowings	1,121,938	1,997,325	191,801	708,140	4,019,204
Bonds payable	<u>20,250</u>	<u>1,931,524</u>	<u>12,000</u>	<u>614,221</u>	<u>2,577,995</u>
	<u>\$ 5,645,431</u>	<u>\$ 4,032,874</u>	<u>\$ 258,536</u>	<u>\$ 1,687,060</u>	<u>\$ 11,623,901</u>

December 31, 2022

	Within One Year	2 to 3 Years	4 to 5 Years	5+ Years	Total
Short-term borrowings	\$ 67,000	\$ -	\$ -	\$ -	\$ 67,000
Short-term bills payable	1,000,000	-	-	-	1,000,000
Non-interest bearing liabilities	3,542,803	3,910	16,044	-	3,562,757
Lease liabilities	62,104	92,407	47,243	371,375	573,129
Long-term borrowings	947,393	1,993,484	398,179	735,368	4,074,424
Bonds payable	<u>20,250</u>	<u>1,935,086</u>	<u>12,000</u>	<u>615,721</u>	<u>2,583,057</u>
	<u>\$ 5,639,550</u>	<u>\$ 4,024,887</u>	<u>\$ 473,466</u>	<u>\$ 1,722,464</u>	<u>\$ 11,860,367</u>

March 31, 2022

	Within One Year	2 to 3 Years	4 to 5 Years	5+ Years	Total
Short-term borrowings	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Short-term bills payable	1,000,000	-	-	-	1,000,000
Non-interest bearing liabilities	3,564,138	4,910	2,118	-	3,571,166
Lease liabilities	66,260	112,042	39,720	362,329	580,351
Long-term borrowings	137,988	2,030,526	469,668	549,960	3,188,142
Bonds payable	<u>20,250</u>	<u>40,500</u>	<u>1,917,274</u>	<u>620,221</u>	<u>2,598,245</u>
	<u>\$ 4,828,636</u>	<u>\$ 2,187,978</u>	<u>\$ 2,428,780</u>	<u>\$ 1,532,510</u>	<u>\$ 10,977,904</u>

33. RELATED PARTY TRANSACTIONS

Besides as disclosed elsewhere in the other notes, details of significant transactions between the Group and its related parties were disclosed below:

a. Related parties and relationships

Related Party	Relationship with the Group
TPC	Investor with significant influence over the Group
TYC	Associate
Sun Ba	Associate
SEPC	Associate
KKPC	Associate
SBPC	Associate

b. Operating transactions

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2023	2022
Sales	Investors with significant influence over the Group		
	TPC	<u>\$ 193,191</u>	<u>\$ 70,335</u>
Construction service revenue	Investors with significant influence over the Group		
	TPC	<u>\$ 31,343</u>	<u>\$ 11,464</u>
	Associates		
	Sun Ba	74,432	130,100
	Others	<u>230</u>	<u>5</u>
		<u>74,662</u>	<u>130,105</u>
		<u>\$ 106,005</u>	<u>\$ 141,569</u>
Operations, maintenance and consulting services revenue	Investors with significant influence over the Group		
	TPC	<u>\$ 21,734</u>	<u>\$ 32,565</u>
	Associates		
	SEPC	1,839	2,406
	Sun Ba	1,330	1,546
	SBPC	<u>1,202</u>	<u>1,916</u>
		<u>4,371</u>	<u>5,868</u>
		<u>\$ 26,105</u>	<u>\$ 38,433</u>
Cost of sales	Investors with significant influence over the Group		
	TPC	<u>\$ 23,873</u>	<u>\$ 27,506</u>
	Associates		
	Others	<u>14</u>	<u>27</u>
		<u>\$ 23,887</u>	<u>\$ 27,533</u>
Operations, maintenance and consulting services cost	Investors with significant influence over the Group		
	TPC	<u>\$ 2</u>	<u>\$ -</u>

The above transactions with related parties were negotiated based on each contract.

c. Non-operating transactions

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2023	2022
Other income	Investors with significant influence over the Group		
	TPC	\$ 6	\$ -
	Associates		
	TYC	2,021	484
	KKPC	1,023	1,035
	SBPC	818	319
	Sun Ba	653	505
	SEPC	458	286
		<u>4,973</u>	<u>2,629</u>
		<u>\$ 4,979</u>	<u>\$ 2,629</u>

The above transactions with related parties were negotiated based on each contract.

d. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable from related parties	Investors with significant influence over the Group			
	TPC	\$ 116,239	\$ 143,220	\$ 29,919
	Associates			
	Others	<u>5,054</u>	<u>7,992</u>	<u>7,615</u>
		<u>\$ 121,293</u>	<u>\$ 151,212</u>	<u>\$ 37,534</u>
Other receivables	Associates			
	TYC	\$ 207	\$ 1,885	\$ 309
	Sun Ba	-	-	59
	Others	<u>-</u>	<u>63</u>	<u>118</u>
		<u>\$ 207</u>	<u>\$ 1,948</u>	<u>\$ 486</u>

The outstanding receivables from related parties were unsecured. For the three months ended March 31, 2023 and 2022, no impairment loss was recognized on receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable to related parties	Investors with significant influence over the Group			
	TPC	\$ 10,419	\$ 2,045	\$ 7,478
	Associates			
	Others	<u>-</u>	<u>-</u>	<u>119</u>
		<u>\$ 10,419</u>	<u>\$ 2,045</u>	<u>\$ 7,597</u>
Other payables	Investors with significant influence over the Group			
	TPC	\$ 918	\$ 1,196	\$ 392
	Associates			
	Others	<u>-</u>	<u>31</u>	<u>-</u>
		<u>\$ 918</u>	<u>\$ 1,227</u>	<u>\$ 392</u>

The outstanding payables to related parties were unsecured.

f. Contract assets

	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Investors with significant influence over the Group	TPC	\$ 584,541	\$ 608,374	\$ 984,088
	Associates			
	Sun Ba	213,319	277,286	186,181
	Others	<u>4,729</u>	<u>4,500</u>	<u>5</u>
		<u>218,048</u>	<u>281,786</u>	<u>186,186</u>
		<u>\$ 802,589</u>	<u>\$ 890,160</u>	<u>\$ 1,170,274</u>

g. Contract liabilities

	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Investors with significant influence over the Group	TPC	\$ 8,524	\$ 64	\$ 64

h. Lease agreement

Related Party Category/Name		For the Three Months Ended March 31		
		2023	2022	
<u>Acquisition of right-of-use assets</u>				
Investors with significant influence over the Group TPC			\$ -	\$ 94
Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Lease liabilities - current	Investors with significant influence over the Group TPC	\$ 342	\$ 388	\$ 385
Lease liabilities - non-current	Investors with significant influence over the Group TPC	\$ 7,327	\$ 7,733	\$ 7,670

i. Sublease arrangements

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Finance lease receivables - current	Associates			
	Sun Ba	\$ 4,593	\$ 4,582	\$ 4,548
	SBPC	2,926	2,918	2,986
	SEPC	2,534	2,528	2,510
		\$ 10,053	\$ 10,028	\$ 10,044
Long-term finance lease receivables non-current	Associates			
	Sun Ba	\$ 3,874	\$ 5,026	\$ 8,467
	SBPC	2,467	3,201	5,566
	SEPC	2,138	2,774	4,673
		\$ 8,479	\$ 11,001	\$ 18,706

For the three months ended March 31, 2023 and 2022, no impairment loss was recognized for finance lease receivables. Refer to Note 8 for information about sublease arrangements.

j. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 15,690	\$ 10,939
Post-employment benefits	335	422
	\$ 16,025	\$ 11,361

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

34. ASSETS PLEDGED OR MORTGAGED AS COLLATERAL

The following assets have been pledged or mortgaged as collateral for borrowings, contract performance and establishment of a branch office:

	March 31, 2023	December 31, 2022	March 31, 2022
Machinery and equipment, net	\$ 1,531,473	\$ 1,552,920	\$ 881,984
Service concession arrangement - operating assets	280,000	280,000	-
Land	50,135	50,135	50,135
Demand deposits (recognized as other financial assets)	11,370	23,607	11,324
Time deposits (recognized as other financial assets)	10,497	10,497	36,049
Government bonds (recognized as other financial assets)	<u>337</u>	<u>341</u>	<u>343</u>
	<u>\$ 1,883,812</u>	<u>\$ 1,917,500</u>	<u>\$ 979,835</u>

The market rates of government bonds and cash in bank at the end of the reporting periods were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Government bonds	5.706%	1.900%	1.565%
Demand deposits	0.530%-0.580%	0.410%-0.455%	0.001%-0.10%
Time deposits	0.380%-1.450%	0.380%-0.765%	0.10%-0.765%

35. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of March 31, 2023 were as follows:

- The commitments for construction projects that have not been performed amounted to approximately \$13,678,523 thousand.
- Commitments for construction expenditure and purchase of equipment were approximately \$13,188,469 thousand.
- Under a Coal Purchase Agreement, the Group shall purchase 36 thousand tons of coal based on an agreed price.

- d. TPC concluded that IPPs violated the Fair Trade Act with concerted action and caused a loss to TPC.

In September 2015, TPC filed administrative proceedings in the Taipei High Administrative Court and filed a civil action in the Taipei District Court to claim compensation for the loss. As of March 31, 2023 the closing administrative proceedings and civil action in progress were as follows:

- 1) TPC filed administrative proceedings in the Taipei High Administrative Court to claim compensation in the amounts of \$4,400 million, \$2,500 million, \$200 million, and \$2,400 million against Sun Ba, SEPC, SBPC, and KKPC, respectively. Subsequently, TPC filed an expanded appeal to claim additional compensation against these companies. The total claim for compensation against Sun Ba, SEPC, SBPC and KKPC was \$8,660 million, \$4,990 million, \$623 million and \$4,890 million, respectively. Afterwards, TPC filed an amended appeal against SBPC on February 14, 2020, with the total claim for compensation against SBPC reduced to \$380 thousand. The Taipei High Administrative Court considered these cases as private disputes and transferred these cases to the Taipei District Court. TPC appealed the ruling to the Supreme Administrative Court. However, the Supreme Administrative Court ruled to dismiss TPC's appeal. These cases have been transferred to the Taipei District Court accordingly. On August 9 and September 5, 2018, the case between SEPC and FTC, and the case between KKPC and FTC, respectively, were postponed by the Taipei District Court until the administrative proceedings in the Taiwan High Administrative Court with respect to the alleged concerted action are concluded. However, TPC subsequently withdrew its complaints in June and August 2020. Thus, the cases were deemed actions never initiated.
- 2) TPC filed a civil action in the Taipei District Court to claim \$4,257 million, \$2,489 million, \$307 million, and \$2,490 million against Sun Ba, SEPC, SBPC, and KKPC, respectively. On February 8, 2018, the Taipei District Court ruled to dismiss TPC's civil action against SBPC. On March 5, 2018, TPC appealed this case to the Taiwan High Court. Afterwards, on June 14, 2018, the Taiwan High Court ruled to postpone this case until the administrative proceedings between SBPC and FTC in the Supreme Administrative Court with respect to the alleged concerted action are concluded. Thereafter, on August 1, 2019, in order to avoid repeating trials of the same facts of the same case that will result in a waste of judicial resources, the Taiwan High Court, within its power and authority, revoked its previous ruling that suspended the proceedings. TPC appealed the ruling to the Taiwan High Court. However, the Supreme Administrative Court ruled to dismiss TPC's appeal on December 11, 2019. After the trial, the Taiwan High Court ruled to reject TPC's appeal and the additional lawsuit on December 28, 2022. Because TPC had already filed an appeal on January 30, 2023, this case will be transferred to the Supreme Court for trial. On June 19, 2018, the Taipei District Court ruled to dismiss TPC's civil action against Sun Ba, SEPC and KKPC. On July 13, 2018, TPC appealed this case to the Taiwan High Court. After about three years of trial procedures in the Taiwan High Court (THC), THC ruled to dismiss TPC's appeal and additional claim on November 9, 2021. On December 13, 2021, TPC appealed this case to the Supreme Court, and this case had been transferred to the Supreme Court.

These companies have engaged attorneys for the above claims. Whether these companies are liable for the damages depends on the judgment by the court.

- e. YYC entered into an investment agreement “Yilan Chingshuei Geothermal Power Generation Build, Reconstruction, Operation, and Transfer (“BOT+ROT”)” with the Yilan County Government in July 2017, which is effective for a period of 20 years starting from the commencement date of commercial operations of the power generating unit of the operating company that YYC established, namely CGPC. However, two years prior to the expiry of the construction period, a request for a preferential contract may be made to the Yilan County Government, the duration of which is limited to 20 years and limited to one time. CGPC started the generation plant with TPC in February 2021, completed the construction of power generation plant and started trial operations in June 2021 and subsequently acquired the electricity enterprise license in October 2021, after which it started selling electricity to TPC. During the operation phase, CGPC shall pay for the annual operating rights before June 30 of each year. The payment for the operating rights is calculated based on the capacity of the power generating units and the agreed proportion of annual sales of electricity. At the expiry of the contract, except for those that do not need to be transferred with the written consent of the Yilan County Government, CGPC shall transfer all existing operating assets and all power plant technologies, operations and maintenance related to the continued operations of the plant to the Yilan County Government or its designated third party.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Group, and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 4,403	30.450	<u>\$ 134,071</u>
EUR	13,141	33.155	<u>\$ 435,702</u>
Non-monetary items			
Investments accounted for using the equity method			
PHP	245,971	0.5594	<u>\$ 137,607</u>
<u>Foreign currency liabilities</u>			
Monetary items			
USD	2,526	30.450	<u>\$ 76,912</u>
EUR	373	33.155	<u>\$ 12,368</u>

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 3,234	30.710	\$ 99,306
EUR	13,958	32.720	\$ 456,702
Non-monetary items			
Investments accounted for using the equity method			
PHP	246,245	0.5472	\$ 134,751
<u>Foreign currency liabilities</u>			
Monetary items			
USD	3,015	30.710	\$ 92,591
EUR	373	32.720	\$ 12,205

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 3,141	28.625	\$ 89,920
EUR	10,815	31.92	\$ 345,214
Non-monetary items			
Investments accounted for using the equity method			
PHP	290,535	0.5509	\$ 160,057
<u>Foreign currency liabilities</u>			
Monetary items			
USD	1,591	28.625	\$ 45,057

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended March 31				
2023		2022		
Foreign Currencies	Exchange Rate	Net Foreign Exchange (Loss) Gain	Exchange Rate	Net Foreign Exchange Gain
USD	30.395 (USD:NTD)	\$ (1,008)	27.994 (USD:NTD)	\$ 3,398
EUR	32.620 (EUR:NTD)	\$ 5,721	31.450 (EUR:NTD)	\$ 6,464

37. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices 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 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 7)

b. Information on investees (Table 6)

c. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (None)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.

- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- 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 8)

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Guantian cogeneration plant (GCP)
- Segment of construction and consulting services (CC)

a. Segment revenue and results

The analysis of the Group's revenue and results from continuing operations by reportable segment was as follows:

	For the Three Months Ended March 31, 2023		
	GCP	CC	Total
Revenue from customers	\$ <u>230,841</u>	\$ <u>853,371</u>	\$ <u>1,084,212</u>
Segment (loss) profit	\$ <u>(13,874)</u>	\$ <u>124,557</u>	\$ 110,683
Unallocated operating expenses			(51,682)
Interest income			2,982
Interest expense			(24,435)
Share of profit of associates accounted for using the equity method			654,978
Other non-operating income and expenses			<u>9,427</u>
Profit before income tax			\$ <u>701,953</u>
Depreciation expense	\$ <u>6,436</u>	\$ <u>64,612</u>	
Amortization expense	\$ <u>39</u>	\$ <u>8,767</u>	

	For the Three Months Ended March 31, 2022		
	GCP	CC	Total
Revenue from customers	\$ <u>130,067</u>	\$ <u>760,130</u>	\$ <u>890,197</u>
Segment (loss) profit	\$ <u>(71,892)</u>	\$ <u>111,270</u>	\$ 39,378
Unallocated operating expenses			(41,879)
Interest income			69
Interest expense			(13,620)
Share of profit of associates accounted for using the equity method			294,672
Other non-operating income and expenses			<u>27,519</u>
Profit before income tax			\$ <u>306,139</u>
Depreciation expense	\$ <u>6,823</u>	\$ <u>54,665</u>	
Amortization expense	\$ <u>39</u>	\$ <u>8,071</u>	

Segment revenue reported above represented the revenue generated from external customers. Segment profit (loss) represented the profit before income tax earned by each segment without allocation of part of operating expenses, share of profit or loss of associates accounted for using the equity method, part of interest income, part of interest expense, and part of other non-operating income and expenses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Segment assets</u>			
GCP	\$ 463,928	\$ 498,469	\$ 689,302
CC	<u>6,828,093</u>	<u>7,111,008</u>	<u>7,253,975</u>
Total segment assets	7,292,021	7,609,477	7,943,277
Unallocated assets			
Investments accounted for using the equity method	13,672,877	13,004,719	12,902,975
Others	<u>4,210,370</u>	<u>4,362,204</u>	<u>3,122,128</u>
Consolidated total assets	\$ <u>25,175,268</u>	\$ <u>24,976,400</u>	\$ <u>23,968,380</u>
<u>Segment liabilities</u>			
GCP	\$ 117,289	\$ 1,695	\$ 40,178
CC	<u>6,250,294</u>	<u>6,640,432</u>	<u>6,253,012</u>
Total segment liabilities	6,367,583	6,642,127	6,293,190
Unallocated liabilities	<u>6,281,489</u>	<u>6,484,033</u>	<u>5,412,955</u>
Consolidated total liabilities	\$ <u>12,649,072</u>	\$ <u>13,126,160</u>	\$ <u>11,706,145</u>

TABLE 1

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Amount Borrowed (Note 3)	Interest Rate (%)	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 8)	Aggregate Financing Limit (Note 7)	Note
													Item	Value			
1	SEC	SSC	Other receivables from related parties	Y	\$ 20,000	\$ 20,000	\$ 14,000	2.4577	Short-term financing needs	\$ -	Retirement of loans, operating capital	\$ -	-	\$ -	\$ 341,573	\$ 683,145	

- Note 1: The Corporation and its investees are numbered as follows:
- a. “0” for the Corporation.
 - b. Investees are numbered from “1”
- Note 2: The receivables from associates, receivables from related parties, shareholders’ accounts, prepayments, temporary payments and others as stated shall be disclosed in if they are classified as financing.
- Note 3: Maximum balance for the current and ending balance represents the amount of facilities, not the actual amount borrowed.
- Note 4: The nature of financing (business transactions or short-term financing) should be disclosed.
- Note 5: If the nature of financing is for business transactions, the amount of business transactions should be disclosed. The amount of business transactions shall be the total amount of business transactions between the lender and the borrower in the most recent year.
- Note 6: If the funds were necessary for short-term financing, the reasons and the beneficiary of financing and the use of the fund, such as: retirement of loans, procurement of equipment, and operating capital should be disclosed.
- Note 7: Limit on the total amount of financing provided by SEC and subsidiaries to entities was \$683,145 thousand, which was calculated at 40% of SEC’s net worth in the current financial statements (\$1,707,863 thousand (net worth as of March 31, 2023) × 40%).
- Note 8: The financing limit for each borrower was \$341,573 thousand, which was calculated at 20% of SEC’s net worth in the current financial statements (\$1,707,863 thousand (net worth as of March 31, 2023) × 20%).
- Note 9: The amount was eliminated upon consolidation.

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

No (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Provided to Each Guaranteed Party	Maximum Balance for the Period (Note 5)	Ending Balance (Note 5)	Actual Amount Drawn (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties (Note 5)	Ratio of Accumulated Endorsement/ Guarantee to Net Worth in Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Corporation	CGPC	b	\$ 3,091,743 (Note 3)	\$ 204,000	\$ 204,000	\$ 172,125	\$ -	1.65%	\$ 4,946,789 (Note 4)	Y	N	N

Note 1: The Corporation and its investees are numbered as follows:

- a. “0” for the Corporation.
- b. Investees are numbered from “1”

Note 2: There are seven types of relationships between the endorser/guarantor and endorsee/guarantee and should be disclosed as one of the following:

- a. Companies with business dealings with each other.
- b. A company in which the Corporation directly and indirectly holds more than 50% of the voting shares.
- c. A company that directly and indirectly holds more than 50% of the voting shares in the Corporation.
- d. Between companies in which the Corporation directly and indirectly holds more than 90% of the voting shares.
- e. The Corporation fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- f. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- g. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act.

Note 3: Limit on endorsement/guarantee provided by the Corporation to each subsidiary was \$3,091,743 thousand, which was calculated at 25% of the Corporation’s net worth in the current financial statements (\$12,366,973 thousand (net worth as of March 31, 2023) × 25%).

Note 4: Limit on the total amount of endorsement/guarantee provided by the Corporation and subsidiaries to entities was \$4,946,789 thousand, which was calculated at 40% of the Corporation’s net worth in the current financial statements (\$12,366,973 thousand (net worth as of March 31, 2023) × 40%).

Note 5: Maximum balance for the period, ending balance and amount of endorsement/guarantee collateralized by properties represent the amounts of facilities, and not the actual amounts drawn.

Note 6: Actual amount drawn by endorsee/guarantee within the maximum balance of the guarantee.

TABLE 3

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship	Financial Statement Account	March 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Stock</u> KADC	N/A	Financial assets at fair value through other comprehensive income	20,000	\$ 241,800	8.00	\$ 241,800	
	Synergy	N/A	"	1,911	22,320	19.11	22,320	

TABLE 4

TAIWAN COGENERATION CORPORATION 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 THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total (Note 3)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 3)	
The Corporation	TPC	Investor with significant influence over the Group	Sales (Note 1)	\$ 128,221	29.49	Receivables are collected within 30 days after billing dates under agreements	\$ -	-	\$ 17,011	11.80	
SEC	The Corporation	Parent company	Sales (Note 2)	123,987	21.37	Receivables are collected within 30 days after billing dates under agreements	-	-	1,100 (Note 4)	2.21	
MWC	TGE	Fellow subsidiary	Sales (Note 1)	114,354	100.00	Receivables are collected within 30 days after billing dates under agreements	-	-	132,029 (Note 4)	100.00	

Note 1: Sales of electricity.

Note 2: Revenues from construction and operating, maintenance and consulting services.

Note 3: The amount is shown as a ratio of financial statement of each entity.

Note 4: The amount was eliminated upon consolidation.

TABLE 5

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
MWC	TGE	Fellow subsidiary	Accounts receivable \$ 132,029 (Note)	3.28	\$ -	-	\$ 132,029	\$ -

Note: The amount was eliminated upon consolidation.

TABLE 6

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Profit (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares (In Thousands)	Shareholding Percentage (%)	Carrying Amount			
The Corporation	SEC	Taipei City	Undertaking and installing of power engineering projects	\$ 1,550,020	\$ 1,550,020	142,709	100.00	\$ 1,707,769	\$ 40,774	\$ 38,301 (Note 2)	Subsidiary (Note 5)
	TCIC	British Virgin Islands	Investment in foreign countries and international trading	685,374	685,374	22,260	100.00	235,273	(954)	(954)	Subsidiary (Note 5)
	YYC	Yilan County	Investment in geothermal power plant	153,000	153,000	15,300	51.00	164,599	4,880	2,489	Subsidiary (Note 5)
	TGE	Taipei City	Investment in green power plant	175,000	175,000	18,500	100.00	194,291	3,865	3,865	Subsidiary (Note 5)
	TYC	Taoyuan City	Cogeneration plants, management of operations, maintenance of equipment	214,240	214,240	35,834	29.31	662,185	95,686	28,046	Investee of the Corporation accounted for using the equity method
	Sun Ba	Tainan City	Power generation	3,073,500	3,073,500	430,000	43.00	6,168,416	617,534	265,540	Investee of the Corporation accounted for using the equity method
	KKPC	Taoyuan City	Power generation	1,775,426	1,775,426	114,730	35.00	1,846,465	327,014	109,292 (Note 1)	Investee of the Corporation accounted for using the equity method
	SEPC	Changhua County	Power generation	1,272,500	1,272,500	121,500	40.50	2,395,696	321,677	130,279	Investee of the Corporation accounted for using the equity method
	SBPC	Taipei City	Power generation	1,409,130	1,409,130	136,200	41.27	2,462,508	295,531	121,974	Investee of the Corporation accounted for using the equity method
	MWC	Taipei City	Power generation	673,608	673,608	51,400	100.00	903,464	50,149	47,283 (Note 3)	Subsidiary (Note 5)
	HML	Changhua County	Power generation	103,130	103,130	10,000	100.00	63,797	(4,200)	(4,274) (Note 4)	Subsidiary (Note 5)
SEC	SWC	Changhua County	Power generation	177,870	177,870	17,787	100.00	182,301	17,784	17,784	Sub-subsidiary (Note 5)
	SSC	Taipei City	Power generation	240,000	240,000	24,000	100.00	203,464	(737)	(737)	Sub-subsidiary (Note 5)
TCIC	Redondo Peninsula Energy, Inc.	Philippines	Power generation	573,165	573,165	8,446	25.00	137,607	(612)	(153)	Investee of the Corporation's subsidiary accounted for using the equity method
YYC	CGPC	Yilan County	Power generation	250,000	250,000	25,680	100.00	284,671	5,277	5,277	Sub-subsidiary (Note 5)
TGE	SKE	Taipei City	Power generation	170,000	170,000	17,000	100.00	172,670	(31)	(31)	Sub-subsidiary (Note 5)

Note 1: It recognized share of profit of \$114,455 thousand and amortization of investment premium of \$5,163 thousand.

Note 2: It recognized share of profit of \$40,774 thousand and unrealized gain on construction and operating, maintenance and consulting services of \$2,473 thousand.

Note 3: It recognized share of profit of \$50,149 thousand and amortization of investment premium of \$2,866 thousand.

Note 4: It recognized share of loss of \$(4,200) thousand and amortization of investment premium of \$74 thousand.

Note 5: The amount was eliminated upon consolidation.

TABLE 7

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			% of Consolidated Operating Revenues or Total Assets (Note 3)
				Financial Statement Account	Amount (Note 4)	Payment Terms (Note 5)	
0	The Corporation	SEC	a	Operating, maintenance and consulting service revenue	\$ 3,054	According to general terms and conditions	-
		SEC	a	Accounts receivable from related parties	3,282	According to general terms and conditions	-
		SEC	a	Prepaid construction costs	134,658	According to general terms and conditions	1
1	SEC	The Corporation	b	Construction revenue	123,202	According to general terms and conditions	11
		The Corporation	b	Contract assets	539,738	According to general terms and conditions	2
		The Corporation	b	Accounts receivable from related parties	1,100	According to general terms and conditions	-
		SWC	c	Operating, maintenance and consulting service revenue	6,373	According to general terms and conditions	1
		SWC	c	Other receivables from related parties	8,288	According to general terms and conditions	-
		SWC	c	Contract assets	5,454	According to general terms and conditions	-
		SSC	c	Operating, maintenance and consulting service revenue	7,420	According to general terms and conditions	1
		SSC	c	Other receivables from related parties	17,501	According to general terms and conditions	-
		SSC	c	Contract assets	6,725	According to general terms and conditions	-
		CGPC	c	Contract assets	8,100	According to general terms and conditions	-
		MWC	c	Operating, maintenance and consulting service revenue	2,323	According to general terms and conditions	-
2	MWC	TGE	c	Sales revenue	114,354	According to general terms and conditions	11
		TGE	c	Accounts receivable from related parties	132,029	According to general terms and conditions	1
3	SWC	TGE	c	Sales revenue	39,910	According to general terms and conditions	4
		TGE	c	Accounts receivable from related parties	42,005	According to general terms and conditions	-
4	SKE	TGE	c	Sales revenue	5,684	According to general terms and conditions	1
		TGE	c	Accounts receivable from related parties	4,052	According to general terms and conditions	-

Note 1: Significant transactions between the Corporation and its subsidiaries or among subsidiaries are numbered as follows:

- a. “0” for the Corporation.
- b. The subsidiaries are numbered consecutively beginning from “1” in the order presented in the table above.

Note 2: Related party transactions are divided into three categories as follows:

- a. The Corporation to subsidiary.
- b. Subsidiary to the Corporation.
- c. Subsidiary to subsidiary.

Note 3: The percentage of consolidated operating revenues or consolidated total assets: For a balance sheet account, the percentage is calculated by dividing the ending balance of the account by consolidated total assets; for an income statement account, the percentage is calculated by dividing the accumulated amount in the current period of the account by the consolidated operating revenues.

Note 4: The amount was eliminated upon consolidation.

Note 5: The payment terms were negotiated based on each contract.

TABLE 8**TAIWAN COGENERATION CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Taiwan Power Company	162,954,279	27.66