Taiwan Cogeneration Corporation

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

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Taiwan Cogeneration Corporation

Opinion

We have audited the accompanying separate financial statements of Taiwan Cogeneration Corporation (the "Corporation"), which comprise the separate balance sheets as of December 31, 2022 and 2021, and the separate statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Corporation as of December 31, 2022 and 2021, and its separate financial performance and its separate cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Corporation's separate financial statements for the year ended December 31, 2022 are described as follows:

Associates' Litigation Related to the Fair Trade Act

Please refer to Note 28(d) for details on the associates' litigation related to the Fair Trade Act; Note 4(l) for accounting policies on provisions; and Note 5(a) for critical accounting judgments and key sources of estimation uncertainty.

Taiwan Power Company (TPC) claimed to have suffered losses due to joint actions by Independent Power Producers, which violated the Fair Trade Act, and filed a civil action for damages against the associates of the Corporation: Sun Ba Power Corporation, Star Energy Power Corporation, Star Buck Power Corporation, and Kuo Kuang Power Company Ltd.

The aforementioned associates commissioned attorneys to analyze the case and believe they have not caused any losses to TPC. As a result, they have not recognized provisions for the relevant litigation, which in turn has not affected the Corporation’s balance of investment accounted for using the equity method and the share of profit of associates accounted for using the equity method. The aforementioned associates have also engaged attorneys to assist with civil litigation matters. Since the litigation is still ongoing and the claimed amount is material to the separate financial statements of the Corporation, the outcome may change with subsequent developments of the cases, involving significant judgments by management. Thus, the assessment of contingent events in the associates’ litigation related to the Fair Trade Act was considered as one of the key audit matters.

In our audit, we have obtained relevant documents, such as the lawsuit papers for the aforementioned case; discussed the management’s correspondence with attorneys and the evaluation of the pending litigation; sent confirmation requests to the attorneys and reviewed their responses and assessments; and reviewed the latest developments of the pending litigation up to the date of the audit report to assess whether the associates’ litigation related to the Fair Trade Act had been appropriately accounted and disclosed in accordance with International Accounting Standard 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Evaluation of Profit and Loss of Construction Contracts

Please refer to Note 20 for information on construction contracts, Note 4(m) for the accounting policies on revenue recognition of construction contracts, and Note 5(b) for the critical accounting judgments and key sources of estimation uncertainty related to the evaluation of profit and loss of construction contracts.

The Corporation has entered into a construction contract for a large-scale offshore wind power generation project in central Taiwan. The construction service revenue of the aforementioned contract recognized for the year ended December 31, 2022 amounted to NT$551,492 thousand, representing 21% of the Corporation’s separate operating revenue. The percentage of completion and related profit or loss from the construction contract were assessed and determined by the Corporation’s management based on the nature of activities, expected subcontracting, construction periods, progress, methods, etc., involving critical accounting judgments made by the management. Thus, the evaluation of profit and loss of construction contracts was considered as one of the key audit matters.

In our audit, we visited and observed the construction site; obtained the construction contract, construction project schedules, expected total construction cost, and construction acceptance reports; verified the construction cost, the estimated remaining cost before completion, and related supporting documents on a sampling basis to evaluate the reasonableness of the method and assumptions used by the management in the calculation of the percentage of completion; recalculated the percentage of completion, construction service revenue, construction service cost, profit or loss of the construction contract, contract assets and contract liabilities for accuracy; and assessed the appropriateness of provisions.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2023

Notice to Readers

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

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

TAIWAN COGENERATION CORPORATION

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

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 6)	$ 463,149	3	$ 1,309,686	7
Contract assets (Notes 4, 18 and 20)	587,598	3	1,065,014	6
Accounts receivable (Notes 4, 7 and 20)	139,369	1	225,684	1
Accounts receivable from related parties (Notes 4, 20 and 27)	81,535	-	34,834	-
Finance lease receivables (Notes 4, 8 and 27)	10,656	-	10,552	-
Other receivables from related parties (Notes 4 and 27)	2,019	-	1,171	-
Current income tax assets (Note 22)	6,957	-	6,811	-
Inventories (Notes 4 and 9)	18,104	-	13,187	-
Prepaid construction costs (Notes 18 and 27)	284,186	2	-	-
Prepaid value-added tax	18,499	-	8,319	-
Other current assets	1,450	-	2,174	-
Total current assets	1,613,522	9	2,677,432	14
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 10 and 26)	277,120	2	275,310	2
Investments accounted for using the equity method (Notes 4, 11 and 28)	16,266,079	87	15,867,561	82
Property, plant and equipment (Notes 4 and 12)	364,079	2	383,819	2
Right-of-use assets (Notes 4 and 13)	33,684	-	49,942	-
Computer software cost (Note 4)	8,165	-	9,125	-
Deferred income tax assets (Notes 4 and 22)	70,471	-	78,270	-
Long-term finance lease receivables (Notes 4, 8 and 27)	11,688	-	22,344	-
Prepayments for equipment	7,149	-	-	-
Refundable deposits	5,787	-	5,760	-
Total non-current assets	17,044,222	91	16,692,131	86
TOTAL	$ 18,657,744	100	$ 19,369,563	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bills payable (Note 14)	$ 999,276	5	$ 499,614	3
Contract liabilities (Notes 4, 18 and 20)	284,135	2	-	-
Accounts payable	132,999	1	125,027	1
Construction costs payable	118,984	1	156,944	1
Construction costs payable to related parties (Note 27)	566,064	3	1,801,718	9
Accounts payable to related parties (Note 27)	1,277	-	1,158	-
Other payables (Notes 16 and 27)	108,868	1	94,276	-
Lease liabilities (Notes 4 and 13)	27,519	-	27,794	-
Current portion of long-term borrowings (Note 14)	780,000	4	-	-
Other current liabilities	749	-	680	-
Total current liabilities	3,019,871	17	2,707,211	14
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 14)	1,320,000	7	2,165,000	11
Bonds payable (Note 15)	2,497,884	13	2,497,255	13
Lease liabilities (Notes 4 and 13)	28,980	-	55,535	-
Net defined benefit liabilities (Notes 4 and 17)	90,262	-	99,201	1
Guarantee deposits received	7,338	-	13,888	-
Total non-current liabilities	3,944,464	20	4,830,879	25
Total liabilities	6,964,335	37	7,538,090	39
EQUITY (Note 19)				
Share capital				
Ordinary shares	5,890,486	32	5,890,486	30
Capital surplus	499,694	3	499,694	3
Retained earnings				
Legal reserve	1,737,133	9	1,644,763	8
Special reserve	2,621,945	14	2,823,917	15
Unappropriated earnings	958,281	5	961,235	5
Total retained earnings	5,317,359	28	5,429,915	28
Other equity	(14,130)	-	11,378	-
Total equity	11,693,409	63	11,831,473	61
TOTAL	$ 18,657,744	100	$ 19,369,563	100

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

TAIWAN COGENERATION CORPORATION

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 5, 20 and 27)				
Sales	$ 953,002	36	$ 778,934	17
Construction services	1,623,072	62	3,640,251	82
Consulting services	42,665	2	45,462	1
Total operating revenue	2,618,739	100	4,464,647	100
OPERATING COSTS (Notes 5, 17, 21 and 27)				
Cost of sales	991,498	38	775,354	17
Construction services	1,570,988	60	3,575,922	80
Consulting services	37,270	1	36,316	1
Total operating costs	2,599,756	99	4,387,592	98
GROSS PROFIT	18,983	1	77,055	2
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	29,367	1	29,367	-
REALIZED GROSS PROFIT	48,350	2	106,422	2
OPERATING EXPENSES (Notes 17, 21 and 27)	229,744	9	195,456	4
LOSS FROM OPERATIONS	(181,394)	(7)	(89,034)	(2)
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 27)	1,657	-	330	-
Other income (Notes 21 and 27)	22,138	1	30,132	-
Other gains and losses (Note 21)	21,868	-	(6,918)	-
Finance costs (Note 21)	(46,120)	(2)	(38,761)	(1)
Share of profit of subsidiaries and associates accounted for using the equity method (Note 11)	1,094,449	42	1,014,158	23
Total non-operating income and expenses	1,093,992	42	998,941	22
PROFIT BEFORE INCOME TAX	912,598	35	909,907	20
INCOME TAX EXPENSE (Notes 4 and 22)	(5,824)	-	(12,023)	-
NET PROFIT	906,774	35	897,884	20

(Continued)

TAIWAN COGENERATION CORPORATION

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 17)	$ 9,878	1	$ (5,032)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 26)	1,810	-	7,000	-
Share of remeasurement of defined benefit plans of subsidiaries and associates accounted for using the equity method	3,602	-	(1,618)	-
Share of unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income of associates accounted for using the equity method	(16,946)	(1)	16,557	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 22)	(1,975)	-	1,006	-
	(3,631)	-	17,913	-
Items that may be reclassified subsequently to profit or loss:				
Share of exchange differences on translation of the financial statements of foreign operations of subsidiaries accounted for using the equity method	(986)	-	(15,715)	-
Share of other comprehensive loss of associate accounted for using the equity method- loss on hedging instruments	(9,386)	(1)	-	-
	(10,372)	(1)	(15,715)	-
Other comprehensive (loss) income, net of income tax	(14,003)	(1)	2,198	-
TOTAL COMPREHENSIVE INCOME	$ 892,771	34	$ 900,082	20
EARNINGS PER SHARE (Note 23)				
Basic	$ 1.54		$ 1.52	
Diluted	$ 1.54		$ 1.52	

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

TAIWAN COGENERATION CORPORATION

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

			Retained Earnings			Other Equity			
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	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	Loss on Hedging Instruments	Total Equity
BALANCE AT JANUARY 1, 2021	$ 5,890,486	$ 499,694	$ 1,537,858	$ 2,890,684	$ 1,196,864	$ (54,925)	$ 89,922	$ -	$ 12,050,583
Appropriation of 2020 earnings									
Legal reserve	-	-	106,905	-	(106,905)	-	-	-	-
Reversal of special reserve	-	-	-	(66,767)	66,767	-	-	-	-
Cash dividends - NT$1.9 per share	-	-	-	-	(1,119,192)	-	-	-	(1,119,192)
	-	-	106,905	(66,767)	(1,159,330)	-	-	-	(1,119,192)
Disposal of investments in equity instruments at fair value through other comprehensive income by associates	-	-	-	-	31,461	-	(31,461)	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	897,884	-	-	-	897,884
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(5,644)	(15,715)	23,557	-	2,198
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	892,240	(15,715)	23,557	-	900,082
BALANCE AT DECEMBER 31, 2021	5,890,486	499,694	1,644,763	2,823,917	961,235	(70,640)	82,018	-	11,831,473
Appropriation of 2021 earnings									
Legal reserve	-	-	92,370	-	(92,370)	-	-	-	-
Reversal of special reserve	-	-	-	(201,972)	201,972	-	-	-	-
Cash dividends - NT$1.75 per share	-	-	-	-	(1,030,835)	-	-	-	(1,030,835)
	-	-	92,370	(201,972)	(921,233)	-	-	-	(1,030,835)
Net profit for the year ended December 31, 2022	-	-	-	-	906,774	-	-	-	906,774
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	11,505	(986)	(15,136)	(9,386)	(14,003)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	918,279	(986)	(15,136)	(9,386)	892,771
BALANCE AT DECEMBER 31, 2022	$ 5,890,486	$ 499,694	$ 1,737,133	$ 2,621,945	$ 958,281	$ (71,626)	$ 66,882	$ (9,386)	$ 11,693,409

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

TAIWAN COGENERATION CORPORATION

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 912,598	$ 909,907
Adjustments for:		
Depreciation expense	46,958	48,386
Amortization expense	2,815	2,696
Interest expense	46,049	38,709
Interest income	(1,657)	(330)
Dividend income	(8,000)	(8,000)
Share of profit of subsidiaries and associates accounted for using the equity method	(1,094,449)	(1,014,158)
Gain on disposal of investment accounted for using the equity method	(15,070)	-
Unrealized loss on foreign currency exchange	573	1,014
Realized gain on transactions with subsidiaries and associates	(29,367)	(29,367)
Loss from lease modifications	4	7
Changes in operating assets and liabilities		
Contract assets	477,416	17,886
Notes receivable from related parties	-	293
Accounts receivable	86,315	76,719
Accounts receivable from related parties	(46,701)	1,415
Other receivables	(848)	(272)
Inventories	(4,917)	(5,702)
Prepaid construction costs	(284,186)	-
Other current assets	(71)	370
Prepaid value-added tax	(10,180)	(8,319)
Contract liabilities	284,135	(201,814)
Notes payable	-	(5,588)
Accounts payable	8,714	68,214
Accounts payable from related parties	119	-
Construction costs payable	(1,273,614)	375,731
Other payables	15,176	(6,648)
Other current liabilities	69	12
Net defined benefit liabilities	939	(7,653)
Cash generated from operations	(887,180)	253,508
Interest received	1,657	331
Dividends received	398,152	762,888
Interest paid	(45,420)	(37,181)
Income tax paid	(146)	(11,624)
Net cash (used in) generated from operating activities	(532,937)	967,922

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TAIWAN COGENERATION CORPORATION

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

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income (Note 10)	$ -	$ (19,110)
Acquisition of investments accounted for using the equity method (Note 11)	-	(229,630)
Disposal of associate (Note 11)	160,000	-
Payments for property, plant and equipment	(9,965)	(18,646)
Increase in refundable deposits	(27)	-
Decrease in other receivables from related parties	-	60,020
Payments for computer software	(1,060)	(9,369)
Decrease in finance lease receivables	10,592	10,365
Increase in prepayments for equipment	(7,149)	-
Net cash generated from (used in) investing activities	152,391	(206,370)
CASH FLOWS FROM FINANCING ACTIVITIES (Note 24)		
Increase in short-term bills payable	499,078	499,171
Proceeds from long-term borrowings	11,125,000	6,790,000
Repayments of long-term borrowings	(11,190,000)	(6,630,000)
(Decrease) increase in guarantee deposits received	(6,550)	7,736
Repayments of the principal portion of lease liabilities	(27,869)	(27,294)
Dividends paid to owners of the Corporation	(1,030,835)	(1,119,192)
Acquisition of investments accounted for using the equity method (Note 11)	(33,500)	-
Reduction of capital of subsidiary	200,000	200,000
Net cash used in financing activities	(464,676)	(279,579)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(1,315)	(1,014)
NET (DECREASE) INCREASE IN CASH	(846,537)	480,959
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,309,686	828,727
CASH AT THE END OF THE YEAR	$ 463,149	$ 1,309,686

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

1. GENERAL INFORMATION

Taiwan Cogeneration Corporation (the “Corporation”) 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 separate financial statements were approved by the board of directors on March 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 (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 Corporation’s accounting policies.

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

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

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

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

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

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

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

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

Note 1: Unless stated otherwise, the above 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 separate financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation'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 separate financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The separate 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.

When preparing the separate financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit, other comprehensive income and total equity in the separate financial statements to be the same as the amounts attributable to the owner of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the separate basis and the consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries and associates accounted for using the equity method, share of other comprehensive income of subsidiaries and associates accounted for using the equity method, and related equity items, as appropriate, in the separate financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

The Corporation engages in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Corporation's construction-related assets and liabilities.

d. Foreign currencies

Foreign currency transactions other than non-derivative financial instruments are translated into the functional currency using the exchange rate at the transaction date. When foreign currency assets and liabilities are translated or settled, the gains or losses arising from exchange rate changes, if any, are recognized in profit or loss. The ending balance of foreign currency assets and liabilities are translated using the prevailing exchange rates. Exchange differences arising thereof, if any, are recognized in profit or loss.

The financial statements of the Corporation's foreign investments accounted for using the equity method prepared in their functional currencies are translated into New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the year; equity is translated using historical exchange rates. Exchange differences arising thereof, if any, are recognized in other comprehensive income.

e. Impairment of financial assets

Accounts receivable and contract assets are assessed for impairment using the expected credit loss model at the end of each reporting period.

The Corporation's policy is to always recognize lifetime Expected Credit Loss (ECL) on accounts receivable. For contract assets, the Corporation recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on contract assets has not increased significantly since initial recognition, the Corporation measures the loss allowance for contract assets at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. An impairment loss is recognized with a corresponding adjustment to the carrying amount through a loss allowance account.

f. Inventories

Inventories include raw materials, and are stated at the lower of weighted average cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items.

g. Financial assets at fair value through other comprehensive income

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments at fair value through other comprehensive income (FVTOCI). Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

h. Investments accounted for using the equity method

The Corporation uses the equity method to account for its investments in subsidiaries and associates. Under the equity method, investments in subsidiaries and associates are initially recognized at cost and adjusted thereafter to recognize the Corporation’s share of profit or loss and other comprehensive income or loss of the subsidiaries and associates. The Corporation also recognizes the changes in the Corporation’s share of equity of subsidiaries and associates.

Any excess of the cost of acquisition over the Corporation’s share of the net fair value of the identifiable assets and liabilities of subsidiaries and associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit.

The Corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment’s fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

Unrealized profit or loss resulting from downstream transactions are eliminated in full only in the Corporation’s separate financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries are recognized in the Corporation’s separate financial statements only to the extent of interests in the subsidiaries of entities that are not related to the Corporation.

Profits and losses resulting from upstream transactions, downstream transactions and transactions between associates are recognized in the Corporation’s separate financial statements only to the extent of interests in the associates of entities that are not related to the Corporation.

i. Property, plant and equipment

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

Except for freehold land which is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

j. Intangible assets

Computer software is amortized on a straight-line basis over 2 to 6 years.

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

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

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

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

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

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

l. Provisions

A provision shall be recognized when the Corporation has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

m. Revenue recognition

Sales of energy are determined based on customers' monthly consumption of power, steam, hot water and ice water generated by the cogeneration system.

Revenue from consulting services is recognized when services are provided.

For construction contracts where the construction is in progress, the Corporation recognizes revenue over time. The Corporation measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfaction of the performance obligation. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognized to date, the Corporation recognizes a contract liability for the difference. Retention monies held by the customer based on the terms stated in the construction contract are intended to ensure that the Corporation adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the Corporation satisfies its performance obligations.

Revenue is measured at the fair value of the consideration received or receivables from customers. When the consideration is in the form of receivables that are collectible within one year, the difference between the fair value and the nominal amount of the consideration is insignificant, and the revenue transactions are frequent, the fair value of the consideration need not be determined by discounting all future cash receipts using an imputed rate of interest.

n. Leases

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

1) The Corporation as a lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Corporation subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Corporation, as a lessee, accounted for by applying at recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus initial direct costs and is presented as a finance lease receivable.

2) The Corporation as a lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the separate balance sheets.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Corporation's defined benefit plans.

p. Taxation

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

1) Current income tax

Current income tax liabilities are determined based on current taxable income. Taxable income is different from the profit before income tax on the separate statement of comprehensive income for the reason that certain revenue and expenses are taxable or deductible items in other period, or not taxable or deductible items according to the Income Tax Act. The Corporation's current income tax liabilities are calculated by the legislated tax rate on the balance sheet date.

According to the Income Tax Act, an additional tax on undistributed earnings is provided for as income tax in the year the shareholders resolve to retain the earnings as, prior to the shareholders' meeting, the status of appropriations of earnings is uncertain.

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

2) Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liabilities are settled or the assets are realized, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

3) Current and deferred income tax for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation'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 Corporation 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, the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions and inflation and interest rate fluctuations when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revision and future periods if the revisions affect both the current year 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 28 (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

	December 31	
	2022	2021
Cash on hand	$ 620	$ 570
Checking accounts and demand deposits	462,529	1,309,116
	$ 463,149	$ 1,309,686

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

	December 31	
	2022	2021
Demand deposits	0%-2.88%	0%-0.05%

7. ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 139,369	$ 225,684

The average credit period ranges from 30 to 60 days. The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are individually estimated by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

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

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

	December 31	
	2022	2021
Up to 60 days	$ 139,369	$ 225,684

8. FINANCE LEASE RECEIVABLES

	December 31	
	2022	2021
Undiscounted lease payments		
Year 1	$ 10,817	$ 10,817
Year 2	10,817	10,817
Year 3	928	10,817
Year 4	-	928
Year 5	-	-
	22,562	33,379
Less: Unearned finance income	(218)	(483)
Lease payments receivables	$ 22,344	$ 32,896
Net investment in leases presented as finance lease receivables	$ 22,344	$ 32,896
Finance lease receivables - current	$ 10,656	$ 10,552
Finance lease receivable - non-current	$ 11,688	$ 22,344

The Corporation 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 Corporation 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 Corporation 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 Corporation 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

	December 31	
	2022	2021
Raw materials	$ 18,104	$ 13,187

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2022	**2021**
Non-current		
Domestic investments		
Unlisted shares		
Kaohsiung Arena Development Corporation (KADC)	$ 254,800	$ 256,200
Synergy Co., Ltd. (Synergy)	22,320	19,110
	$ 277,120	$ 275,310

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 Corporation's strategy of holding these investments for long-term purposes.

Refer to Note 26 for fair value information relating to financial assets at FVTOCI.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	**2021**
Investments in subsidiaries	$ 3,396,111	$ 3,276,941
Investments in associates	12,869,968	12,590,620
	$ 16,266,079	$ 15,867,561

Investments in Subsidiaries

	December 31	
	2022	**2021**
Unlisted shares		
Star Energy Corporation (SEC)	$ 1,809,695	$ 1,616,428
Miaoli Wind Corporation (MWC)	913,608	1,004,722
Taiwan Cogeneration International Corporation (TCIC)	232,655	248,979
TCC Green Energy Corporation (TGE)	209,972	203,030
Yi Yuan Corporation (YYC)	162,110	151,961
Hamaguri Corporation (HML)	68,071	51,821
	$ 3,396,111	$ 3,276,941

On December 27, 2021 and September 20, 2022, MWC returned its capital of $200,000 thousand and $200,000 thousand to the Corporation, respectively.

In order to expand the renewable energy business, on March 10, 2021, the Corporation acquired a 100% equity interest in HML for $69,630 thousand (US$2,500 thousand). On December 30, 2022, the Corporation participated in a capital raising of HML, and increased its investment by $33,500 thousand. Please refer to Note 30 of the Corporation's consolidated financial statements for information on business combinations.

The Corporation's share of profit or loss in its subsidiaries accounted for using the equity method is as follows:

	For the Year Ended December 31	
	2022	2021
SEC	$ 169,865	$ 282,923
MWC	108,886	95,089
TGE	21,718	16,292
YYC	10,659	7,811
HML	(17,250)	(17,809)
TCIC	(15,360)	(24,092)
	$ 278,518	$ 360,214

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	2022	2021
SEC	100.00%	100.00%
TCIC	100.00%	100.00%
YYC	51.00%	51.00%
TGE	100.00%	100.00%
MWC	100.00%	100.00%
HML	100.00%	100.00%

TCIC established a branch in the Philippines mainly to expand the local engineering business.

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

The share of profit or loss and other comprehensive income of the investments in subsidiaries accounted for using the equity method for the years ended December 31, 2022 and 2021 was based on the subsidiaries' financial statements audited by independent auditors for the same years.

Investments in Associates

	December 31	
	2022	2021
Material associates		
Ta-Yuan Cogeneration Company (TYC)	$ 631,873	$ 592,491
Sun Ba Power Corporation (Sun Ba)	5,901,135	5,480,326
Star Buck Power Corporation (SBPC)	2,335,752	2,163,416
Star Energy Power Corporation (SEPC)	2,264,035	2,339,732
Kuo Kuang Power Company Ltd. (KKPC)	1,737,173	1,869,725
	12,869,968	12,445,690
Associates that are not individually material	-	144,930
	$ 12,869,968	$ 12,590,620

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

	For the Year Ended December 31	
	2022	2021
Sun Ba	$ 445,791	$ 407,805
SBPC	200,564	25,368
TYC	107,884	49,937
SEPC	78,279	138,827
KKPC	(16,587)	47,077
Associate that is not individually material	-	(15,070)
	$ 815,931	$ 653,944

a. Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
TYC	29.31%	29.31%
Sun Ba	43.00%	43.00%
SEPC	40.50%	40.50%
SBPC	41.27%	41.27%
KKPC	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, was as follows:

	December 31	
Name of Associate	2022	2021
TYC	$ 1,490,687	$ 1,139,516

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

TYC

	December 31	
	2022	2021
Current assets	$ 1,108,306	$ 1,148,317
Non-current assets	3,346,935	3,267,568
Current liabilities	(774,010)	(388,410)
Non-current liabilities	(1,504,106)	(1,983,531)
Equity	$ 2,177,125	$ 2,043,944
Proportion of the Corporation's ownership	29.31%	29.31%
Equity attributable to the Corporation	$ 638,131	$ 599,095
Unrealized gain with associates	(6,258)	(6,604)
Carrying amount	$ 631,873	$ 592,491

	For the Year Ended December 31	
	2022	2021
Operating revenue	$ 2,861,009	$ 1,997,736
Net profit	$ 368,069	$ 170,371
Other comprehensive (loss) income	(51,506)	54,955
Total comprehensive income	$ 316,563	$ 225,326
Dividends received from TYC	$ 53,751	$ 50,167

Sun Ba

	December 31	
	2022	2021
Current assets	$ 3,856,190	$ 2,902,942
Non-current assets	19,707,241	13,078,951
Current liabilities	(3,075,949)	(2,050,249)
Non-current liabilities	(6,604,275)	(1,063,463)
Equity	$ 13,883,207	$ 12,868,181
Proportion of the Corporation's ownership	43.00%	43.00%
Equity attributable to the Corporation	$ 5,969,779	$ 5,533,318
Unrealized gain with associates	(70,731)	(55,079)
Goodwill	2,087	2,087
Carrying amount	$ 5,901,135	$ 5,480,326

	For the Year Ended December 31	
	2022	2021
Operating revenue	$ 19,393,575	$ 11,015,174
Net profit	$ 1,036,723	$ 948,385
Other comprehensive loss	(21,697)	(2,014)
Total comprehensive income	$ 1,015,026	$ 946,371
Dividends received from Sun Ba	$ -	$ 283,800

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 Corporation increased by 172,000 thousand shares.

SEPC

	December 31	
	2022	2021
Current assets	$ 3,133,426	$ 1,727,988
Non-current assets	5,059,908	5,802,149
Current liabilities	(2,044,508)	(1,042,482)
Non-current liabilities	(402,024)	(540,288)
Equity	$ 5,746,802	$ 5,947,367
Proportion of the Corporation’s ownership	40.50%	40.50%
Equity attributable to the Corporation	$ 2,327,456	$ 2,408,685
Unrealized gain with associates	(63,421)	(68,953)
Carrying amount	$ 2,264,035	$ 2,339,732

	For the Year Ended December 31	
	2022	2021
Operating revenue	$ 9,114,399	$ 5,225,265
Net profit	$ 193,281	$ 342,781
Other comprehensive loss	(3,846)	(1,887)
Total comprehensive income	$ 189,435	$ 340,894
Dividends received from SEPC	$ 157,950	$ 131,220

SBPC

	December 31	
	2022	2021
Current assets	$ 2,419,226	$ 1,449,005
Non-current assets	8,505,321	8,735,340
Current liabilities	(1,769,582)	(902,852)
Non-current liabilities	(2,959,451)	(3,457,185)
Equity	$ 6,195,514	$ 5,824,308
Proportion of the Corporation's ownership	41.27%	41.27%
Equity attributable to the Corporation	$ 2,557,058	$ 2,403,851
Unrealized gain with associates	(221,306)	(240,435)
Carrying amount	$ 2,335,752	$ 2,163,416

	For the Year Ended December 31	
	2022	2021
Operating revenue	$ 9,571,004	$ 3,009,267
Net profit	$ 485,947	$ 61,464
Other comprehensive income	759	255
Total comprehensive income	$ 486,706	$ 61,719
Dividends received from SBPC	$ 47,670	$ 70,824

KKPC

	December 31	
	2022	2021
Current assets	$ 2,242,596	$ 1,659,440
Non-current assets	4,390,089	5,121,269
Current liabilities	(1,528,172)	(875,598)
Non-current liabilities	(321,694)	(802,585)
Equity	$ 4,782,819	$ 5,102,526
Proportion of the Corporation's ownership	35.00%	35.00%
Equity attributable to the Corporation	$ 1,673,986	$ 1,785,884
Goodwill	19,304	19,304
Investment premium	43,883	64,537
Carrying amount	$ 1,737,173	$ 1,869,725

	For the Year Ended December 31	
	2022	2021
Operating revenue	$ 8,620,190	$ 4,497,318
Net profit	$ 11,622	$ 193,514
Other comprehensive income (loss)	113	(1,273)
Total comprehensive income	$ 11,735	$ 192,241
Dividends received from KKPC	$ 116,005	$ 110,764

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. The 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 the 2022 Q2. However, the Petitions and Appeals Committee has also restarted the suspended appeal process due to the above-mentioned final judgment.

The Corporation 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 Corporation cannot direct the relevant activities of the investee and has no control over them. Management of the Corporation considered the Corporation as exercising significant influence over the investees and classified them as associates.

b. Aggregate information of associate that is not individually material

	December 31	
	2022	2021
The Corporation’s share of:		
Net loss	$ -	$ (15,070)
Total comprehensive loss	$ -	$ (15,070)

In order to expand the solar photovoltaic business, the Corporation signed an investment agreement with the original shareholder of Chao Feng Solar Energy Co. In February 2021, the Corporation participated in the capital increase of Chao Feng Solar Energy Co., Ltd. for $160,000 thousand and acquired a 20% equity interest in it. Due to the Corporation and the shareholder not being able to agree on the terms of the investment, according to the agreement, the shareholder bought back the 20% equity interest in Chao Feng Solar Energy Co. held by the Corporation at the original price and completed the equity-settlement on March 4, 2022.

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 years ended December 31, 2022 and 2021 were based on the associates’ financial statements audited by independent auditors for the same years.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Leasehold Improvements	Total
Cost						
Balance at January 1, 2022	$ 214,502	$ 78,954	$ 1,895,532	$ 72,229	$ 19,592	$ 2,280,809
Additions	-	-	8,700	1,265	-	9,965
Disposals	-	-	-	(4,605)	-	(4,605)
Balance at December 31, 2022	214,502	78,954	1,904,232	68,889	19,592	2,286,169
Accumulated depreciation						
Balance at January 1, 2022	-	62,469	1,771,805	43,451	19,265	1,896,990
Depreciation expense	-	1,896	18,273	9,424	112	29,705
Disposals	-	-	-	(4,605)	-	(4,605)
Balance at December 31, 2022	-	64,365	1,790,078	48,270	19,377	1,922,090
Carrying amount at December 31, 2022	$ 214,502	$ 14,589	$ 114,154	$ 20,619	$ 215	$ 364,079
Cost						
Balance at January 1, 2021	$ 214,502	$ 78,954	$ 1,894,282	$ 55,003	$ 19,463	$ 2,262,204
Additions	-	-	1,250	17,267	129	18,646
Disposals	-	-	-	(41)	-	(41)
Balance at December 31, 2021	214,502	78,954	1,895,532	72,229	19,592	2,280,809
Accumulated depreciation						
Balance at January 1, 2021	-	60,573	1,754,127	31,891	19,155	1,865,746
Depreciation expense	-	1,896	17,678	11,601	110	31,285
Disposals	-	-	-	(41)	-	(41)
Balance at December 31, 2021	-	62,469	1,771,805	43,451	19,265	1,896,990
Carrying amount at December 31, 2021	$ 214,502	$ 16,485	$ 123,727	$ 28,778	$ 327	$ 383,819

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

Buildings	
Office buildings	50 years
Plant and its attached facilities	15-25 years
Machinery and equipment	
Main cogeneration equipment	30 years
Auxiliary equipment for cogeneration	3-15 years
Other equipment	3-8 years
Lease improvements	5 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	Buildings	Transportation Equipment	Other Equipment	Total
Cost				
Balance at January 1, 2022	$ 73,385	$ 7,629	$ 724	$ 81,738
Additions	398	1,095	-	1,493
Disposals	(498)	(1,308)	-	(1,806)
Balance at December 31, 2022	73,285	7,416	724	81,425
Accumulated depreciation				
Balance at January 1, 2022	28,081	3,305	410	31,796
Depreciation expense	14,621	2,487	145	17,253
Disposals	-	(1,308)	-	(1,308)
Balance at December 31, 2022	42,702	4,484	555	47,741
Carrying amount at December 31, 2022	$ 30,583	$ 2,932	$ 169	$ 33,684
Cost				
Balance at January 1, 2021	$ 74,277	$ 6,509	$ 724	$ 81,510
Additions	824	4,176	-	5,000
Disposals	(1,716)	(3,056)	-	(4,772)
Balance at December 31, 2021	73,385	7,629	724	81,738
Accumulated depreciation				
Balance at January 1, 2021	13,576	3,910	265	17,751
Depreciation expense	14,505	2,451	145	17,101
Disposals	-	(3,056)	-	(3,056)
Balance at December 31, 2021	28,081	3,305	410	31,796
Carrying amount at December 31, 2021	$ 45,304	$ 4,324	$ 314	$ 49,942

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 27,519	$ 27,794
Non-current	$ 28,980	$ 55,535

As of December 31, 2022 and 2021, the ranges of discount rates for lease liabilities were both 0.98%-1.10%.

c. Subleases

Refer to Note 8 for the information on the Corporation’s sublease transactions.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 1,781	$ 1,684
Expenses relating to low-value asset leases	$ 147	$ 140
Total cash outflow for leases	$ (30,201)	$ (29,686)

The Corporation's leases of certain buildings and transportation equipment qualified as short-term leases and certain other equipment qualified as low-value asset leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. BORROWINGS

a. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	$ 1,000,000	$ 500,000
Less: Unamortized discounts on bills payable	(724)	(386)
	$ 999,276	$ 499,614

On March 18, 2022, the Corporation signed a revolving and non-guaranteed commercial paper underwriting contract with a bank. The Corporation 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 Corporation signed a revolving and non-guaranteed commercial paper underwriting agreement with a bills finance company. The Corporation could issue a non-guaranteed commercial paper (up to 90 days) on a revolving basis during the period of 4 years effective from August 16, 2021. The total underwriting amount is $500 million.

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

	December 31	
	2022	2021
Commercial paper	0.64%-0.70%	0.64%

b. Long-term borrowings

	December 31	
	2022	2021
Revolving unsecured borrowings		
Revolving through November 2023	$ 780,000	$ -
Revolving through November 2024	500,000	-
Revolving through November 2024	500,000	-
Revolving through October 2026	320,000	-
Revolving through January 2024	-	725,000
Revolving through July 2023	-	290,000
Revolving through July 2023	-	500,000
Revolving through September 2023	-	500,000
Revolving through August 2023	-	150,000
	2,100,000	2,165,000
Less: Current portion	(780,000)	-
	$ 1,320,000	$ 2,165,000

The Corporation'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:

	December 31	
	2022	2021
Revolving unsecured borrowings	1.40%-1.71%	0.75%-0.76%

15. BONDS PAYABLE

	December 31	
	2022	2021
Domestic unsecured bonds	$ 2,500,000	$ 2,500,000
Less: Unamortized issuance cost	(2,116)	(2,745)
	$ 2,497,884	$ 2,497,255

On August 14, 2020, the Corporation 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.

16. OTHER PAYABLES

	December 31 2022	December 31 2021
Payables for compensation of employees and remuneration of directors	$ 39,607	$ 39,721
Payables for salaries and bonuses	22,154	21,632
Payables for professional fees	15,292	3,624
Payables for interest	8,277	8,861
Payables for compensated absences	7,925	7,208
Others	15,613	13,230
	$ 108,868	$ 94,276

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to 6.5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

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

The amounts included in the separate balance sheets in respect of the Corporation's defined benefit plan were as follows:

	December 31 2022	December 31 2021
Present value of defined benefit obligation	$ 195,652	$ 196,828
Fair value of plan assets	(105,390)	(97,627)
Deficit	90,262	99,201
Net defined benefit liabilities	$ 90,262	$ 99,201

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 200,219	$ (98,397)	$ 101,822
Service cost			
Current service cost	3,943	-	3,943
Net interest expense (income)	970	(491)	479
Recognized in profit or loss	4,913	(491)	4,422
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,285)	(1,285)
Actuarial loss - changes in demographic assumptions	5,969	-	5,969
Actuarial loss - experience adjustments	348	-	348
Recognized in other comprehensive income or loss	6,317	(1,285)	5,032
Contributions from employers	(8,909)	(3,166)	(12,075)
Benefits paid	(5,712)	5,712	-
	(14,621)	2,546	(12,075)
Balance at December 31, 2021	$ 196,828	$ (97,627)	$ 99,201
Balance at January 1, 2022	$ 196,828	$ (97,627)	$ 99,201
Service cost			
Current service cost	3,696	-	3,696
Net interest expense (income)	984	(496)	488
Recognized in profit or loss	4,680	(496)	4,184
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,888)	(7,888)
Actuarial income - changes in financial assumptions	(15,961)	-	(15,961)
Actuarial loss - experience adjustments	13,971	-	13,971
Recognized in other comprehensive income or loss	(1,990)	(7,888)	(9,878)
Contributions from employers	(68)	(3,177)	(3,245)
Benefits paid	(3,798)	3,798	-
	(3,866)	621	(3,245)
Balance at December 31, 2022	$ 195,652	$ (105,390)	$ 90,262

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

	For the Year Ended December 31	
	2022	2021
Operating costs	$ 2,396	$ 2,451
Operating expenses	$ 1,788	$ 1,971

Through the defined benefit plan under the Labor Standards Act, the Corporation is exposed to the following risks:

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

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

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

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

	December 31	
	2022	**2021**
Discount rate	1.50%	0.50%
Expected rate of salary increase	3.25%	3.00%

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

	December 31	
	2022	**2021**
Discount rate		
0.25% increase	$ (4,895)	$ (5,396)
0.25% decrease	$ 5,068	$ 5,599
Expected rate of salary increase/decrease		
0.25% increase	$ 4,899	$ 5,376
0.25% decrease	$ (4,758)	$ (5,211)

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

An analysis of the average duration of the defined benefit obligation was as follows:

	December 31	
	2022	**2021**
Expected contributions to the plan for the next year	$ 3,203	$ 3,197
Average duration of the defined benefit obligation	10.3 years	11.2 years

18. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Corporation'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:

December 31, 2022

	Within One Year	More than One Year	Total
Assets			
Contract assets	$ 587,598	$ -	$ 587,598
Prepaid construction costs	-	284,186	284,186
	$ 587,598	$ 284,186	$ 871,784
Liabilities			
Contract liabilities	$ -	$ 284,135	$ 284,135

December 31, 2021

	Within One Year	More than One Year	Total
Assets			
Contract assets	$ 884,759	$ 180,255	$ 1,065,014

19. EQUITY

a. Share capital

	December 31 2022	December 31 2021
Number of authorized ordinary shares (in thousands)	800,000	800,000
Amount of authorized ordinary shares	$ 8,000,000	$ 8,000,000
Number of issued and fully paid ordinary shares (in thousands)	589,049	589,049
Amount of issued and fully paid ordinary shares	$ 5,890,486	$ 5,890,486

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

b. Capital surplus

	December 31	
	2022	2021
Issuance of ordinary shares	$ 460,000	$ 460,000
Conversion of bonds	32,494	32,494
Share options	7,200	7,200
	$ 499,694	$ 499,694

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 21.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 2021 and 2020, which had been resolved in the shareholders' meetings on May 31, 2022 and July 30, 2021, respectively, were as follows:

	Appropriation of Earnings	
	2021	2020
Legal reserve	$ 92,370	$ 106,905
Reversal of special reserve	(201,972)	(66,767)
Cash dividends	1,030,835	1,119,192
Cash dividends per share (NT$)	1.75	1.9

The reversals of the special reserve in 2021 and 2020 were the reversal amount voluntarily set aside in accordance with the Company Act in prior years.

The appropriations of earnings for 2022 had been proposed by the Corporation's board of directors on March 10, 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings
	2022
Legal reserve	$ 91,828
Special reserve	14,130
Reversal of special reserve	(200,714)
Cash dividends	618,501
Share dividends	412,334
Cash dividends per share (NT$)	1.05
Share dividends per share (NT$)	0.7

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

20. REVENUES

	For the Year Ended December 31	
	2022	2021
Revenues from contracts with customers		
Sales		
Sales of electricity	$ 834,655	$ 540,560
Sales of steam	117,977	238,029
Others	370	345
	953,002	778,934
Construction services	1,623,072	3,640,251
Consulting services	42,665	45,462
	$ 2,618,739	$ 4,464,647

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	$ -	$ -	$ 293
Accounts receivable (including related parties)	$ 220,904	$ 260,518	$ 338,652
Contract asset			
Construction contracts	$ 587,598	$ 1,065,014	$ 1,082,900
Contract liabilities			
Construction contracts	$ 284,135	$ -	$ 201,814

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

The Corporation 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 Corporation concluded that the expected loss rates for trade receivables can be applied to the contract assets. The Corporation did not recognize an allowance for impairment loss against all of the contract assets.

b. The revenues of the Corporation's Guantian cogeneration plant and the segment of research, consulting and construction services are due to sales from the cogeneration plant and revenue from consulting and construction services.

21. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2022	2021
Dividend income	$ 8,000	$ 8,000
Compensation income	-	7,800
Others (Note 27)	14,138	14,332
	$ 22,138	$ 30,132

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Foreign exchange gain	$ 17,799	$ 1,509
Gain on disposal of associate	15,070	-
Foreign exchange loss	(10,997)	(8,420)
Others	(4)	(7)
	$ 21,868	$ (6,918)

c. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bonds payable	$ 20,879	$ 20,874
Interest on bank loans	18,426	15,976
Interest on commercial paper	6,340	1,291
Interest on lease liabilities	404	568
Others	71	52
	$ 46,120	$ 38,761

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 29,705	$ 31,285
Right-of-use assets	17,253	17,101
Intangible assets	2,815	2,696
	$ 49,773	$ 51,082
An analysis of depreciation by function		
Operating costs	$ 25,637	$ 26,990
Operating expenses	21,321	21,396
	$ 46,958	$ 48,386
An analysis of amortization by function		
Operating costs	$ 157	$ 157
Operating expenses	2,658	2,539
	$ 2,815	$ 2,696

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plan	$ 4,605	$ 4,156
Defined benefit plan	4,184	4,422
	8,789	8,578
Short-term benefits	216,036	210,735
Total employee benefits expense	$ 224,825	$ 219,313
An analysis of employee benefits expense by function		
Operating costs	$ 103,399	$ 96,816
Operating expenses	121,426	122,497
	$ 224,825	$ 219,313

(Continued)

	For the Year Ended December 31	
	2022	2021
Short-term benefits		
Wages and salaries	$ 191,375	$ 186,212
Labor and health insurance	13,211	12,116
Other employee benefits	11,450	12,407
	$ 216,036	$ 210,735

(Concluded)

f. Compensation of employees and remuneration of directors

According to the Corporation's Articles, the Corporation accrues compensation of employees and remuneration of directors 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 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
Employees' compensation	$ 30,046	$ 30,225
Remuneration of directors	9,522	9,496

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

There was no difference between the above resolved amounts and the respective amounts recognized in the separate financial statements for the years ended December 31, 2021 and 2020.

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.

22. INCOME TAX

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

	For the Year Ended December 31	
	2022	2021
Current income tax		
In respect of the current year	$ -	$ -
Adjustments for prior years	-	158
	-	158
Deferred income tax		
In respect of the current year	5,824	11,865
Income tax expense recognized in profit or loss	$ 5,824	$ 12,023

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

	For the Year Ended December 31	
	2022	2021
Profit before income tax	$ 912,598	$ 909,907
Income tax expense calculated at the statutory rate	$ 182,520	$ 181,981
Non-taxable income and non-deductible expenses in determining taxable income/loss carryforwards	(176,356)	(182,228)
Changes in unrecognized deductible temporary differences	(340)	12,112
Adjustments for prior years' tax	-	158
Income tax expense recognized in profit or loss	$ 5,824	$ 12,023

b. Major components of income tax expense (benefit) expense recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred income tax		
In respect of the current year		
Remeasurement of defined benefit plan	$ 1,975	$ (1,006)

c. Current income tax assets

	December 31	
	2022	2021
Current income tax assets		
Income tax refund receivable	$ 6,957	$ 6,811

d. Movements of deferred income tax assets

For the year ended December 31, 2022

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred income tax assets				
Temporary differences				
Unrealized gain on transactions with associates	$ 61,161	$ (5,874)	$ -	$ 55,287
Defined benefit obligation	16,856	188	(1,975)	15,069
Allowance for loss on inventories	50	(50)	-	-
Others	203	(88)	-	115
	$ 78,270	$ (5,824)	$ (1,975)	$ 70,471

For the year ended December 31, 2021

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred income tax assets				
Temporary differences				
Unrealized gain on transactions with associates	$ 67,033	$ (5,872)	$ -	$ 61,161
Loss on investments accounted for using the equity method	4,721	(4,721)	-	-
Defined benefit obligation	17,381	(1,531)	1,006	16,856
Allowance for loss on inventories	13	37	-	50
Others	(19)	222	-	203
	$ 89,129	$ (11,865)	$ 1,006	$ 78,270

e. Deductible temporary differences for which no deferred income tax assets have been recognized in the separate balance sheets

	December 31	
	2022	2021
Deductible temporary differences		
Loss on investments accounted for using the equity method	$ 379,138	$ 394,498
Deferred interest expense	255,200	241,538
	$ 634,338	$ 636,036

f. Income tax assessment

The income tax returns of the Corporation through 2020 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

	For the Year Ended December 31	
	2022	2021
Basic earnings per share (NT$)	$ 1.54	$ 1.52
Diluted earnings per share (NT$)	$ 1.54	$ 1.52

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 Year Ended December 31	
	2022	2021
Earnings used in the computation of basic earnings per share	$ 906,774	$ 897,884
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 906,774	$ 897,884

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

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	589,049	589,049
Effect of potentially dilutive ordinary shares		
Compensation of employees	1,091	966
Weighted average number of ordinary shares used in the computation of diluted earnings per share	590,140	590,015

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.

24. PARTIAL CASH TRANSACTIONS

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2022

			Non-cash Changes			
	January 1, 2022	Cash Flows	New Leases	Interest Expense	Others	December 31, 2022
Short-term bills payable	$ 499,614	$ 499,078	$ -	$ 6,340	$ (5,756)	$ 999,276
Long-term loans	2,165,000	(65,000)	-	-	-	2,100,000
Guarantee deposits received	13,888	(6,550)	-	-	-	7,338
Bonds payable	2,497,255	-	-	20,879	(20,250)	2,497,884
Lease liabilities	83,329	(27,869)	1,493	404	(858)	56,499
	$ 5,259,086	$ 399,659	$ 1,493	$ 27,623	$ (26,864)	$ 5,660,997

For the year ended December 31, 2021

	January 1, 2021	Cash Flows	Non-cash Changes New Leases	Non-cash Changes Interest Expense	Non-cash Changes Others	December 31, 2021
Short-term bills payable	$ -	$ 499,171	$ -	$ 1,291	$ (848)	$ 499,614
Long-term loans	2,005,000	160,000	-	-	-	2,165,000
Guarantee deposits received	6,152	7,736	-	-	-	13,888
Bonds payable	2,496,630	-	-	20,874	(20,249)	2,497,255
Lease liabilities	105,623	(27,294)	5,000	568	(568)	83,329
	$ 4,613,405	$ 639,613	$ 5,000	$ 22,733	$ (21,665)	$ 5,259,086

25. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure the Corporation will be able to continue as a going concern 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 Corporation 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.

26. 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

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

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted securities	$ -	$ -	$ 275,310	$ 275,310

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

For the year ended December 31, 2022

	Financial Assets at FVTOCI - Equity Investments
Beginning balance	$ 275,310
Recognized in other comprehensive income	1,810
Ending balance	$ 277,120

For the year ended December 31, 2021

	Financial Assets at FVTOCI - Equity Investments
Beginning balance	$ 249,200
Purchases	19,110
Recognized in other comprehensive income	7,000
Ending balance	$ 275,310

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 on 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.

	December 31	
	2022	2021
Long-term revenue growth rates	0%-2.65%	0%-2.51%
Long-term pre-tax operating margin	40.68%-41.53%	40.93%-41.90%
WACC	6.97%	6.93%
Discount for lack of marketability	15.20%	16.65%

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:

	December 31	
	2022	2021
Long-term revenue growth rate		
1% increase	$ 26,200	$ 27,400
1% decrease	$ (25,200)	$ (26,400)
WACC		
0.5% increase	$ (22,000)	$ (23,200)
0.5% decrease	$ 25,400	$ 26,800

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

	December 31	
	2022	2021
Financial assets		
Financial assets measured at amortized cost (Note 1)	$ 691,859	$ 1,577,135
Financial assets at FVTOCI	277,120	275,310
Financial liabilities		
Measured at amortized cost (Note 2)	6,458,461	7,282,916

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

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term bills payable, accounts payable, construction costs payable, construction costs payable to related parties, accounts payable to related parties, 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 Corporation’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 Corporation’s operations. To lower the financial risks, the Corporation seeks to identify, evaluate, and avoid market uncertainty, to minimize the potential unfavorable impact on the Corporation due to market volatility.

The Corporation’s important financial activities are reviewed by the board of directors in accordance with related regulations and internal control systems. The Corporation 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 30 for the carrying amounts of the Corporation’s significant monetary assets and monetary liabilities denominated in non-functional foreign currencies.

Sensitivity analysis

The Corporation is mainly exposed to the U.S. dollar, the Euro, and the Japanese yen.

The following table details the Corporation’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.

	December 31	
	2022	**2021**
Profit or loss		
USD	$ 815	$ (590)
EUR	26	1,058
JPY	30	-

b) Interest rate risk

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

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 22,344	$ 32,896
Financial liabilities	3,553,659	3,080,198
Cash flow interest rate risk		
Financial assets	461,248	1,308,164
Financial liabilities	2,100,000	2,165,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation’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 December 31, 2022 and 2021, the Corporation’s borrowings with floating interest rates amounted to $2,100,000 thousand and $2,165,000 thousand, respectively. If interest rates had been 1% higher and all other variables were held constant, the Corporation’s profit before income tax for the years ended December 31, 2022 and 2021 would have decreased by $21,000 thousand and $21,650 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Corporation 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 years ended December 31, 2022 and 2021 would have increased/decreased by $2,771 thousand and $2,753 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 Corporation 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 Corporation only transacts with financial institutions and companies with good credit ratings; thus, no material credit risk is anticipated.

3) Liquidity risk

The Corporation 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 December 31, 2022 and 2021, the available unutilized bank loan facilities were $4,181,000 thousand and $4,497,570 thousand, respectively. In addition, the Corporation plans to handle cash capital increase to repay bank loans, which has been declared effective on March 7, 2023. After the cash capital increase is completed, current liabilities will be reduced and the purpose of managing liquidity risk on December 31, 2022 will be achieved.

The following tables detail the Corporation'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 Corporation can be required to pay.

December 31, 2022

	Within One Year	**2 to 3 Years**	**4 to 5 Years**	**5+ Years**	**Total**
Short-term bills payable	$ 1,000,000	$ -	$ -	$ -	$ 1,000,000
Non-interest bearing liabilities	861,301	-	-	-	861,301
Lease liabilities	27,924	29,123	-	-	57,047
Long-term borrowings	780,000	1,320,000	-	-	2,100,000
Bonds payable	20,250	1,935,086	12,000	615,721	2,583,057
	$ 2,689,475	$ 3,284,209	$ 12,000	$ 615,721	$ 6,601,405

December 31, 2021

	Within One Year	2 to 3 Years	4 to 5 Years	5+ Years	Total
Short-term bills payable	$ 500,000	$ -	$ -	$ -	$ 500,000
Non-interest bearing liabilities	2,121,047	-	-	-	2,121,047
Lease liabilities	28,462	53,843	2,230	-	84,535
Long-term borrowings	-	2,165,000	-	-	2,165,000
Bonds payable	20,250	40,500	1,920,836	621,721	2,603,307
	$ 2,669,759	$ 2,259,343	$ 1,923,066	$ 621,721	$ 7,473,889

27. RELATED PARTY TRANSACTIONS

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

a. Related parties and relationships

Related Party	Relationship with the Corporation
TPC	Investor with significant influence over the Corporation
SEC	Subsidiary
YYC	Subsidiary
TGE	Subsidiary
MWC	Subsidiary
HML	Subsidiary
Chingshuei Geothermal Power Corporation (CGPC)	Sub-subsidiary
Shin Kuang Electric Energy Ltd. (SKE)	Sub-subsidiary
Star Wind Corporation (SWC)	Sub-subsidiary
Star Solar Corporation (SSC)	Sub-subsidiary
TYC	Associate
Sun Ba	Associate
SEPC	Associate
KKPC	Associate
SBPC	Associate
Mega Green Energy Corporation	Associate (no longer a related party since March 2022)

b. Operating transactions

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	2021
Sales	Investors with significant influence over the Corporation		
	TPC	$ 505,322	$ 254,512
Consulting service revenue	Subsidiaries		
	SEC	$ 11,125	$ 10,997
	Others	6,495	7,157
		17,620	18,154
	Sub-subsidiaries		
	CGPC	2,329	1,302
	Others	687	706
		3,016	2,008
	Associates		
	SEPC	9,162	9,470
	SBPC	6,975	7,503
	Sun Ba	5,892	7,177
	Others	-	10
		22,029	24,160
		$ 42,665	$ 44,322
Cost of sales	Investors with significant influence over the Corporation		
	TPC	$ 52,032	$ 29,264
Construction cost	Subsidiaries		
	SEC	$ 1,010,078	$ 2,992,841
Consulting service cost	Subsidiaries		
	SEC	$ 269	$ 162
Operating expenses	Investors with significant influence over the Corporation		
	TPC	$ 50	$ -
	Subsidiaries		
	SEC	2,877	3,427
		$ 2,927	$ 3,427

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

c. Non-operating transactions

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	2021
Other income	Subsidiaries		
	SEC	$ 888	$ 1,105
	Others	167	-
		1,055	1,105
	Sub-subsidiaries		
	Others	20	-
	Associates		
	TYC	4,714	3,666
	Sun Ba	2,232	2,419
	SEPC	2,064	1,890
	KKPC	2,042	2,192
	SBPC	1,771	1,767
		12,823	11,934
		$ 13,898	$ 13,039

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

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2022	2021
Accounts receivable from related parties	Investors with significant influence over the Corporation		
	TPC	$ 68,568	$ 21,221
	Subsidiaries		
	Others	4,482	4,168
	Sub-subsidiaries		
	Others	493	217
	Associates		
	Others	7,992	9,228
		$ 81,535	$ 34,834
Other receivables from related parties	Subsidiaries		
	Others	$ 71	$ -
	Associates		
	TYC	1,885	1,171
	Others	63	-
		1,948	1,171
		$ 2,019	$ 1,171

The outstanding receivables from related parties were unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized on receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts payable to related parties	Investors with significant influence over the Corporation		
	TPC	$ 1,277	$ 1,158
Construction costs payable to related parties	Subsidiaries		
	SEC	$ 566,064	$ 1,801,718
Other payables	Subsidiaries		
	HML	$ 3,816	$ 2,400
	MWC	3,198	3,198
	SEC	772	953
		7,786	6,551
	Associates		
	Others	31	-
		$ 7,817	$ 6,551

The outstanding payables to related parties were unsecured.

f. Prepayment

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Prepayment for construction	Subsidiaries		
	SEC	$ 284,186	$ -

g. Sublease arrangements

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Finance lease receivables - current	Subsidiaries		
	SEC	$ 332	$ 328
	Associates		
	Sun Ba	4,582	4,493
	SBPC	2,918	2,934
	SEPC	2,528	2,503
		10,028	9,930
		$ 10,360	$ 10,258
Long-term finance lease receivables	Subsidiaries		
	SEC	$ 363	$ 694
Non-current	Associates		
	Sun Ba	5,026	9,510
	SBPC	3,201	6,217
	SEPC	2,774	5,302
		11,001	21,029
		$ 11,364	$ 21,723

For the years ended December 31, 2022 and 2021, no impairment loss was recognized for finance lease receivables. Refer to Note 8 for information about sublease arrangements.

h. Loans to related parties

		For the Year Ended December 31	
		2022	2021
Interest income	Subsidiaries		
	MWC	$ -	$ 82
	TGE	-	17
		$ -	$ 99

The Corporation provided unsecured loans to subsidiaries at the interest rate of 0.81%. The loans were fully recovered in 2021.

i. Endorsement/guarantee

The Corporation provided endorsement/guarantee for the long-term guaranteed loans of CGPC; as of December 31, 2022 and 2021, the amount of the endorsement/guarantee was both $204,000 thousand, and the actual amount utilized was $181,688 thousand and $191,250 thousand, respectively.

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 29,135	$ 30,762
Post-employment benefits	1,193	1,252
	$ 30,328	$ 32,014

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

28. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Corporation as of December 31, 2022 were as follows:

a. The commitments for construction projects that have not been performed amounted to approximately $7,508,476 thousand.

b. Commitments for construction expenditure and purchase of equipment were approximately $7,412,702 thousand.

c. Under a Coal Purchase Agreement, the Corporation shall purchase 66 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 December 31, 2022, 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 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 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.

29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On November 10, 2022, the board of directors of the Corporation resolved to issue 100,000 thousand new shares in cash capital. It has been approved by the Securities and Futures Bureau of the FSC on March 7, 2023.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Corporation, 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:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 328	30.71	$ 10,070
EUR	80	32.72	2,622
JPY	12,752	0.2324	2,964
			$ 15,656
Non-monetary items			
Investments accounted for using the equity method			
USD	7,576	30.71	$ 232,655
Foreign currency liabilities			
Monetary items			
USD	2,981	30.71	$ 91,545

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 1,112	27.68	$ 30,789
EUR	3,377	31.32	105,773
JPY	1,370	0.2405	330
			$ 136,892
Non-monetary items			
Investments accounted for using the equity method			
USD	8,995	27.68	$ 248,979
Foreign currency liabilities			
Monetary items			
USD	3,238	27.68	$ 89,752

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

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	29.805 (USD:NTD)	$ 14,002	28.009 (USD:NTD)	$ 527
EUR	31.36 (EUR:NTD)	$ (6,859)	33.16 (EUR:NTD)	$ (7,389)

31. 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)

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 7)

TAIWAN COGENERATION CORPORATION

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	SWC	Other receivables from related parties	Y	$ 68,000	$ -	$ -	-	The need for short-term financing	$ -	Retirement of loans, operating capital	$ -	-	$ -	$ 361,959	$ 723,919	

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 filled in if they are classified as financing.

Note 3: Maximum balance for the current and ending balance represent the amount of facilities, not the actual amount borrowed.

Note 4: It is necessary to specify if the nature of financing is for business transactions or short-term financing.

Note 5: If the nature of financing is for business transactions, the amount of business transactions should be specified. The amount of business transactions shall be the total amount of business conducted 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 specified.

Note 7: Limit on total amount of financing provided by SEC and subsidiaries to entities was $723,919 thousand, which was calculated at 40% of SEC's net worth in the current financial statements ($1,809,797 thousand (net worth as of December 31, 2022) × 40%).

Note 8: The financing limit for each borrower was $361,959 thousand, which was calculated at 20% of SEC's net worth in the current financial statements ($1,809,797 thousand (net worth as of December 31, 2022) × 20%).

TAIWAN COGENERATION CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(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)	Amount Actually 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	$ 2,923,352 (Note 3)	$ 204,000	$ 204,000	$ 181,688	$ -	1.74%	$ 4,677,364 (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 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 up to $2,923,352 thousand, which was calculated at 25% of the Corporation’s net worth in the current financial statements. ($11,693,409 thousand (net worth as of December 31, 2022) × 25%)

Note 4: Limit on total amount of endorsement/guarantee provided by the Corporation and subsidiaries to entities was up to $4,677,364 thousand, which was calculated at 40% of the Corporation’s net worth in the current financial statements. ($11,693,409 thousand (net worth as of December 31, 2022) × 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 amounts actually drawn.

Note 6: Should be entered amount actually drawn that the endorsed guarantor company use within the maximum balance of the guarantee.

TAIWAN COGENERATION CORPORATION

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

Holding Company Name	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2022				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
The Corporation	Stock							
	KADC	N/A	Financial assets at fair value through other comprehensive income	20,000	$ 254,800	8.00	$ 254,800	
	Synergy	N/A	〃	1,911	22,320	19.11	22,320	

TABLE 4

TAIWAN COGENERATION CORPORATION

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

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total (Note 4)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 4)	
The Corporation	TPC	Investor with significant influence over the Corporation	Sales (Note 1)	$ 505,322	19.30	Receivables are collected within 30 days after billing dates under agreements	-	-	$ 68,568	31.04	
SEC	TPC	Investor with significant influence over parent company	Sales (Note 2)	254,344	9.55	Receivables are collected within 30 days after billing dates under agreements	-	-	6,031	1.61	
	The Corporation	Parent company	Sales (Note 3)	1,013,224	38.04	Receivables are collected within 30 days after billing dates under agreements	-	-	772	0.21	
	Sun Ba	Investee of the Corporation accounted for using the equity method	Sales (Note 3)	532,730	20.00	Receivables are collected within 30 days after billing dates under agreements	-	-	-	-	
	SSC	Subsidiary	Sales (Note 3)	257,593	9.67	Receivables are collected within 30 days after billing dates under agreements	-	-	425	0.11	
MWC	TGE	Fellow subsidiary	Sales (Note 1)	355,082	100.00	Receivables are collected within 30 days after billing dates under agreements	-	-	146,585	100	

Note 1: Sales of electricity.

Note 2: Sales of electricity and revenues from construction and operating, maintenance and consulting services.

Note 3: Revenues from construction and operating, maintenance and consulting services.

Note 4: The amount is shown as a ratio of financial statement of each entity.

TAIWAN COGENERATION CORPORATION

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
MWC	TGE	Fellow subsidiary	Accounts receivable $ 146,585	2.99	$ -	-	$ 146,585	$ -

TAIWAN COGENERATION CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Profit (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	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 (Note 6)	100.00	$ 1,809,695	$ 190,342	$ 169,865 (Note 2)	Subsidiary
	TCIC	British Virgin Islands	Investment in foreign countries and international trading	685,374	685,374	22,260	100.00	232,655	(15,360)	(15,360)	Subsidiary
	YYC	Yilan County	Investment in geothermal power plant	153,000	153,000	15,300	51.00	162,110	20,900	10,659	Subsidiary
	TGE	Taipei City	Investment in green power plant	175,000	175,000	18,500	100.00	209,972	21,718	21,718	Subsidiary
	TYC	Taoyuan City	Cogeneration plants, management of operations, maintenance of equipment	214,240	214,240	35,834	29.31	631,873	368,069	107,884	Investee of the Corporation accounted for using the equity method
	Sun Ba	Tainan City	Power generation	3,073,500	3,073,500	430,000 (Note 5)	43.00	5,901,135	1,036,723	445,791	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	1,737,173	11,622	(16,587) (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	2,264,035	193,281	78,279	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	2,335,752	485,947	200,564	Investee of the Corporation accounted for using the equity method
	MWC	Taipei City	Power generation	673,608	873,608	51,400 (Note 8)	100.00	913,608	120,351	108,886 (Note 3)	Subsidiary
	HML	Changhua County	Power generation	103,130	69,630	10,000 (Note 9)	100.00	68,071	(16,957)	(17,250) (Note 4)	Subsidiary
SEC	SWC	Changhua County	Power generation	177,870	177,870	17,787	100.00	196,218	35,993	35,993	Sub-subsidiary
	SSC	Taipei City	Power generation	240,000	240,000	24,000	100.00	203,600	15,139	15,139	Sub-subsidiary
TCIC	Redondo Peninsula Energy, Inc.	Philippines	Power generation	573,165	573,165	8,446	25.00	134,751	(99,236)	(24,808)	Investee of the Corporation's subsidiary accounted for using the equity method
YYC	CGPC	Yilan County	Power generation	250,000	250,000	25,680 (Note 7)	100.00	279,394	21,763	21,763	Sub-subsidiary
TGE	SKE	Taipei City	Power generation	170,000	170,000	-	100.00	176,659	4,397	4,397	Sub-subsidiary

Note 1: It recognized share of profit of $4,067 thousand and amortization of investment premium of $20,654 thousand.

Note 2: It recognized share of profit of $190,342 thousand and unrealized gain on construction and operating, maintenance and consulting services of $20,477 thousand.

Note 3: It recognized share of profit of $120,351 thousand and amortization of investment premium of $11,465 thousand.

Note 4: It recognized share of loss of $(16,957) thousand and amortization of investment premium of $293 thousand.

Note 5: Including capital increased by retained earnings of 172,000 thousand shares.

Note 6: Including capital increased by retained earnings of 23,785 thousand shares.

Note 7: Including capital increased by retained earnings of 680 thousand shares.

Note 8: Including reduction of capital by cash of 20,000 thousand shares.

Note 9: Including increase of capital by cash of 3,350 thousand shares, and the change registration was completed on February 21, 2023.

TABLE 7

TAIWAN COGENERATION CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

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

TAIWAN COGENERATION CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

TAIWAN COGENERATION CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Cash		
Cash on hand		$ 620
Checking accounts		1,281
Demand deposits		
NTD		445,592
USD	US$328 thousand (exchange rate to NTD at 30.71)	10,070
EUR	EUR80 thousand (exchange rate to NTD at 32.72)	2,622
JPY	JPY12,752 thousand (exchange rate to NTD at 0.2324)	2,964
		461,248
		$ 463,149

TAIWAN COGENERATION CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Customer Name	Amount
Related parties	
TPC	$ 68,568
Others (Note)	12,967
	81,535
Non-related parties	
CPC CORPORATION, TAIWAN	89,308
I-HWA INDUSTRIAL CO., LTD.	30,719
KUANG TAI METAL INDUSTRIAL CO., LTD.	10,480
CSB Energy Technology Co., Ltd.	7,093
Others (Note)	1,769
	139,369
	$ 220,904

Note: The amount of individual customer included in others did not exceed 5% of the balance of this account.

STATEMENT 3

TAIWAN COGENERATION CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value (Note)
Raw materials	$ 18,104	$ 19,482
Less: Allowance for inventory valuation losses	-	
	$ 18,104	

Note: The market value of inventories was based on the net realizable value.

TAIWAN COGENERATION CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2022		Additions (Note 1)		Deductions (Note 2)		Remeasurement of Defined Benefit Plans	Share of Other Comprehensive Item That Will Not Be Reclassified Subsequently to Profit or Loss (Note 3)	Share of Other Comprehensive Items That May Be Reclassified Subsequently to Profit or Loss (Note 4)	Realized (Unrealized) Gain on Construction Services with Associates	Share of Profit or Loss	Exchange Differences on Translating Foreign Operations	Balance, December 31, 2022			Fair Value or Net Worth (Note 5)	Assets Pledged as Collateral or for Security
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount							Number of Shares	Percentage of Ownership (%)	Amount		
TYC	35,833,827	$ 592,491	-	$ -	-	$ (53,751)	$ 1,849	$ (16,946)	$ -	$ 346	$ 107,884	$ -	35,833,827	29.31	$ 631,873	$ 1,490,687	
Sun Ba	258,000,000	5,480,326	172,000,000	-	-	-	56	-	(9,386)	(15,652)	445,791	-	430,000,000	43.00	5,901,135	5,969,779	(Note 6)
KKPC	114,730,000	1,869,725	-	-	-	(116,005)	40	-	-	-	(16,587)	-	114,730,000	35.00	1,737,173	1,673,986	(Note 7)
SEPC	121,500,000	2,339,732	-	-	-	(157,950)	(1,558)	-	-	5,532	78,279	-	121,500,000	40.50	2,264,035	2,327,456	(Note 8)
SBPC	136,200,000	2,163,416	-	-	-	(47,670)	313	-	-	19,129	200,564	-	136,200,000	41.27	2,335,752	2,557,058	(Note 9)
SEC	118,924,080	1,616,428	23,784,816	-	-	-	2,880	-	-	20,522	169,865	-	142,708,896	100.00	1,809,695	1,809,797	(Note 10)
TCIC	22,260,000	248,979	-	-	-	-	22	-	-	-	(15,360)	(986)	22,260,000	100.00	232,655	232,655	
YYC	15,300,000	151,961	-	-	-	-	-	-	-	(510)	10,659	-	15,300,000	51.00	162,110	163,232	(Note 11)
TGE	18,500,000	203,030	-	-	-	(14,776)	-	-	-	-	21,718	-	18,500,000	100.00	209,972	209,972	
MWC	71,400,000	1,004,722	-	-	(20,000,000)	(200,000)	-	-	-	-	108,886	-	51,400,000	100.00	913,608	577,808	(Note 12)
HML	6,650,000	51,821	3,350,000	33,500	-	-	-	-	-	-	(17,250)	-	10,000,000	100.00	68,071	17,559	(Note 13)
Chao Feng Solar Energy Co., Ltd.	16,000,000	144,930	-	-	(16,000,000)	(144,930)	-	-	-	-	-	-	-		-	-	
		$ 15,867,561		$ 33,500		$ (735,082)	$ 3,602	$ (16,946)	$ (9,386)	$ 29,367	$ 1,094,449	$ (986)			$ 16,266,079	$ 17,029,989	

Note 1: The additions were distribution of share dividends by SEC of 23,785 thousand shares, distribution of share dividends by Sun Ba of 172,000 thousand shares, capital increase by cash of 3,350 thousand shares of HML and the registration for the change had been completed on February 21, 2023.

Note 2: The deductions represented cash dividends received from investees accounted for using the equity method, capital decrease by cash of MWC of 20,000 thousand shares, and disposal of 16,000 thousand shares of Chao Feng Solar Energy Co., Ltd.

Note 3: Share of other comprehensive item that will not be reclassified subsequently to profit or loss represents the recognition of changes in unrealized gains or losses arising from TYC's investment in equity instruments, measured at fair value through other comprehensive income.

Note 4: Share of other comprehensive items that may be reclassified subsequently to profit or loss represents the recognition of changes in unrealized gains or losses arising from Sun Ba's investment in hedging instruments, measured at fair value through other comprehensive income.

Note 5: For TYC, the amount represented its fair value calculated based on its closing price on December 30, 2022. For other equity investments, the amounts represented their net worth.

Note 6: The difference between the carrying amount and net worth of equity interest included $2,087 thousand of goodwill and $(70,731) thousand of unrealized gain on consulting and construction services.

Note 7: The difference between the carrying amount and net worth of equity interest included $19,304 thousand of goodwill and $43,883 thousand of unamortized investment premium.

Note 8: The difference between the carrying amount and net worth of equity interest was unrealized gain on consulting and construction services of $(63,421) thousand.

Note 9: The difference between the carrying amount and net worth of equity interest was unrealized gain on consulting and construction services of $(221,306) thousand.

Note 10: The difference between the carrying amount and net worth of equity interest was unrealized gain on consulting and construction services of $(102) thousand.

Note 11: The difference between the carrying amount and net worth of equity interest was unrealized gain on consulting and construction services of $(1,122) thousand.

Note 12: The difference between the carrying amount and net worth of equity interest included $96,370 thousand of goodwill and $239,430 thousand of unamortized investment premium.

Note 13: The difference between the carrying amount and net worth of equity interest included $44,644 thousand of goodwill and $5,868 thousand of unamortized investment premium.

Note 14: The above investments accounted for using the equity method were unsecured and unpledged.

TAIWAN COGENERATION CORPORATION

STATEMENT OF SHORT-TERM BILLS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Institution	Issuance Period	Coupon Rate	Amount of Underwriting Amount	Amount of Unamortized Discount	Carrying Amount
Commercial paper	Taiwan Finance Corporation	2022.12.28-2023.01.17	0.64%	$ 500,000	$ 160	$ 499,840
	E.SUN Commercial Bank	2022.12.27-2023.02.24	0.70%	500,000	564	499,436
				$ 1,000,000	$ 724	$ 999,276

STATEMENT 6

TAIWAN COGENERATION CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Supplier Name	Amount
Related parties	
TPC	$ 1,277
Non-related parties	
LEA JIE ENERGY CO., LTD.	62,408
SINO-INDO COMPANY LTD.	24,594
Others (Note)	45,997
	132,999
	$ 134,276

Note: The amount of individual supplier included in others did not exceed 5% of the balance of this account.

TAIWAN COGENERATION CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name of Creditor	Credit Period and Repayment Method	Interest Rate	Amount: Up to One Year	Amount: More than One Year	Amount: Total	Collateral	Note
Agricultural Bank of Taiwan	Revolving unsecured borrowings, revolving through November 2023; contract term from November 2021 to November 2023	1.43%	$ 780,000	$ -	$ 780,000	Nil	Nil
Bank of Taiwan	Revolving unsecured borrowings, revolving through November 2024; contract term from November 2022 to November 2024	1.71%	-	500,000	500,000	Nil	Nil
Yuanta Bank of Taiwan	Revolving unsecured borrowings, revolving through November 2024; contract term from November 2022 to November 2024	1.40%	-	500,000	500,000	Nil	Nil
DBS Bank of Taiwan	Revolving unsecured borrowings revolving through October 2026; contract term from October 2022 to October 2026	1.70%	-	320,000	320,000	Nil	Nil
			$ 780,000	$ 1,320,000	$ 2,100,000		

TAIWAN COGENERATION CORPORATION

STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Bond Name	Trustee	Issuance Period	Interest Payment Date	Coupon Rate	Total Amount	Amount Repaid	Unredeemed Amount	Unamortized Bond Discount	Balance, End of Year	Repayment Method	Collateral
1st Domestic Unsecured Corporate Bond-A (issued in 2020)	Bank SinoPac	2020.08.14-2025.08.14	Interest payable annually on August 14	0.75%	$ 1,900,000	$ -	$ 1,900,000	$ (1,449)	$ 1,898,551	Bullet repayment (principal repaid in one lump sum at maturity)	Nil
1st Domestic Unsecured Corporate Bond-B (issued in 2020)	Bank SinoPac	2020.08.14-2030.08.14	Interest payable annually on August 14	1.00%	600,000	-	600,000	(667)	599,333	Bullet repayment (principal repaid in one lump sum at maturity)	Nil
					$ 2,500,000	$ -	$ 2,500,000	$ (2,116)	$ 2,497,884		

TAIWAN COGENERATION CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Underlying Asset	Lease Term	Discount Rate	Balance, End of Year
Taipei office	2020.02.01-2025.01.31	0.98%	$ 51,257
Office parking	2020.02.01-2025.01.31	0.98%	1,961
Company vehicle RDC-5687	2021.01.07-2025.01.06	0.98%	1,310
Company vehicle RDQ-7201	2022.04.15-2025.04.14	0.98%	532
Company vehicle RCP-2615	2022.09.20-2024.09.19	1.10%	382
Company vehicle RCB-1661	2021.01.15-2024.01.14	0.98%	277
Company vehicle RCD-0816	2021.06.04-2023.06.03	0.98%	234
Company vehicle RCV-5603	2020.05.08-2023.05.07	0.98%	214
Company vehicle RCW-8525	2020.08.07-2023.08.07	0.98%	140
Photocopier	2019.03.01-2024.02.29	1.10%	192
			$ 56,499

TAIWAN COGENERATION CORPORATION

STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount
Sales		
Sales of electricity	223,720 thousand kwh	$ 834,655
Sales of steam	171 thousand tons	117,977
Others		370
		953,002
Construction services		1,623,072
Consulting services		42,665
		$ 2,618,739

STATEMENT 11

TAIWAN COGENERATION CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of sales	
Fuel costs	$ 675,986
Variable indirect costs	115,392
Labor costs	60,343
Maintenance costs	55,803
Utilities	57,901
Others (Note)	26,073
	991,498
Construction service cost	1,570,988
Consulting service cost	37,270
	$ 2,599,756

Note: The amount of each item in others did not exceed 5% of the balance of this account.

TAIWAN COGENERATION CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Payroll expense and pension expense	$ 109,066
Professional fees	62,707
Depreciation expense	21,321
Others (Note)	36,650
	$ 229,744

Note: The amount of each item in others did not exceed 5% of the balance of this account.

TAIWAN COGENERATION CORPORATION

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022			2021		
	Operating Costs	**Operating Expenses**	**Total**	**Operating Costs**	**Operating Expenses**	**Total**
Employee benefits expense						
Payroll	$ 86,065	$ 91,425	$ 177,490	$ 79,164	$ 93,163	$ 172,327
Labor and health insurance	7,567	5,644	13,211	6,749	5,367	12,116
Pension	5,033	3,756	8,789	4,754	3,824	8,578
Remuneration of directors	-	13,885	13,885	-	13,885	13,885
Other personnel expense	4,734	6,716	11,450	6,149	6,258	12,407
	$ 103,399	$ 121,426	$ 224,825	$ 96,816	$ 122,497	$ 219,313
Depreciation expense	$ 25,637	$ 21,321	$ 46,958	$ 26,990	$ 21,396	$ 48,386
Amortization expense	$ 157	$ 2,658	$ 2,815	$ 157	$ 2,539	$ 2,696

Note 1: The number of employees as of December 31, 2022 and 2021 was 141 and 134, respectively, of which the number of non-employee directors was 12 for both years.

Note 2: Average employee benefits expense for the years ended December 31, 2022 and 2021 was $1,635 thousand and $1,684 thousand, respectively. Average payroll for the years ended December 31, 2022 and 2021 was $1,376 thousand and $1,413 thousand, respectively. In 2022, the average payroll decreased by 2.62% compared to 2021.

Note 3: The Corporation's audit committee consists of independent directors instead of supervisors.

Note 4: The Corporation's compensation policies are detailed as follows:

a. Directors

Based on the Corporation's Articles, the board of directors is authorized to determine the remuneration of directors based on their level of participation in the Corporation's operations and value of their contributions, taking into account the usual standards in the industry. In addition, if the Corporation is profitable in a given year, it shall allocate not more than 1% of the net profit as remuneration of directors.

b. Managers and employees

In accordance with the Corporation's "Charter of the Remuneration Committee", the Corporation shall periodically review the performance of directors and managers, policies, systems, standards, structure and general compensation levels of the industry, as well as the reasonableness of the relevance between compensation and individuals' work performance, business performance and future risks. In addition, in accordance with the Corporation's Articles, if the Corporation is profitable in a given year, it shall allocate not less than 0.5% of the net profit as employees' compensation, which shall be paid in accordance with the "Regulations for Employees' Compensation", taking into consideration the Corporation's financial status, operating performance and policies, as well as the job duties, abilities and performance of the employees to ensure that the remuneration scheme is competitive and motivational.

The Corporation has established the "Regulations for Employees' Salaries" as the basis of employees' salaries and various bonuses and allowances, and stays updated on the market level of salary and regularly reviews the Corporation's salary policies. The Corporation also distributes year-end bonuses, performance bonuses and work bonuses in accordance with the 'Regulations on Distribution of Employee Bonuses' to reward employees for their hard work; the relevant bonuses are determined based on the Corporation's financial status, operating conditions, and individuals' work performance. In addition to year-end and performance bonuses, the Corporation also has in place a salary adjustment mechanism which serves to motivate its employees by providing them a competitive salary and benefits package.