

TWSE: 8926



TAIWAN COGENERATION CORP.

**Handbook for the
2019 Annual General Meeting of Shareholders**

June 20, 2019

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I. Meeting Procedure

Taiwan Cogeneration Corporation Procedure of 2019 Annual General Meeting of Shareholders

1. Report on the number of shares attended the meeting
2. Calling the meeting to order
3. Chairman's address
4. Management presentations
5. Adoption of proposals
6. Discussion and proposals
7. Other matters
8. Questions and motions
9. Adjournment

II. Agenda of 2019 Annual General Meeting of Shareholders

Taiwan Cogeneration Corporation Agenda of 2019 Annual General Meeting of Shareholders

Time: 9:00 a.m., Thursday, June 20, 2019

Venue: International Convention Hall

1F, No. 392, Ruiguang Road, Neihu District, Taipei City, Taiwan.

Attendees: All shareholders and equity representatives

Chairperson: Chairman Ming-jei Chang

1. Report on the number of shares attended the meeting
2. Calling the meeting to order
3. Chairman's address
4. Management presentations
 - (1) 2018 Business Report
 - (2) Audit Committee's report on the 2018 financial statements
 - (3) Status report of the Company's external endorsements and/or guarantees.
 - (4) Status report on the compensations for employees and remunerations for directors in 2018
5. Adoption of proposals
 - (1) Adoption of the 2018 Business Report and Financial Statements
 - (2) Adoption of the Proposal for Profit Distribution of 2018
6. Proposals and discussion
 - (1) Amendment to the Company's "Articles of Incorporation"
 - (2) Amendment to the Company's Rules for Directorial Elections at AGM
 - (3) Amendment to the Company's Asset Acquisition and Disposal Operating Procedures
 - (4) Amendment to the Company's Loaning, Endorsements and Guarantees Operating Procedures
7. Other matters
Proposal: Relief of the non-compete clause on directors of this Company.
8. Questions and motions
9. Adjournment

1. Report on the number of shares attended the meeting

2. Calling the meeting to order.

3. Chairman's address

4. Management presentations

(1) 2018 Business Report.

Explanation: Please refer to the 2018 Business Report in Annex 1 of the AGM Handbook.

(2) Audit Committee's review report on the 2018 financial statements.

Explanation: Please refer to Audit Report of the Audit Committee in Annex 2 of the AGM Handbook.

(3) Status report of the Company's external endorsements and/or guarantees.

Explanation: The external endorsements and/or guarantees offered by this Company by 31 December 2018 are as follows:

- 1) We do not offer any external endorsements or guarantees.
- 2) TCIC, a subsidiary of this Company, has agreed to offer guarantees as follows for RPE, a re-invested enterprise in the Philippines, based on its 25% shares of RPE:
 - a. Effectuate a guarantee at a maximum of NT\$473 million prior to obtaining the PSA² approved by ERC¹ during the first-time appropriation of the project loan.
 - b. Effectuate a guarantee at a maximum of NT\$580 million for RPE's stock loan quasi-mortgage prior to the first-time appropriation of the project loan when RPE signs the project secured loan agreement.
 - c. A performance bond with a maximum amount of NT\$190 million was provided for presale customers in a standby letter of credit.
 - d. The total guarantee amount in the foregoing items at NT\$1.243billion is unexecuted.

TCIC will re-confirm the exact guarantee amount after RPE's first-time appropriation.

¹ERC: Energy Regulatory Commission

²PSA: Power Supply Agreement

(4) Status of distribution of remuneration for employees and directors in 2018.

Explanation

- 1) With respect to Article 36 of the Articles of Incorporation: "Should there be profit after the annual closing of books, no less than 0.5% shall be appropriated as the reward for employees and not more than 1% as the reward for directors, and the ratio of appropriation of the latter shall not be higher than that of the former."
- 2) The profit of 2018 was NT\$739,309,150 (profit before tax before deducting the remuneration for employees and the remuneration for directors). The recommended remuneration for directors will be 1% of the profit, i.e. NT\$7,393,091. The recommended remuneration for employees will be 3.48% of the profit, i.e. NT\$25,754,713. All are distributed in cash. The remuneration for employees will be distributed according to the bonus for shareholders as usual. i.e. at 3% of the amount after deducting the balance of statutory reserve and special reserve of NT\$858,490,420 from the profit after tax with the IPP_IFRS effects eliminated.
- 3) The amount of distribution resolved above is the same as recognized in the 2018 expenses.

5. Adoptions of proposals

Proposal 1 Adoption of the 2018 Business Report and Financial Statements. (proposed by the BOD)

Explanation

- (1) The 2018 financial statements, including the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows, have been audited and certified by CPA Rui-xuan He and CPA Jian-xin Xie of Deloitte Taiwan with an audit report.
- (2) Please refer to the Business Report, Financial Statements, and CPA Audit Report in Annex 1 and Annex 3 of the AGM Handbook.

Resolutions:

Proposal 2 Adoption of the Proposal for Profit Distribution of 2018.

Explanation

- (1) Beginning unappropriated retained earnings of 2018 was NT\$131,384,237. After setting off the retained earnings and adopted from the re-measurement of defined benefit plan and less unappropriated retained earnings at NT\$19,438,335, unappropriated earnings after adjustment is NT\$NT\$111,945,902.
- (2) According to the Articles of Incorporation of this Company, after adding up the above adjusted unappropriated earnings at NT\$111,945,902 and the 2018 net profit at NT\$672,294,769, 10% is setting aside as the legal reserve at NT\$67,229,477. Then, the special reserve at NT\$4,232,450 (10% legal reserve has been deducted) is adopted based on the effects of IFRS adjustment at NT\$257,657,578 of IPP companies. The amount of distributable profit is thus NT\$970,436,322.
- (3) Appropriate cash dividend totaling NT\$883,572,893, at NT\$1.5 per share.
- (4) Upon the approval of the Annual General Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date and distribute dividends to shareholders registered in the list of shareholders by the ex-dividend date according to the shares each shareholder actually holds.
- (5) The chairman will be authorized to adjust cash dividends less than NT\$1 (odd amount) by specific personnel (Employee Welfare Committee of this Company).
- (6) Please refer to Annex 4 of the AGM Handbook.

Resolution:

6. Discussion and proposals

Proposal 1: Amendment to the Articles of Incorporation (proposed by BOD).

Explanation

1. With respect to the strategic goals: candidate nomination for directorial and supervisory elections scheme as specified in the new version of the Corporate Governance Roadmap (2018-2020) promulgated by FSC in 2018, the candidate nomination system shall apply to the directorial and supervisory elections for all public companies as of 2021.
2. In addition, with respect to the 6th Corporate Governance Evaluation (2019) conducted by the Taiwan Stock Exchange (TWSE), the “candidate nomination for directorial and supervisory elections” scheme will be an important indicator. For constant governance optimization, we propose to adopt the candidate nomination system for directorial election this year, and Article 23 of our Article of Incorporation shall thus be amended accordingly.
3. Please refer to Annex 5 of the AGM Handbook for the cross reference of the provisions before and after amendment.

Resolution:

Proposal 2: Amendment to the “Rules for Directorial Election at AGM” (proposed by BOD).

Explanation

1. Related regulations specified in the “Rules for Directorial Election at AGM” shall be amended accordingly with respect to the amendment to the Articles of Incorporation for adoption of the candidate nomination system in directorial election as in Proposal 1.
2. Please refer to Annex 6 of the AGM Handbook for the cross reference of the provisions before and after amendment.

Resolution:

Proposal 3: Amendment to the “Asset Acquisition and Disposal Operating Procedures” (proposed by BOD).

Explanation

1. The “Asset Acquisition and Disposal Operating Procedures” are amended with respect to the amendment to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by FSC on 26 November 2018.
2. Please refer to Annex 7 of the AGM Handbook for the cross reference of the provisions before and after amendment.

Resolution:

Proposal 4: Amendment to the “Lending, Endorsement and Guarantee Operating Procedures”
(proposed by BOD).

Explanation

1. The “Lending, Endorsement and Guarantee Operating Procedures” are amended with respect to the amendment to the “Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by FSC on 7 March 2019.
2. Please refer to Annex 8 of the AGM Handbook for the cross reference of the provisions before and after amendment.

Resolution:

7. Other matters

Proposal: Relief of the non-compete restriction on directors (proposed by BOD).

Explanation:

1. With respect to paragraph 1, Article 209, Company Act: When engaging in business for themselves or others within the scope of business of the company where they work, directors shall report the important contents of such business and apply for permission to the meeting of shareholders.
2. When a director of this Company is concurrently a director representing another company, or invests in or runs a company with the scope of business similar to that of this Company as the chairperson of that company, we propose to relieve the non-compete restriction on such directors.
3. List of directors requiring relief of the non-compete restriction:

Title	Name	Relief of Non-Compete Restriction
Director	Chien-yih Chen	Executive, Taiwan Power Company

Resolution:

8. Questions and motions

9. Adjournment

III. Annexes

Annex 1

Business Report

Thank you for the support of all shareholders over time, the assistance of all directors, and the continuous effort of all employees, which ensure the steady growth and operations of the Company. Please accept my deepest gratitude for your support and assistance on behalf of Taiwan Cogeneration Corporation.

2018 Business Report

1. Results of implementation of the business plan

In 2017, the consolidated net profit after tax was NT\$668,864,000, NT\$298,203,000 less than that of 2018 at NT\$967,067,000. Despite the profit increase of the Guantian Power Plant due to TPC's increase in emergency procurement and the rise of electricity tariffs and gas prices in April, the profit from re-investments reduced as a result of Star Energy's investment in TPC's solar energy project in the Changhua Coastal Industrial Park and JDN's terrestrial pipelines project for offshore wind farms; the significant increase in tax expenses due to an income tax raise from 17% to 20% of IPP; and the huge expense on the life extension overhaul and propeller replacement of Kuo Kuang Power Co., Ltd. at the end of 2018. Based on the total number of shares at 589,049,000 shares at the end of the year, EPS is NT\$1.14.

The table below shows the operating performance in the past two years.

Unit: NT\$1,000		
Item	2018	2017
Operating revenue	3,814,274	1,209,414
Profit from operations	262,794	99,263
Non-operating income and expenses	413,374	888,279
Net profit before tax	676,168	987,542
Income tax expense	7,304	20,475
Net profit	668,864	967,067
EPS	1.14	1.65

2. Status of budget execution

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, this Company did not have to publish any financial forecast in 2018.

3. Financial structure and profitability analysis

By the end of 2018, the gross margin was higher than that of 2017 as a result of the profit from the Guantian Power Plant and Energy Star. However, the overall profit was lower than that of 2017 as the profit from re-investments reduced. In financial structure and solvency, this Company continuously seeks profitable and cheap capital, and the overall financial structure is steady. The following table shows the comparison of financial structure over the past two years:

Item		2018	2017
Financial structure analysis	Debt to total assets (%)	29	22
	Long-term capital to property & equipment (%)	1,715	2,572
Solvency	Current ratio (%)	134	211
	Quick ratio (%)	67	159
Profitability analysis	Return on assets (%)	4	7
	Return on equity (%)	6	8
	Profit margin (%)	18	80

Please advise and hope you to give us your support continuously.

Chairman: Ming-jie Chang

CEO: Guang-shun Yu

CAO: Zi-jie Xu

Annex 2

Taiwan Cogeneration Corporation Audit Report of the Audit Committee

Date: 26 March 2019

After auditing the 2018 financial statements, 2018 Business Report (including individual and the profit distribution table produced by the Board of Directors, where the financial statements audited and certified by CPA Rui-xuan He and CPA Jian-xin Xie of Deloitte Taiwan, this Audit Committee found no nonconformity. This report is thus presented to AGM for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company

To
Taiwan Cogeneration Corporation 2019 Annual General Meeting of Shareholders

Hsin-huei Yen
Convener
Audit Committee

Annex 3

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Taiwan Cogeneration Corporation

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Cogeneration Corporation (the "Corporation") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations of IFRS ("IFRIC"), and Interpretations of IAS ("SIC") endorsed and issued into effect by the Financial Supervisory Commission ("FSC") of the Republic of China.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of 2018 consolidated financial statements are as follows:

Fair Trade Commission ("FTC") Ruling, Appeal by Associates and Litigation against Associates

Refer to Note 31.e. and f. for details of the FTC ruling, appeal by associates and litigation against associates; Note 4 for the accounting policy on provisions; and Note 5.a. for critical accounting judgments and key sources of estimation uncertainty.

The FTC concluded that the Group's associates, Sun Ba Power Corporation, Star Energy Power Corporation, Star Buck Power Corporation, and Kuo Kuang Power Company Ltd., had violated the Fair Trade Act by jointly refusing to lower power purchase electricity rates. The FTC levied fines against these companies and the companies filed an appeal against the fines. As of December 31, 2018, the total levied fines amounted to NT\$1,352 million.

Taiwan Power Company ("TPC") concluded it suffered losses due to such violations of the Fair Trade Act and filed administrative proceedings and a civil action against these associates. As of December 31, 2018, the claims on the administrative proceedings and civil action in progress against these associates amounted to

NT\$19,163 million and NT\$9,543 million, respectively.

After evaluation of the legal analyses made by engaged attorneys, these associates believed they neither violated the Fair Trade Act, nor caused a loss to TPC. Therefore, provisions for the above rulings and litigations were not recognized, and the Group's investments in these associates and share of profit or loss of these associates accounted for using the equity method were not affected. These associates have engaged attorneys for the appeal, administrative proceedings and civil action. As the above claims, appeal and litigation are still pending, and the amounts of the fines and claims are material to the Group's consolidated financial statements, and the outcome of these cases may be affected by changes in the circumstances and the provisions involve the application of critical accounting judgments by the management, the FTC ruling, appeal by associates and litigation against the associates are considered key audit matters.

In our audit, we obtained copies of the ruling decision letter and appeal letter for the above cases, and we discussed with the Group's management regarding their communications with the attorneys and their evaluation of the above appeal and litigation. We sent confirmation letters to the attorneys and read their replies, and we reviewed the latest progress of the above appeal and litigation as of the date of our report to determine whether the FTC ruling, appeal by associates and litigation against the associates have been appropriately accounted for and disclosed in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Evaluation of Profit and Loss on the Construction Contract

Refer to Note 22 for construction contracts and Note 5.b. for critical accounting judgments and key sources of estimation uncertainty associated to evaluation of profit and loss on construction contracts.

The Group has entered into a construction contract related to large-scale solar power generation in the central area of Taiwan. The construction service revenue and construction service cost of the aforementioned contract recognized for the year ended December 31, 2018 were NT\$2,120,933 thousand and NT\$2,034,884 thousand, respectively, representing 56% and 60% of the Group's consolidated operating revenues and consolidated operating costs, respectively. The percentage of completion and related profit from the construction contract were anticipated and determined by the Group's management based on the nature of activities, expected sub-contracting charges, construction periods, progress, methods, etc., and involve critical accounting judgements made by the management; thus, evaluation of profit and loss on the construction contract is considered as one of the key audit matters.

In our audit, we visited and observed the construction site; we obtained the construction contract, construction project schedules, expected total construction cost, and construction acceptance reports; we 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 to calculate the percentage of completion; we recalculated the percentage of completion, construction service revenue, construction service cost, profit or loss on the construction contract, contract assets and contract liabilities for accuracy; and we determined the appropriateness of provisions.

Other Matter

We have also audited the separate financial statements of Taiwan Cogeneration Corporation as of and for the years ended December 31, 2018 and 2017, on which we have issued an unqualified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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 2018 consolidated financial statements 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 audit resulting in this independent auditors' report are Jui-Hsuan Ho and Chien-Hsin Hsieh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2019

Notice to Readers

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

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

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,096,720	7	\$ 832,418	6
Contract assets (Notes 4, 5, 20, 22 and 29)	1,262,711	8	-	-
Notes receivable (Notes 4, 22 and 29)	779	-	686	-
Accounts receivable (Notes 4, 7 and 22)	307,283	2	90,148	1
Accounts receivable from related parties (Notes 4, 22 and 29)	60,517	-	97,659	1
Amounts due from customers for construction contracts (Notes 4, 5, 8, 20 and 29)	-	-	220,970	1
Other receivables (Notes 4 and 24)	1,029	-	447	-
Inventories (Notes 4 and 9)	8,544	-	6,815	-
Prepaid construction costs	79,559	-	-	-
Prepaid value-added tax	74,523	-	61,780	-
Other financial assets (Note 30)	30,064	-	30,066	-
Other current assets	<u>7,337</u>	<u>-</u>	<u>10,566</u>	<u>-</u>
Total current assets	<u>2,929,066</u>	<u>17</u>	<u>1,351,555</u>	<u>9</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 5, 10 and 28)	247,000	2	-	-
Available-for-sale financial assets (Notes 4, 5, 11 and 28)	-	-	225,800	1
Investments accounted for using the equity method (Notes 4, 13 and 30)	12,545,053	75	12,986,682	85
Property, plant and equipment (Notes 4 and 14)	849,782	5	568,045	4
Intangible assets (Notes 4 and 15)	4,054	-	9,331	-
Deferred income tax assets (Notes 4, 5 and 24)	128,141	1	89,826	1
Prepayments for equipment	34,776	-	3,833	-
Refundable deposits	<u>23,394</u>	<u>-</u>	<u>16,242</u>	<u>-</u>
Total non-current assets	<u>13,832,200</u>	<u>83</u>	<u>13,899,759</u>	<u>91</u>
TOTAL	<u>\$ 16,761,266</u>	<u>100</u>	<u>\$ 15,251,314</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 700,000	4	\$ -	-
Contract liabilities (Notes 4, 5, 20, 22 and 29)	99,362	1	-	-
Notes payable	15,229	-	18,207	-
Accounts payable	78,394	-	62,520	-
Construction costs payable (Note 8)	799,625	5	165,994	1
Accounts payable to related parties (Note 29)	1,158	-	1,158	-
Other payables (Note 17)	142,501	1	84,913	1
Current income tax liabilities (Notes 4 and 24)	36,947	-	16,125	-
Provisions (Notes 4, 18 and 20)	41,554	-	18,582	-
Current portion of long-term borrowings (Notes 16 and 30)	273,777	2	270,000	2
Other current liabilities	<u>2,976</u>	<u>-</u>	<u>3,033</u>	<u>-</u>
Total current liabilities	<u>2,191,523</u>	<u>13</u>	<u>640,532</u>	<u>4</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 30)	2,553,203	15	2,625,000	17
Net defined benefit liabilities (Notes 4, 5 and 19)	118,521	1	101,667	1
Guarantee deposits received	<u>27,453</u>	<u>-</u>	<u>5,895</u>	<u>-</u>
Total non-current liabilities	<u>2,699,177</u>	<u>16</u>	<u>2,732,562</u>	<u>18</u>
Total liabilities	<u>4,890,700</u>	<u>29</u>	<u>3,373,094</u>	<u>22</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 20)				
Share capital				
Common stock	<u>5,890,486</u>	<u>35</u>	<u>5,890,486</u>	<u>39</u>
Capital surplus	<u>499,694</u>	<u>3</u>	<u>499,694</u>	<u>3</u>
Retained earnings				
Legal reserve	1,361,083	8	1,263,896	8
Special reserve	3,200,533	19	3,133,898	21
Unappropriated earnings	<u>784,241</u>	<u>5</u>	<u>1,060,970</u>	<u>7</u>
Total retained earnings	<u>5,345,857</u>	<u>32</u>	<u>5,458,764</u>	<u>36</u>
Other equity	<u>(4,233)</u>	<u>-</u>	<u>9,583</u>	<u>-</u>
Total equity attributable to owners of the Corporation	11,731,804	70	11,858,527	78
NON-CONTROLLING INTERESTS	<u>138,762</u>	<u>1</u>	<u>19,693</u>	<u>-</u>
Total equity	<u>11,870,566</u>	<u>71</u>	<u>11,878,220</u>	<u>78</u>
TOTAL	<u>\$ 16,761,266</u>	<u>100</u>	<u>\$ 15,251,314</u>	<u>100</u>

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

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 22 and 29)				
Sales	\$ 1,059,592	28	\$ 849,215	70
Research, consulting and construction services	<u>2,754,682</u>	<u>72</u>	<u>360,199</u>	<u>30</u>
Total operating revenues	<u>3,814,274</u>	<u>100</u>	<u>1,209,414</u>	<u>100</u>
OPERATING COSTS (Notes 23 and 29)				
Cost of sales	743,106	19	650,098	54
Research, consulting and construction services (Note 22)	<u>2,625,033</u>	<u>69</u>	<u>281,042</u>	<u>23</u>
Total operating costs	<u>3,368,139</u>	<u>88</u>	<u>931,140</u>	<u>77</u>
GROSS PROFIT	446,135	12	278,274	23
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>31,190</u>	<u>1</u>	<u>31,871</u>	<u>3</u>
REALIZED GROSS PROFIT	477,325	13	310,145	26
OPERATING EXPENSES (Note 23)	<u>214,531</u>	<u>6</u>	<u>210,882</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>262,794</u>	<u>7</u>	<u>99,263</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 23 and 29)	26,554	1	19,955	2
Other gains and losses (Note 23)	5,399	-	(16,434)	(1)
Finance costs (Note 23)	(33,552)	(1)	(34,362)	(3)
Share of profit or loss of associates accounted for using the equity method (Note 13)	<u>414,973</u>	<u>11</u>	<u>919,120</u>	<u>76</u>
Total non-operating income and expenses	<u>413,374</u>	<u>11</u>	<u>888,279</u>	<u>74</u>
PROFIT BEFORE INCOME TAX	676,168	18	987,542	82
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(7,304)</u>	<u>-</u>	<u>(20,475)</u>	<u>(2)</u>
NET PROFIT	<u>668,864</u>	<u>18</u>	<u>967,067</u>	<u>80</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	\$ (17,713)	(1)	\$ (656)	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	21,200	1	-	-
Share of unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income of associates accounted for using the equity method	(23,068)	(1)	-	-
Share of remeasurement of defined benefit plans of associates accounted for using the equity method	(2,906)	-	1,797	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 24)	<u>3,651</u>	<u>-</u>	<u>365</u>	<u>-</u>
	<u>(18,836)</u>	<u>(1)</u>	<u>1,506</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(11,948)	-	(33,647)	(3)
Unrealized loss on available-for-sale financial assets	-	-	(69,400)	(6)
Share of unrealized gain on available-for-sale financial assets of associates accounted for using the equity method	<u>-</u>	<u>-</u>	<u>31,074</u>	<u>3</u>
	<u>(11,948)</u>	<u>-</u>	<u>(71,973)</u>	<u>(6)</u>
Other comprehensive loss, net of income tax	<u>(30,784)</u>	<u>(1)</u>	<u>(70,467)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 638,080</u>	<u>17</u>	<u>\$ 896,600</u>	<u>74</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 672,295	18	\$ 971,874	80
Non-controlling interests	<u>(3,431)</u>	<u>-</u>	<u>(4,807)</u>	<u>-</u>
	<u>\$ 668,864</u>	<u>18</u>	<u>\$ 967,067</u>	<u>80</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 641,511	17	\$ 901,467	74
Non-controlling interests	<u>(3,431)</u>	<u>-</u>	<u>(4,807)</u>	<u>-</u>

(Continued)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
	<u>\$ 638,080</u>	<u>17</u>	<u>\$ 896,660</u>	<u>74</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 1.14</u>		<u>\$ 1.65</u>	
Diluted	<u>\$ 1.14</u>		<u>\$ 1.65</u>	

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

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Equity Attributable to Owners of the Corporation					Other Equity			Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income		
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2017	\$ 5,890,486	\$ 499,694	\$ 1,168,999	\$ 2,949,194	\$ 1,074,349	\$ (15,394)	\$ 96,950	\$ -	\$ -	\$ 11,664,278
Appropriation of 2016 earnings										
Legal reserve	-	-	94,897	-	(94,897)	-	-	-	-	-
Special reserve	-	-	-	184,704	(184,704)	-	-	-	-	-
Cash dividends - NT\$1.2 per share	-	-	-	-	(706,858)	-	-	-	-	(706,858)
	-	-	94,897	184,704	(986,459)	-	-	-	-	(706,858)
Share of transaction cost attributable to issue of new ordinary shares of associates accounted for using the equity method	-	-	-	-	(300)	-	-	-	-	(300)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	24,500	24,500
Net profit (loss) for the year ended December 31, 2017	-	-	-	-	971,874	-	-	-	(4,807)	967,067
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	1,506	(33,647)	(38,326)	-	-	(70,467)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	973,380	(33,647)	(38,326)	-	(4,807)	896,600
BALANCE, DECEMBER 31, 2017	5,890,486	499,694	1,263,896	3,133,898	1,060,970	(49,041)	58,624	-	19,693	11,878,220
Effect of retrospective application	-	-	-	-	(1,103)	-	(58,624)	58,624	-	(1,103)
BALANCE, JANUARY 1, 2018 AS RESTATED	5,890,486	499,694	1,263,896	3,133,898	1,059,867	(49,041)	-	58,624	19,693	11,877,117
Appropriation of 2017 earnings										
Legal reserve	-	-	97,187	-	(97,187)	-	-	-	-	-
Special reserve	-	-	-	66,635	(66,635)	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	(765,763)	-	-	-	-	(765,763)
	-	-	97,187	66,635	(929,585)	-	-	-	-	(765,763)
Share of transaction cost attributable to issue of new ordinary shares of associates accounted for using the equity method	-	-	-	-	(1,368)	-	-	-	-	(1,368)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	122,500	122,500
Net profit (loss) for the year ended December 31, 2018	-	-	-	-	672,295	-	-	-	(3,431)	668,864
Other comprehensive loss for the year ended December 31, 2018	-	-	-	-	(16,968)	(11,948)	-	(1,868)	-	(30,784)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	655,327	(11,948)	-	(1,868)	(3,431)	638,080
BALANCE, DECEMBER 31, 2018	\$ 5,890,486	\$ 499,694	\$ 1,361,083	\$ 3,200,533	\$ 784,241	\$ (60,989)	\$ -	\$ 56,756	\$ 138,762	\$ 11,870,566

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

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 676,168	\$ 987,542
Adjustments for:		
Depreciation expense	43,219	35,083
Amortization expense	1,616	665
Interest expense	33,428	34,276
Interest income	(9,824)	(3,968)
Dividend income	(8,000)	(8,000)
Share of profit or loss of associates accounted for using the equity method	(414,973)	(919,120)
Loss on disposal of property, plant and equipment	-	34
Impairment loss	7,526	261
Unrealized loss on foreign currency exchange	366	3,295
Gain on reversal of warranty cost on construction	(473)	(7,783)
Realized gain on transactions with associates	(31,190)	(31,871)
Other losses	183	-
Changes in operating assets and liabilities		
Contract assets	(1,040,854)	-
Notes receivable	(93)	1,329
Accounts receivable	(217,135)	7,407
Accounts receivable from related parties	37,142	(32,024)
Amounts due from customers for construction contracts	-	61,197
Other receivables	10	8,801
Inventories	(1,729)	2,355
Prepaid construction costs	(79,559)	-
Other current assets	3,229	(7,139)
Prepaid value-added tax	(12,743)	(6,506)
Contract liabilities	99,362	-
Notes payable	(2,978)	(4,951)
Accounts payable	15,874	11,068
Construction costs payable	632,986	(78,465)
Accounts payable to related parties	-	(860)
Other payables	14,561	10,994
Provisions	23,445	8,925
Other current liabilities	(57)	(3,017)
Net defined benefit liabilities	(859)	1,392
Cash (used in) generated from operations	(231,352)	70,920
Interest received	9,232	4,622
Dividends received	855,971	771,281
Interest paid	(35,283)	(33,638)
Income tax paid	(21,146)	(30,190)
Net cash generated from operating activities	<u>577,422</u>	<u>782,995</u>

CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Acquisition of investments accounted for using the equity method	\$ -	\$ (152,202)
Payments for property, plant and equipment (Note 26)	(276,516)	(164,487)
Proceeds from disposal of property, plant and equipment	7,209	-
Increase in refundable deposits	(7,152)	(2,419)
Increase in other financial assets	-	(30,001)
Payments for computer software	(3,865)	(2,436)
Increase in prepayments for equipment	<u>(42,780)</u>	<u>(3,833)</u>
Net cash used in investing activities	<u>(323,104)</u>	<u>(355,378)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	700,000	-
Proceeds from long-term borrowings	3,551,980	2,880,000
Repayments of long-term borrowings	(3,620,000)	(2,795,000)
Increase (decrease) in guarantee deposits received	21,558	(8,482)
Dividends paid to owners of the Corporation	(765,763)	(706,858)
Increase in non-controlling interests	<u>122,500</u>	<u>24,500</u>
Net cash generated from (used in) financing activities	<u>10,275</u>	<u>(605,840)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(291)</u>	<u>(7,252)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	264,302	(185,475)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>832,418</u>	<u>1,017,893</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,096,720</u>	<u>\$ 832,418</u>

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

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, 2018 and 2017 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, 2018 and 2017, 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 of Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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, 2018. 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 descriptions of the key audit matters of 2018 separate financial statements are as follows:

Fair Trade Commission ("FTC") Ruling, Appeal by Associates and Litigation against Associates

Refer to Note 26.d. and e. for details of the FTC ruling, appeal by associates and litigation against associates; Note 4 for the accounting policy on provisions; and Note 5.a. for critical accounting judgments and key sources of estimation uncertainty.

The FTC concluded that the Corporation's associates, Sun Ba Power Corporation, Star Energy Power Corporation, Star Buck Power Corporation, and Kuo Kuang Power Company Ltd., had violated the Fair Trade Act by jointly refusing to lower power purchase electricity rates. The FTC levied fines against these companies and the companies filed an appeal against the fines. As of December 31, 2018, the total levied fines amounted to NT\$1,352 million.

Taiwan Power Company ("TPC") concluded it suffered losses due to such violations of the Fair Trade Act and filed administrative proceedings and a civil action against these associates. As of December 31, 2018, the claims on the administrative proceedings and civil action in progress against these associates amounted to NT\$19,163 million and NT\$9,543 million, respectively.

After evaluation of the legal analyses made by engaged attorneys, these associates believed they neither violated the Fair Trade Act, nor caused a loss to TPC. Therefore, provisions for the above rulings and litigations were not recognized, and the Corporation's investments in these associates and share of profit or loss of these associates accounted for using the equity method were not affected. These associates have engaged attorneys for the appeal, administrative proceedings and civil action. As the above claims, appeal and litigation are still pending, and the amounts of the fines and claims are material to the Corporation's separate financial statements, and the outcome of these cases may be affected by changes in the circumstances and the provisions involve the application of critical accounting judgments by the management, the FTC ruling, appeal by associates and litigation against the associates are considered key audit matters.

In our audit, we obtained copies of the ruling decision letter and appeal letter for the above cases, and we discussed with the Corporation's management regarding their communications with the attorneys and their evaluation of the above appeal and litigation. We sent confirmation letters to the attorneys and read their replies, and we reviewed the latest progress of the above appeal and litigation as of the date of our report to determine whether the FTC ruling, appeal by associates and litigation against the associates have been appropriately accounted for and disclosed in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

Evaluation of Profit and Loss on the Construction Contract of the Subsidiary, Star Energy Corporation

Refer to Note 5.b. for critical accounting judgments and key sources of estimation uncertainty associated to evaluation of profit and loss on construction contracts of the subsidiary, Star Energy Corporation.

Star Energy Corporation has entered into a construction contract related to large-scale solar power generation in the central area of Taiwan. The construction service revenue and construction service cost of the aforementioned contract recognized for the year ended December 31, 2018 were NT\$2,120,933 thousand and NT\$2,034,884 thousand, respectively, representing 56% and 60% of the Corporation's consolidated operating revenues and consolidated operating costs, respectively. The percentage of completion and related profit from the construction contract were anticipated and determined by the management of Star Energy Corporation based on the nature of activities, expected sub-contracting charges, construction periods, progress, methods, etc., and involve critical accounting judgments made by the management, and have a further effect on the Corporation's investments accounted for using the equity method and share of profit or loss of subsidiaries accounted for using the equity method; thus, evaluation of profit and loss on the construction contract of the subsidiary, Star Energy Corporation is considered as one of the key audit matters.

In our audit, we visited and observed the construction site; we obtained the construction contract, construction project schedules, expected total construction cost, and construction acceptance reports; we 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 to calculate the percentage of completion; we recalculated the percentage of completion, construction service revenue, construction service cost, profit or loss on the construction contract, contract assets and contract liabilities for accuracy; and we determined 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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 2018 separate financial statements 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 audit resulting in this independent auditors' report are Jui-Hsuan Ho and Chien-Hsin Hsieh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2019

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 accepted and 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, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

	2018		2017	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 337,619	2	\$ 468,019	3
Notes receivable from related parties (Notes 4, 17 and 24)	779	-	685	-
Accounts receivable (Notes 4, 7 and 17)	101,764	1	75,864	1
Accounts receivable from related parties (Notes 4, 17 and 24)	35,816	-	39,408	-
Other receivables (Note 4)	77	-	66	-
Inventories (Notes 4 and 8)	8,544	-	6,619	-
Other current assets	<u>3,176</u>	<u>-</u>	<u>2,854</u>	<u>-</u>
Total current assets	<u>487,775</u>	<u>3</u>	<u>593,515</u>	<u>4</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9 and 23)	247,000	2	-	-
Available-for-sale financial assets (Notes 4, 5, 10 and 23)	-	-	225,800	1
Investments accounted for using the equity method (Notes 4, 11 and 25)	13,575,109	92	13,691,666	91
Property, plant and equipment (Notes 4 and 12)	391,923	2	397,831	3
Computer software cost	2,518	-	1,481	-
Deferred income tax assets (Notes 4, 5 and 19)	101,578	1	89,826	1
Refundable deposits	<u>5,630</u>	<u>-</u>	<u>5,621</u>	<u>-</u>
Total non-current assets	<u>14,323,758</u>	<u>97</u>	<u>14,412,225</u>	<u>96</u>
TOTAL	<u>\$ 14,811,533</u>	<u>100</u>	<u>\$ 15,005,740</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	\$ 14,912	-	\$ 17,036	-
Accounts payable	77,476	1	59,053	-
Accounts payable to related parties (Note 24)	1,158	-	1,158	-
Other payables (Note 14)	73,269	-	67,802	1
Current income tax liabilities (Notes 4 and 19)	36,947	-	16,125	-
Current portion of long-term borrowings (Notes 13 and 25)	270,000	2	270,000	2
Other current liabilities	<u>2,547</u>	<u>-</u>	<u>2,739</u>	<u>-</u>
Total current liabilities	<u>476,309</u>	<u>3</u>	<u>433,913</u>	<u>3</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 25)	2,500,000	17	2,625,000	17
Net defined benefit liabilities (Notes 4, 5 and 15)	96,336	1	83,210	1
Guarantee deposits received	<u>7,084</u>	<u>-</u>	<u>5,090</u>	<u>-</u>
Total non-current liabilities	<u>2,603,420</u>	<u>18</u>	<u>2,713,300</u>	<u>18</u>
Total liabilities	<u>3,079,729</u>	<u>21</u>	<u>3,147,213</u>	<u>21</u>
EQUITY (Note 16)				
Share capital				
Common stock	<u>5,890,486</u>	<u>40</u>	<u>5,890,486</u>	<u>39</u>
Capital surplus	<u>499,694</u>	<u>3</u>	<u>499,694</u>	<u>3</u>
Retained earnings				
Legal reserve	1,361,083	9	1,263,896	9
Special reserve	3,200,533	22	3,133,898	21
Unappropriated earnings	<u>784,241</u>	<u>5</u>	<u>1,060,970</u>	<u>7</u>
Total retained earnings	<u>5,345,857</u>	<u>36</u>	<u>5,458,764</u>	<u>37</u>
Other equity	<u>(4,233)</u>	<u>-</u>	<u>9,583</u>	<u>-</u>
Total equity	<u>11,731,804</u>	<u>79</u>	<u>11,858,527</u>	<u>79</u>
TOTAL	<u>\$ 14,811,533</u>	<u>100</u>	<u>\$ 15,005,740</u>	<u>100</u>

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, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4 and 17)				
Sales (Note 24)	\$ 1,018,622	96	\$ 837,794	96
Research, consulting and construction services (Note 24)	<u>41,309</u>	<u>4</u>	<u>38,160</u>	<u>4</u>
Total operating revenues	<u>1,059,931</u>	<u>100</u>	<u>875,954</u>	<u>100</u>
OPERATING COSTS (Note 18)				
Cost of sales (Note 24)	719,117	68	643,779	74
Research, consulting and construction services	<u>32,377</u>	<u>3</u>	<u>29,644</u>	<u>3</u>
Total operating costs	<u>751,494</u>	<u>71</u>	<u>673,423</u>	<u>77</u>
GROSS PROFIT	308,437	29	202,531	23
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>29,367</u>	<u>3</u>	<u>29,367</u>	<u>3</u>
REALIZED GROSS PROFIT	337,804	32	231,898	26
OPERATING EXPENSES (Notes 18 and 24)	<u>161,314</u>	<u>15</u>	<u>151,882</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>176,490</u>	<u>17</u>	<u>80,016</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 18 and 24)	23,363	2	19,459	2
Other gains and losses (Note 18)	5,922	1	(4,679)	-
Finance costs (Note 18)	(33,026)	(3)	(34,335)	(4)
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 11)	<u>533,413</u>	<u>50</u>	<u>931,888</u>	<u>106</u>
Total non-operating income and expenses	<u>529,672</u>	<u>50</u>	<u>912,333</u>	<u>104</u>
PROFIT BEFORE INCOME TAX	706,162	67	992,349	113
INCOME TAX EXPENSE (Notes 4 and 19)	<u>(33,867)</u>	<u>(3)</u>	<u>(20,475)</u>	<u>(2)</u>
NET PROFIT	<u>672,295</u>	<u>64</u>	<u>971,874</u>	<u>111</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

TAIWAN COGENERATION CORPORATION

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of a defined benefit plan (Note 15)	\$ (14,240)	(1)	\$ (2,150)	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	21,200	2	-	-
Share of remeasurement of defined benefit plans of subsidiaries and associates accounted for using the equity method	(6,379)	(1)	3,291	-
Share of unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income of associates accounted for using the equity method	(23,068)	(2)	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 19)	<u>3,651</u>	<u>-</u>	<u>365</u>	<u>-</u>
	<u>(18,836)</u>	<u>(2)</u>	<u>1,506</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on available-for-sale financial assets	-	-	(69,400)	(8)
Share of exchange differences on translating foreign operations of subsidiaries accounted for using the equity method	(11,948)	(1)	(33,647)	(4)
Share of unrealized gain on available-for-sale financial assets of associates accounted for using the equity method	<u>-</u>	<u>-</u>	<u>31,074</u>	<u>4</u>
	<u>(11,948)</u>	<u>(1)</u>	<u>(71,973)</u>	<u>(8)</u>
Other comprehensive loss, net of income tax	<u>(30,784)</u>	<u>(3)</u>	<u>(70,467)</u>	<u>(8)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 641,511</u>	<u>61</u>	<u>\$ 901,407</u>	<u>103</u>
EARNINGS PER SHARE (Note 20)				
Basic	<u>\$1.14</u>		<u>\$1.65</u>	
Diluted	<u>\$1.14</u>		<u>\$1.65</u>	

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

(Concluded)

TAIWAN COGENERATION CORPORATION

SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Common Stock	Capital Surplus	Retained Earnings			Other Equity			Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE, JANUARY 1, 2017	\$ 5,890,486	\$ 499,694	\$ 1,168,999	\$ 2,949,194	\$ 1,074,349	\$ (15,394)	\$ 96,950	\$ -	\$ 11,664,278
Appropriation of 2016 earnings									
Legal reserve	-	-	94,897	-	(94,897)	-	-	-	-
Special reserve	-	-	-	184,704	(184,704)	-	-	-	-
Cash dividends - NT\$1.2 per share	-	-	-	-	(706,858)	-	-	-	(706,858)
	-	-	94,897	184,704	(986,459)	-	-	-	(706,858)
Share of transaction cost attributable to issue of new ordinary shares of subsidiaries and associates accounted for using the equity method	-	-	-	-	(300)	-	-	-	(300)
Net profit for the year ended December 31, 2017	-	-	-	-	971,874	-	-	-	971,874
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	1,506	(33,647)	(38,326)	-	(70,467)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	973,380	(33,647)	(38,326)	-	901,407
BALANCE, DECEMBER 31, 2017	5,890,486	499,694	1,263,896	3,133,898	1,060,970	(49,041)	58,624	-	11,858,527
Effect of retrospective application	-	-	-	-	(1,103)	-	(58,624)	58,624	(1,103)
BALANCE AT JANUARY 1, 2018 AS RESTATED	5,890,486	499,694	1,263,896	3,133,898	1,059,867	(49,041)	-	58,624	11,857,424
Appropriation of 2017 earnings									
Legal reserve	-	-	97,187	-	(97,187)	-	-	-	-
Special reserve	-	-	-	66,635	(66,635)	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	(765,763)	-	-	-	(765,763)
	-	-	97,187	66,635	(929,585)	-	-	-	(765,763)
Share of transaction cost attributable to issue of new ordinary shares of subsidiaries and associates accounted for using the equity method	-	-	-	-	(1,368)	-	-	-	(1,368)
Net profit for the year ended December 31, 2018	-	-	-	-	672,295	-	-	-	672,295
Other comprehensive loss for the year ended December 31, 2018	-	-	-	-	(16,968)	(11,948)	-	(1,868)	(30,784)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	655,327	(11,948)	-	(1,868)	641,511
BALANCE, DECEMBER 31, 2018	\$ 5,890,486	\$ 499,694	\$ 1,361,083	\$ 3,200,533	\$ 784,241	\$ (60,989)	\$ -	\$ 56,756	\$ 11,731,804

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, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 706,162	\$ 992,349
Adjustments for:		
Depreciation expense	27,355	30,275
Amortization expense	1,068	394
Interest expense	32,959	34,276
Interest income	(5,647)	(1,822)
Dividend income	(8,000)	(8,000)
Share of profit or loss of subsidiaries and associates accounted for using the equity method	(533,413)	(931,888)
Unrealized loss on foreign currency exchange	100	2,587
Realized gain on transactions with associates	(29,367)	(29,367)
Changes in operating assets and liabilities		
Notes receivable from related parties	(94)	1,330
Accounts receivable	(25,900)	6,899
Accounts receivable from related parties	3,592	(8,098)
Other receivables	23	(41)
Inventories	(1,925)	1,165
Other current assets	(322)	(864)
Notes payable	(2,124)	(6,226)
Accounts payable	18,423	8,580
Accounts payable to related parties	-	(860)
Other payables	2,185	9,349
Other current liabilities	(192)	(1,857)
Net defined benefit liabilities	(1,114)	903
Cash generated from operations	183,769	99,084
Interest received	5,613	2,098
Dividends received	855,971	771,281
Interest paid	(34,218)	(33,638)
Income tax paid	(21,146)	(30,190)
Net cash generated from operating activities	<u>989,989</u>	<u>808,635</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(212,500)	(25,500)
Payments for property, plant and equipment (Note 21)	(8,902)	(3,392)
(Increase) decrease in refundable deposits	(9)	89
Payments for computer software	(2,105)	(1,853)
Increase in prepayments for equipment	(8,004)	-
Net cash used in investing activities	<u>(231,520)</u>	<u>(30,656)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	3,495,000	2,880,000
Repayments of long-term borrowings	(3,620,000)	(2,795,000)

(Continued)

TAIWAN COGENERATION CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Increase (decrease) in guarantee deposits received	\$ 1,994	\$ (751)
Dividends paid to owners of the Corporation	<u>(765,763)</u>	<u>(706,858)</u>
Net cash used in financing activities	<u>(888,769)</u>	<u>(622,609)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(100)</u>	<u>(2,587)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(130,400)	152,783
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>468,019</u>	<u>315,236</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 337,619</u>	<u>\$ 468,019</u>

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

(Concluded)

Annex 4**Taiwan Cogeneration Corporation
Profit Distribution Table
Accounting Year 2018**

Unit: NT\$

Item	Amount
Beginning unappropriated retained earnings	131,384,237
Recognized retained earnings adopted from the re-measurement of defined benefit plan	(16,967,912)
Unappropriated earnings adjustment under equity method	(2,470,423)
Unappropriated earnings after adjustment	111,945,902
Net profit of current period	672,294,769
Legal reserve (10%)	(67,229,477)
special reserves (others)	(4,232,450)
special reserve (IFRS 90%)	257,657,578
Sum of distributable profit	970,436,322
Distribution items Cash dividends (NT\$1.5/share)	(883,572,893)
Year-end unappropriated retained earnings	86,863,429

Annex 5

Taiwan Cogeneration Corporation

Cross-reference of the Articles of Incorporation before and after amendment

After Amendment	Before Amendment	Description
<p>Article 23</p> <p>This Company shall have thirteen (13) directors, including a minimum of three independent directors and one fifth of all seats, elected by the meeting of shareholders among competent shareholders.</p> <p>The candidate nomination system shall apply to the directorial election which includes both directors and independent directors, with separate calculation of seats. Shareholders shall elect directors from among the nominees.</p> <p>The total number of registered shares held by all directors shall not be lower than the ratio specified in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.</p> <p>This Company shall establish an audit committee seated by all independent directors in accordance with the Securities and Exchange Act. The committee and committee members shall exercise their authority and implement relevant affairs in accordance with the rules and regulations prescribed by the competent authorities governing securities and exchange.</p>	<p>Article 23</p> <p>This Company shall have thirteen (13) directors elected by the meeting of shareholders among competent shareholders. The total number of registered shares held by all directors shall not be lower than the ratio specified in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies. Among the said number of directors, the number of independent directors shall not be less than three (3) seats and one fifth of the total number of directors. It adopts the candidate nomination system for elections of independent directors. The meeting of shareholders shall elect independent directors from the list of candidates. This Company shall establish an audit committee seated by all independent directors in accordance with the Securities and Exchange Act. The committee and committee members shall exercise their authority and implement relevant affairs in accordance with the rules and regulations prescribed by the competent authorities governing securities and exchange.</p>	<ol style="list-style-type: none"> 1. The amendment is made to apply the candidate nomination system to the directorial elections of public companies in 2021 as request by FSC, conform with the governance evaluation indicators, and improve governance practice. 2. The amendment is made combine the election of directors and independent directors into one election. 3. Paragraphs in this article are re-organized.
<p>Article 43</p> <p>1st amendment was made on September 20, 1995. 2nd amendment was made on January 28, 1997. 3rd amendment was made on June 25, 1998. 4th amendment was made on December 29, 1998. 5th amendment was made on June 21, 2000. 6th amendment was made on October 12, 2000. 7th amendment was made on October 12, 2000. 8th amendment was made on June 27, 2002. 9th amendment was made on June 19, 2003. 10th amendment was made on June 18, 2004. 11th amendment was made on June 24, 2005. 12th amendment was made on June 28, 2007. 13th amendment was made on June 16, 2009. 14th amendment was made on June 22, 2011. 15th amendment was made on June 20, 2012. 16th amendment was made on June 21, 2013. 17th amendment was made on June 27, 2016. 18th amendment was made on June 21, 2017. 19th amendment was made on June 20, 2019.</p>	<p>Article 43</p> <p>1st amendment was made on September 20, 1995. 2nd amendment was made on January 28, 1997. 3rd amendment was made on June 25, 1998. 4th amendment was made on December 29, 1998. 5th amendment was made on June 21, 2000. 6th amendment was made on October 12, 2000. 7th amendment was made on October 12, 2000. 8th amendment was made on June 27, 2002. 9th amendment was made on June 19, 2003. 10th amendment was made on June 18, 2004. 11th amendment was made on June 24, 2005. 12th amendment was made on June 28, 2007. 13th amendment was made on June 16, 2009. 14th amendment was made on June 22, 2011. 15th amendment was made on June 20, 2012. 16th amendment was made on June 21, 2013. 17th amendment was made on June 27, 2016. 18th amendment was made on June 21, 2017</p>	<p>Adjustment of article number and revision dates.</p>

Annex 6

Taiwan Cogeneration Corporation **Cross-reference of the “Rules for Directorial Elections” before and after amendments**

Passed by the Initiator Conference on 14 April 1992

1st amendment was passed by the Annual General Meeting of Shareholders on 2 September 1997

2nd amendment was passed by the Annual General Meeting of Shareholders on 27 June 2002

3rd amendment was passed by the Annual General Meeting of Shareholders on 28 June 2007

4th amendment was passed by the Annual General Meeting of Shareholders on 21 June 2017

5th amendment was passed by the Annual General Meeting of Shareholders on 20 June 2018

After Amendment	Before Amendment	Description
Article 2 The meeting of shareholders shall elect directors of this Company from among competent shareholders in the list of directorial candidates. The electoral results shall be calculated based on the number of seats specified in the Articles of Incorporation. Candidates with more votes shall be directors and independent directors respectively. When elected candidates outnumber the seats, candidates with equal votes shall be decided by drawing. The chairperson may draw the lot on and for the behalf of candidates absent from the election.	Article 2 The meeting of shareholders shall elect directors of this Company from among competent shareholders. The electoral results shall be calculated based on the number of seats specified in the Articles of Incorporation. Candidates with more votes shall be directors and independent directors respectively. When elected candidates outnumber the seats, candidates with equal votes shall be decided by drawing. The chairperson may draw the lot on and for the behalf of candidates absent from the election.	The amendment is made in response to the adopt of the candidate nomination system.

Annex 7

Taiwan Cogeneration Corporation

Cross-reference of the “Asset Acquisition and Disposal Operating Procedure” before and after amendments

Established by the General Meeting of Shareholders on 20 June 2012

1st Amendment made by the General Meeting of Shareholders on 19 June 2014

2nd Amendment made by the General Meeting of Shareholders on 21 June 2017

3rd Amendment made by the General Meeting of Shareholders on 20 June 2019

After Amendment	Before Amendment	Description
Chapter I General Provisions	Chapter I General Provisions	The chapter and its title remain unchanged.
Article 1 Omitted.	Article 1 Omitted.	This article remains unchanged.
Article 2 This Company shall acquire or dispose assets in accordance with this Procedure.	Article 2 <u>Unless other law otherwise requires,</u> this Company shall acquire or dispose assets in accordance with this Procedure.	1. With respect to the present exception, “unless other law otherwise requires” shall mean the prioritization of industry-specific laws and regulations, including banking, insurance, bills finance, securities and futures, governing their acquisition and disposal of assets. Therefore, we remove the present exception.
Article 3 The term “assets” under this Procedure includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, and investment property) and equipment. 3. Memberships. 4. Intangible assets including patents, copyrights, trademarks, franchise rights, and others. 5. Access right 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. Derivatives. 8. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law. 9. Other major assets.	Article 3 The term “assets” under this Procedure includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, <u>land access</u>) and equipment. 3. Memberships. 4. Intangible assets including patents, copyrights, trademarks, franchise rights, and others. 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law. 8. Other major assets.	1. In response to the applicability of IFRS 16 Leases, we add paragraph 5 to expand the scope of asset uses by relocating land access of paragraph 2 to paragraph 5. 2. Paragraphs 5 to 8 of the version before amendment will become paragraphs 6 to 9.
Article 4 Terms used in this Procedure are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap	Article 4 Terms used in this Procedure are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap	1. In response to the definition of financial instruments specified in IFRS 9, we amend paragraph 1 regarding the scope of derivatives, including the text. 2. In response to the amendment to

<p>contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price</u>, foreign exchange rate, <u>index of prices or rates, credit rating or credit index, or other variable</u>; or <u>hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <ol style="list-style-type: none"> 2. Assets acquired or disposed through mergers, spin-offs, acquisitions, or transfers of shares by law: Assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, and other acts, or transfers of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under <u>paragraph 3</u>, Article 156, of the Company Act. 3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. 5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of resolutions made by boards of directors, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs 	<p>contracts, and compound contracts combining the above products, whose value is derived from <u>assets</u>, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <ol style="list-style-type: none"> 2. Assets acquired or disposed through mergers, spin-offs, acquisitions, or transfers of shares by law: Assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, and other acts, or transfers of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under <u>paragraph 8</u>, Article 156, of the Company Act. 3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. 5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of resolutions made by boards of directors, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area. 	<p>Company Act promulgated on 1 August 2018 and implemented on 1 November 2018, we amend the reference in paragraph 2 from "paragraph 8 of Article 156" to paragraph 3 of Article 156".</p> <ol style="list-style-type: none"> 3. To define the business locations of securities exchanges and securities firms at home and abroad, we add paragraphs 8 and 9 with reference to Article 5 of the "Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities" and Article 2 of the "Regulations Governing Securities Trading on the Taipei Exchange" to facilitate compliance by defining the scope of business locations of securities exchanges and securities firms at home and abroad.
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<p>Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. <u>Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p>8. <u>Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>		
<p>Article 5 <u>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</u></p> <p>1. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>2. <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>3. <u>If the company is required to obtain appraisal reports from two or more</u></p>	<p>Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall not be a related party of the counterpart.</u></p>	<p>1. To simplify regulations, we include the points for notice for public companies to hire experts including professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions as specified in point 4 of the Supplementary Regulations Tai-Cai-Zheng-Yi-Zi No. 0920001151 issued by former Securities and Futures Commission of the Ministry of Finance on 21 March 2003 to add subparagraphs 1 to 3 of paragraph 1 with respect to paragraph 4 of Article 53 of the Securities and Exchange Act regarding the negative qualifications regarding directors, supervisors, and managers and subparagraph 15 of paragraph 1, Article 8, of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers regarding the ethical principles of issuers or their responsible persons, in order to define the negative qualifications of experts and to abolish the said</p>

<p><u>professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <ol style="list-style-type: none"> <u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u> <u>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u> <u>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u> <u>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u> 		<p>order.</p> <ol style="list-style-type: none"> 2. To define the responsibilities of external experts by adding paragraph 2 to specify the appraisal reports or assessment reports, audits and statements issued by related experts with respect to Article 9 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers regarding the CPA's assessments, audits, and statements on the fairness of appraisal reports for investment property.
Chapter II Disposition Procedures	Chapter II Disposition Procedures	The chapter and its title remain unchanged.
Section 1 Establishment of disposition procedures	Section 1 Establishment of disposition procedures	The section and its title remain unchanged.
Article 6 Omitted	Article 6 Omitted	This article remains unchanged.
<p>Article 7</p> <p>In the <u>transaction of real property, plant and equipment (PP&E)</u> the handling department shall assess the analysis results, draws up transaction terms, submits them for approval according to the approval hierarchy, and makes approval according to the Company's authorization procedure.</p> <p>In securities transactions, the handling department shall analyze and predict the future prospects with reference to the market condition so as to draw up transaction terms and makes approval</p>	<p>Article 7</p> <p>In real property transactions <u>or the transactions of other fixed assets</u>, the organizing department shall assess the analysis results, draws up transaction terms, submits them for approval according to the approval hierarchy, and makes approval according to the Company's authorization procedure.</p> <p>In securities transactions, the organizing department shall analyze and predict the future prospects with reference to the market condition so as to draw up transaction terms and makes</p>	<p>Amended text "fixed assets" in paragraph 1 to "real property, plant and equipment (PP&E)", and other text for legal compliance.</p>

<p>according to the Company's authorization procedure.</p> <p>This Company shall supervise subsidiaries to establish and implement their own asset acquisition and disposal procedures. <u>The regulations of these company shall apply to subsidiaries that have not established their own procedures.</u> A subsidiary shall provide information regarding asset acquisition and disposal for this Company at planned intervals for reference. Personnel violating the procedures for asset acquisition and disposal shall be punished in accordance with the regulations for rewards and punishments of this Company.</p>	<p>approval according to the Company's authorization procedure.</p> <p>This Company shall supervise subsidiaries to establish and implement their own asset acquisition and disposal procedures. A subsidiary shall provide information regarding asset acquisition and disposal for this Company at planned intervals for reference. Personnel violating the procedures for asset acquisition and disposal shall be punished in accordance with the regulations for rewards and punishments of this Company.</p>	
<p>Article 8</p> <p>For acquisition or disposal of assets that shall be consented by over half of all audit committee members and resolved by BOD as specified by this Procedure or other laws, paragraphs 3 and 4 of Article 6 shall apply mutatis mutandis.</p>	<p>Article 8</p> <p>For acquisition or disposal of assets that shall be consented by over half of all audit committee members and resolved by BOD as specified by this Procedure or other laws, paragraphs 3 and 4 of Article 6 shall apply mutatis mutandis.</p>	Chinese text update of paragraph 1 for legal compliance.
Section 2 Acquisition or Disposal of Assets	Section 2 Acquisition or Disposal of Assets	The section and its title remain unchanged.
<p>Article 9</p> <p>Except for transactions with domestic government agencies, outsourcing construction projects on own property, outsourcing construction projects on leased property, or acquiring/disposing equipment <u>or its right-of-use assets</u> for operating use, when acquiring or disposing real property or equipment <u>or its right-of-use assets</u> with a transaction amount up to 20% of the Company's paid-in capital or over NT\$300 million, this Company shall obtain a professional appraisal report on the subject matter issued by professional appraisers prior to transaction and meet the following requirements:</p> <p>1. Where a transaction is conducted at a limited price, specific price, or special price for a special reason, the transaction shall first be approved by BOD. <u>The same shall apply to transaction terms change thereafter.</u></p> <p>Omitted from here.</p>	<p>Article 9</p> <p>Except for transactions with government agencies, outsourcing construction projects on own property, outsourcing construction projects on leased property, or acquiring/disposing equipment for operating use, when acquiring or disposing real property or equipment with a transaction amount up to 20% of the Company's paid-in capital or over NT\$300 million, this Company shall obtain a professional appraisal report on the subject matter issued by professional appraisers prior to transaction and meet the following requirements:</p> <p>1. Where a transaction is conducted at a limited price, specific price, or special price for a special reason (special reasons), the transaction shall first be approved by BOD. <u>The above procedure shall apply where the transaction terms change.</u></p> <p>Omitted from here.</p>	<p>1. "Government Agencies" in paragraph 1 shall mean the organizations of the central government and local governments of Taiwan. The main concern of this paragraph is the low possibility of price manipulation as transactions with the organizations of the central government and local governments of Taiwan shall be conducted through tendering or price competition with respect to related regulations. Therefore, expert opinions may not be necessary. Given the uncertainty of related regulations and price negotiation mechanisms, there is no exception for transactions with foreign government organizations, and only paragraph 1 regarding domestic government agencies is amended.</p> <p>2. Paragraph 1 is amended in response to the applicability of IFRS 16 Leases to include the access right in this article.</p> <p>3. Text of subparagraph 1 of paragraph 1 is amended for legal compliance.</p>
Article 10 Omitted	Article 10 Omitted	This article remains unchanged.
<p>Article 11</p> <p>Except for transactions with <u>domestic</u> government agencies, when acquiring</p>	<p>Article 11</p> <p>Except for transactions with government agencies, when acquiring</p>	The reasons for amendment are the same as that of paragraphs 1 and 2 of Article 9. Text is also amended

or disposing <u>memberships</u> or intangible assets <u>or their right-of-use assets</u> amounting up to 20% of the Company's paid-in capital or over NT\$300 million, this Company shall consult a CPA to express opinion on the fairness of the amount prior to the date of occurrence of the event. The CPA shall, in return, proceed in accordance with SAS 20 published by the Accounting Research and Development Foundation in Taiwan.	or disposing <u>memberships</u> or intangible assets amounting up to 20% of the Company's paid-in capital or over NT\$300 million, this Company shall consult a CPA to express opinion on the fairness of the amount prior to the date of occurrence of the event. The CPA shall, in return, proceed in accordance with SAS 20 published by the Accounting Research and Development Foundation in Taiwan.	accordingly.
<u>Article 12</u> The transaction amount referred to in the foregoing three articles shall be calculated in accordance with paragraph 2 of <u>Article 31</u> , and "within one year" refers to the year before the date of occurrence of the current transaction. The section(s) with an appraisal report from a professional appraiser or the CPA opinion obtained in accordance with this Procedure shall be exempted.	<u>Article 11-1</u> The transaction amount referred to in the foregoing three articles shall be calculated in accordance with paragraph 2 of <u>Article 30</u> , and "within one year" refers to the year before the date of occurrence of the current transaction. The section(s) with an appraisal report from a professional appraiser or the CPA opinion obtained in accordance with this Procedure shall be exempted.	Article seriation change and references change.
<u>Article 13</u> Omitted	<u>Article 12</u> Omitted	Article seriation changes.
Section 3 Related Party Transaction	Section 3 Related Party Transaction	The section and its title remain unchanged.
<u>Article 14</u> When acquiring or disposing assets with a related party, apart from ensuring that the required resolutions are adopted and the fairness of the transaction terms is appraised in accordance with this and previous sections, the Company shall obtain an appraisal report from a professional appraiser or the CPA opinion where the transaction amount exceeds 10% of the Company's net worth. The transaction amount referred to in the foregoing paragraph shall be calculated in accordance with Article <u>12</u> . When judging whether or not the counterparty is a related party, in addition to the legal formalities, the substance of the relationship shall be considered.	<u>Article 13</u> When acquiring or disposing assets with a related party, apart from ensuring that the required resolutions are adopted and the fairness of the transaction terms is appraised in accordance with this and previous sections, the Company shall obtain an appraisal report from a professional appraiser or the CPA opinion where the transaction amount exceeds 10% of the Company's net worth. The transaction amount referred to in the foregoing paragraph shall be calculated in accordance with Article <u>11-1</u> . When judging whether or not the counterparty is a related party, in addition to the legal formalities, the substance of the relationship shall be considered.	Article seriation change and adjustment of the seriation of references for paragraph 2.
<u>Article 15</u> Except for trading <u>domestic</u> government bonds and repurchase (RP)/reserve repurchase (RS) securities, subscribing or buying back money market funds (MMFs) issued by domestic securities investment trust companies, when acquiring or disposing real property <u>and its right-of-use assets</u> with related parties, or acquiring or disposing assets other than real property <u>and its right-of-use</u>	<u>Article 14</u> Except for trading government bonds and repurchase (RP)/reserve repurchase (RS) securities, subscribing or buying back money market funds (MMFs) issued by domestic securities investment trust companies, when acquiring or disposing real property with related parties, or acquiring or disposing assets other than real property with related parties at a transaction amount up to 20% of the	1. Article seriation change and adjustment of the seriation of references for subparagraph 3 of paragraph 1 and paragraph 2. 2. "Government Bond" in paragraph 1 shall mean domestic government bonds. This is because the credit of the central government and local governments of Taiwan is clearly defined and easy to enquire. The BOD and supervisor recognition process is thus exempted. As the

<p><u>assets</u> with related parties at a transaction amount up to 20% of the paid-in capital or 10% of the total assets of this Company, or over NT\$300 million, the Company shall submit the following data to the audit committee to obtain the consent of over half of all committee members and then to BOD for resolution prior to concluding the transaction agreement and disburse the payment:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason(s) for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property <u>and its right-of-use assets</u> from a related party, information regarding appraisal of the fairness of the preliminary transaction terms in accordance with Article 16 and Article 17. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and fairness of fund utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the foregoing article. 7. Restrictive covenants and other important stipulations associated with the transaction. <p>The transaction amount referred to in the foregoing paragraph shall be calculated in accordance with paragraph 2, Article 31, and "within one year" referred to in this Procedure shall mean one year before the date of occurrence of the current transaction. Transactions that have been consented by over half of all audit committee members, resolved by BOD can be exempted.</p> <p>When <u>engaging in the following transactions between the Company and subsidiaries, or with wholly-owned (both total issued shares or total authorized capital), either directly or indirectly, subsidiaries</u> BOD may</p>	<p>paid-in capital or 10% of the total assets of this Company, or over NT\$300 million, the Company shall submit the following data to the audit committee to obtain the consent of over half of all committee members and then to BOD for resolution prior to concluding the transaction agreement and disburse the payment:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason(s) for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the fairness of the preliminary transaction terms in accordance with Article 15 and Article 16. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and fairness of fund utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the foregoing article. 7. Restrictive covenants and other important stipulations associated with the transaction. <p>The transaction amount referred to in the foregoing paragraph shall be calculated in accordance with paragraph 2, Article 30, and "within one year" referred to in this Procedure shall mean one year before the date of occurrence of the current transaction Transactions that have been consented by over half of all audit committee members, resolved by BOD can be exempted.</p> <p>When <u>acquiring or disposing equipment intended for operating use</u> between the Company and subsidiaries, BOD may authorize the chairperson to directly proceed acquisition or disposal within a designated limit and apply for adoption of the transaction in the next board meeting.</p>	<p>credit for foreign governments is inconsistent and not covered by the exception of this article, only domestic government bond is defined. In addition, paragraph 1 is amended in response to the applicability of IFRS 16 Leases, the access right is included in this article.</p> <ol style="list-style-type: none"> 3. In view of the need for re-transfer (including trading or sublet) of equipment for operating use acquired through collective procurement and the possibility of collective lease or sublet of real property of public companies and their parents and subsidiaries or with the wholly-owned subsidiaries (either directly or indirectly) for business planning, and the lower risk of such transactions, paragraph 3 is amended according to loosen the authorization for chairperson to acquire or dispose of equipment for operating use, its right-of-use assets, or the right-of-use assets of real property for operating use. Text is also amended accordingly.
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<p>authorize the chairperson to directly proceed acquisition or disposal within a designated limit and apply for adoption of the transaction in the next board meeting.</p> <ol style="list-style-type: none"> 1. <u>Acquisition or disposal of equipment or right-of-use assets thereof held for operating use.</u> 2. <u>Acquisition or disposal of real property right-of-use assets held for operating use.</u> 		
<p><u>Article 16</u> When acquiring real property <u>or its right-of-use assets</u> from a related party, the Company shall evaluate the fairness of the transaction cost by appraising:</p> <ol style="list-style-type: none"> 1. The cost including the transaction price and necessary interest on funding of the related party and the buyer's cost. "Necessary interest on funding" is calculated based on the weighted average interest rate on borrowing in the year the Company purchases the property, provided that the rate shall not exceed the maximum lending rate of non-financial industries announced by the Ministry of Finance. 2. The total value appraised by the lending financial institution where a related party has mortgaged the real property to a financial institution, provided that the actual cumulative amount lent by the financial institution shall be above 70% of the appraised total value and the period of lending shall be over one year. This shall not apply where the financial institution is a related party of one of the trading counterparties. <p>Where both the land and premises of the same subject matter are purchased <u>or leased</u> in the same transaction, the transaction cost of the land and the premises can be appraised individually in accordance with either means in the foregoing <u>two paragraphs</u>.</p> <p>When purchasing real property <u>or its right-of-use assets</u> from a related party, after appraising the cost in accordance with paragraphs 1 and 2, the Company shall consult a CPA to review and express specific opinion on the appraisal results.</p> <p>Where acquiring real property <u>or its right-of-use assets</u> from a related party under any one of the following circumstances, the foregoing three paragraphs shall not apply, and the</p>	<p><u>Article 15</u> When acquiring real property from a related party, the Company shall evaluate the fairness of the transaction cost by appraising:</p> <ol style="list-style-type: none"> 1. The cost including the transaction price and necessary interest on funding of the related party and the buyer's cost. "Necessary interest on funding" is calculated based on the weighted average interest rate on borrowing in the year the Company purchases the property, provided that the rate shall not exceed the maximum lending rate of non-financial industries announced by the Ministry of Finance. 2. The total value appraised by the lending financial institution where a related party has mortgaged the real property to a financial institution, provided that the actual cumulative amount lent by the financial institution shall be above 70% of the appraised total value and the period of lending shall be over one year. This shall not apply where the financial institution is a related party of one of the trading counterparties. <p>Where both the land and premises of the same subject matter are purchased in the same transaction, the transaction cost of the land and the premises can be appraised individually in accordance with either means in the foregoing paragraph.</p> <p>When purchasing real property from a related party, after appraising the cost in accordance with paragraphs 1 and 2, the Company shall consult a CPA to review and express specific opinion on the appraisal results.</p> <p>Where acquiring real property from a related party under any one of the following circumstances, the foregoing three paragraphs shall not apply, and the Company shall proceed in accordance with the Article 14:</p>	<ol style="list-style-type: none"> 1. Article seriation change. 2. Paragraphs 1 to 4 are amended in response to the IFRS 16 Leases to include the lease or acquisition of real property and its right-of-use assets in the article. 3. In view of the possibility of collective lease or sublet of real property of public companies and their parents and subsidiaries or with the wholly-owned subsidiaries (either directly or indirectly) for business planning, and the lower risk of non-arm's length transactions, subparagraph 4 of paragraph 4 is added to eliminate the assessment of the fairness of the transaction cost (the price which a related party pays to acquire or lease real property). In addition, the applicability of this article has been excepted from these transactions, it is needless to present evidence to support the fairness of prices with respect to Article 17 and the need to appropriate special reserve as specified in Article 18. 4. Text amendment to the preamble of paragraphs 3 and 4 for legal compliance.

<p>Company shall proceed in accordance with the Article 14:</p> <ol style="list-style-type: none"> 1. The related party acquires the real property <u>or its right-of-use assets</u> through inheritance or as a gift. 2. More than five years have elapsed between the time when the related party acquires the real property <u>or its right-of-use assets</u> by contract and date of contract execution of the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. 4. <u>The real property right-of-use assets for operating use are acquired by this Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u> 	<ol style="list-style-type: none"> 5. The related party acquires the real property through inheritance or as a gift. 6. More than five years have elapsed between the time when the related party acquires the real property by contract and date of contract execution of the current transaction. 7. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. 	
<p><u>Article 17</u> Where the results of appraisals conducted in accordance with paragraphs 1 and 2 of the foregoing article are lower than the transaction price, acquisition shall be proceeded in accordance with Article <u>18</u>, except under the following circumstance otherwise and objective evidence and the opinion on the fairness of the price expressed by a professional real property appraiser and a CPA are presented.</p> <ol style="list-style-type: none"> 1. When acquiring undeveloped land or leased land for development, a related party shall submit proof of compliance with any one of the following conditions: <ol style="list-style-type: none"> (1) The sum of the value of undeveloped land appraised in accordance with the foregoing paragraph and the value of premises calculated in accordance with the construction cost plus reasonable construction profit of the related party exceeds the actual transaction price. "Reasonable construction profit" shall be either the average gross profit margin of the related party's construction sector over the last three years or the lasted gross profit margin for the 	<p><u>Article 16</u> Where the results of appraisals conducted in accordance with paragraphs 1 and 2 of the foregoing article are lower than the transaction price, acquisition shall be proceeded in accordance with Article <u>17</u>, except under the following circumstance otherwise and objective evidence and the opinion on the fairness of the price expressed by a professional real property appraiser and a CPA are presented.</p> <ol style="list-style-type: none"> 3. When acquiring undeveloped land or leased land for development, a related party shall submit proof of compliance with any one of the following conditions: <ol style="list-style-type: none"> (3) The sum of the value of undeveloped land appraised in accordance with the foregoing paragraph and the value of premises calculated in accordance with the construction cost plus reasonable construction profit of the related party exceeds the actual transaction price. "Reasonable construction profit" shall be either the average gross profit margin of the related party's construction sector over the last three years or the lasted gross profit margin for the construction 	<ol style="list-style-type: none"> 1. Article seriation change and adjustment of the seriation of references for the preamble of paragraph 1. 2. In response to the practice of PP&E lease, the acquisition of real property or its right-of-use assets from a related party is loosened. When acquiring real property from a related party or its right-of-use assets from a related party, this Company may assume and estimate the fair price of transaction with respect to the lease transactions with non-related parties in the neighborhood within one year. Item 3 of subparagraph 1 of paragraph 1 is incorporated into Item 2 and the lease case is added as the transaction case. Item 2 of subparagraph 1 of paragraph 1; subparagraph 2 of paragraph 1; and paragraph 2 are thus amended.

<p>construction industry promulgated by the Ministry of Finance (MOF), whichever is lower.</p> <p>(2) Completed <u>transactions</u> by unrelated parties within the previous year involving other floors of the same property <u>or its right-of-use assets</u> or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property trading <u>or leasing</u> market practices.</p> <p>2. When acquiring real property <u>or leasing its right-of-use assets</u> from a related party, this Company shall provide evidence to prove that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the previous year.</p> <p>Completed <u>transactions</u> for neighboring or closely valued parcels of land in the foregoing paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property <u>or its right-of-use assets</u> in the planned transaction; within the previous year refers to the year foregoing the date of occurrence of the acquisition of the real property <u>or its right-of-use assets</u>.</p>	<p>industry promulgated by the Ministry of Finance (MOF), whichever is lower.</p> <p>(4) Completed transactions by unrelated parties within the previous year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>(5) <u>Completed leasing transactions by unrelated parties for other floors of the same property within the previous year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>4. When acquiring real property from a related party, this Company shall provide evidence to prove that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the previous year.</p> <p><u>Completed transactions</u> for neighboring or closely valued parcels of land in the foregoing paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the previous year refers to the year foregoing the date of occurrence of the acquisition of the real property.</p>	
<p><u>Article 18</u> Where the Company acquires real property <u>or its right-of-use assets</u> from a related party and the results of appraisals conducted in accordance with the <u>foregoing two</u> articles are uniformly lower than the transaction price, the following steps shall be taken:</p>	<p><u>Article 17</u> Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with articles <u>15 and 16</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside</p>	<p>1. Seriation change.</p> <p>2. The preamble and subparagraph 1 of paragraph 1, paragraph 2, and paragraph 3 are amended in response to IFRS 16 Leases to include the things to do when the assessed cost is lower than the transaction price of the access right of real property leased from a</p>

<p>1. A special reserve shall be set aside in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the transaction price of real property <u>or its right-of-use assets</u> and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under paragraph 1 of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. The Audit Committee shall proceed in accordance with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>After setting aside a special reserve under the foregoing paragraph, this Company shall not use the special reserve until it has been recognized as a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or has been disposed, <u>or the lease has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that no unfairness about the transaction is found, and the FSC has given its consent.</p> <p>When acquiring real property <u>or its right-of-use assets</u> from a related party, this Company shall also comply with the foregoing two paragraphs if there is other evidence indicating that the acquisition is not an arm's length transaction.</p>	<p>in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under paragraph 1 of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. The Audit Committee shall proceed in accordance with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to <u>subparagraph 1 and subparagraph 2</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>After setting aside a special reserve under the foregoing paragraph, this Company shall not use the special reserve until it has been recognized as a loss on decline in market value of the assets it purchased at a premium, or has been disposed, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that no unfairness about the transaction is found, and the FSC has given its consent.</p> <p>When acquiring real property from a related party, this Company shall also comply with the foregoing two paragraphs if there is other evidence indicating that the acquisition is not an arm's length transaction.</p>	<p>related party.</p> <p>3. Added a second part to subparagraph 2 of paragraph 1 to specify the establishment of an audit committee, and the first part of the same subparagraph shall apply mutatis mutandis to the independent directors of the audit committee.</p> <p>4. Text amendment to the preamble and subparagraph 3 of paragraph 1 for legal compliance.</p>
Section 4 Derivatives Transaction	Section 4 Derivatives Transaction	The section and its title remain unchanged.
<u>Article 19: Omitted</u>	<u>Article 18: Omitted</u>	Article seriation change.
<u>Article 20</u> When engaging in derivatives transaction, this Company shall adopt the following risk management measures: 1. Risk management shall address credit, market price, liquidity, cash	<u>Article 19</u> When engaging in derivatives transaction, this Company shall adopt the following risk management measures: 1. Risk management shall address credit, market price, liquidity, cash	1. Article seriation change. 2. Chinese text updated in paragraph 4.

<p>flow, operational, and legal risks.</p> <p>2. Personnel engaging in derivatives transaction shall not serve concurrently in other operations such as confirmation and settlement.</p> <p>3. Risk measurement, monitoring, and control personnel shall be assigned from departments different from that the personnel in the foregoing item and shall report to BOD or higher-level officers with no responsibility for transaction or position decision-making.</p> <p>4. Positions held for derivatives transaction shall be assessed at least once per week; however, positions for hedge for business needs shall be assessed at least twice per month. Assessment reports shall be submitted to higher-level officers authorized by BOD.</p> <p>5. Other important risk management measures.</p>	<p>flow, operational, and legal risks.</p> <p>2. Personnel engaging in derivatives transaction shall not serve concurrently in other operations such as confirmation and settlement.</p> <p>3. Risk measurement, monitoring, and control personnel shall be assigned from departments different from that the personnel in the foregoing item and shall report to BOD or higher-level officers with no responsibility for transaction or position decision-making.</p> <p>4. Positions held for derivatives transaction shall be assessed at least once per week; however, positions for hedge for business needs shall be assessed at least twice per month. Assessment reports shall be submitted to higher-level officers authorized by BOD.</p> <p>5. Other important risk management measures.</p>	
<p><u>Article 21</u></p> <p>When engaging in derivatives transactions, BOD shall supervise and manage such transactions in accordance with the following principles:</p> <p>1. Designate higher-level officers to pay continuous attention to monitoring and controlling derivatives transaction risks.</p> <p>2. Periodically assess if transaction performance is consistent with established business strategy and of the risk undertaken is within the Company's permitted scope of tolerance.</p> <p>Higher-level officers authorized by BOD shall manage derivatives transactions in accordance with the following principles:</p> <p>1. Assess, at planned intervals, the suitability of the existing risk management measures and proceed transactions exactly in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the derivatives transaction operating procedure of this Company.</p> <p>2. Monitor the status of transactions and losses, take necessary actions against anomalies, if any, and immediately report to BOD. Independent directors shall sit in a board meeting and express their opinions.</p>	<p><u>Article 20</u></p> <p>When engaging in derivatives transactions, BOD shall supervise and manage such transactions in accordance with the following principles:</p> <p>1. Designate higher-level officers to pay continuous attention to monitoring and controlling derivatives transaction risks.</p> <p>2. Periodically assess if transaction performance is consistent with established business strategy and of the risk undertaken is within the Company's permitted scope of tolerance.</p> <p>Higher-level officers authorized by BOD shall manage derivatives transactions in accordance with the following principles:</p> <p>1. Assess, at planned intervals, the suitability of the existing risk management measures and proceed transactions exactly in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the derivatives transaction operating procedure of this Company.</p> <p>2. Monitor the status of transactions and losses, take necessary actions against anomalies, if any, and immediately report to BOD. Independent directors shall sit in a board meeting and express their opinions.</p>	<p>1. Article seriation change.</p> <p>2. Chinese text updated in subparagraph 1 of paragraph 2.</p>

After authorizing relevant personnel to conduct derivatives transaction in accordance with this Procedure, the Company shall report this to the next board meeting afterwards.	After authorizing relevant personnel to conduct derivatives transaction in accordance with this Procedure, the Company shall report this to the next board meeting afterwards.	
<u>Article 22</u> When engaging in derivatives transactions, this Company shall establish a memorandum book in record in detail the types and amounts of derivatives transactions, BOD approval dates, and the matters required for careful assessment under item 4 of Article <u>20</u> ; item 2 of paragraph 1 and item 1 of paragraph 2 of the <u>previous article</u> . Internal audit personnel of this Company shall periodically determine the fairness of internal controls on derivatives transactions and monthly audit the procedural compliance of departments trading derivatives, and records shall be maintained. Audit personnel shall inform the audit committee of any material violations in writing.	<u>Article 21</u> When engaging in derivatives transactions, this Company shall establish a memorandum book in record in detail the types and amounts of derivatives transactions, BOD approval dates, and the matters required for careful assessment under item 4 of Article <u>19</u> ; item 2 of paragraph 1 and item 1 of paragraph 2 of Article <u>20</u> . Internal audit personnel of this Company shall periodically determine the fairness of internal controls on derivatives transactions and monthly audit the procedural compliance of departments trading derivatives, and records shall be maintained. Audit personnel shall inform the audit committee of any material violations in writing.	1. Article seriation change. 2. Adjusted the seriation of the references and updated related text for legal compliance.
Section 5 Merger, Spin-off, Acquisition, and Transfer of Shares	Section 5 Merger, Spin-off, Acquisition, and Transfer of Shares	The section and its title remain unchanged.
<u>Article 23: Omitted</u>	<u>Article 22: Omitted</u>	Article seriation change.
<u>Article 24: Omitted</u>	<u>Article 23: Omitted</u>	Article seriation change.
<u>Article 25</u> Unless other law otherwise specifies or for special reasons that have been reported to and approved by FSC, <u>the company</u> participating in a merger, spin-off, or acquisition shall convene a board meeting and a general meeting of shareholders on the same day of transaction to resolve matters in relation to a merger, spin-off, or acquisition. Unless other law otherwise specifies or for special reasons that have been reported to and approved by FSC, <u>the company</u> participating in a transfer of shares shall convene a board meeting on the same day of transaction when conducting a transfer of shares. When conducting a merger, spin-off, acquisition, or transfer of shares, the Company shall document the following data and retain such data for five years for auditing: 1. Basic data of personnel: Including the title, name, and citizen ID number (or passport number for aliens) of all persons involved in the planning or implementation of a merger, spin-off, acquisition, or transfer of shares prior to the	<u>Article 24</u> Unless other law otherwise specifies or for special reasons that have been reported to and approved by FSC, <u>the company</u> participating in a merger, spin-off, or acquisition shall convene a board meeting and a general meeting of shareholders on the same day of transaction to resolve matters in relation to a merger, spin-off, or acquisition. Unless other law otherwise specifies or for special reasons that have been reported to and approved by FSC, <u>the company</u> participating in a transfer of shares shall convene a board meeting on the same day of transaction when conducting a transfer of shares. When conducting a merger, spin-off, acquisition, or transfer of shares, the Company shall document the following data and retain such data for five years for auditing 4. Basic data of personnel: Including the title, name, and citizen ID number (or passport number for aliens) of all persons involved in the planning or implementation of a merger, spin-off, acquisition, or transfer of shares prior to the	1. Article seriation change. 2. Updated related text of Item 1,2 and 5 for legal compliance.

<p>disclosure of information.</p> <p>2. Important dates: Including the data of execution of any letters of intent or memoranda of understanding; the date of appointment of a financial advisor or legal consult; the date of contract execution; and the date of the board meeting.</p> <p>3. Important documents and minutes: Including the plan of a merger, spin-off, acquisition, or transfer of shares, any letters of intent or memoranda of understanding, important contracts, and the minutes of board meeting.</p> <p>When participating in a merger, spin-off, acquisition, or transfer of shares, the Company report the data specified in items 1 and 2 to FSC over the internet in the required format within two days after BOD approval. Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, this Company shall sign an agreement with them and proceed in accordance with two paragraphs mentioned above .</p>	<p>disclosure of information.</p> <p>5. Important dates: Including the data of execution of any letters of intent or memoranda of understanding; the date of appointment of a financial advisor or legal consult; the date of contract execution; and the date of the board meeting.</p> <p>6. Important documents and minutes: Including the plan of a merger, spin-off, acquisition, or transfer of shares, any letters of intent or memoranda of understanding, important contracts, and the minutes of board meeting.</p> <p>When participating in a merger, spin-off, acquisition, or transfer of shares, the Company report the data specified in items 1 and 2 to FSC over the internet in the required format within two days after BOD approval. Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, this Company shall sign an agreement with them and proceed in accordance with paragraphs 3 and 4.</p>	
<u>Article 26: Omitted</u>	<u>Article 25: Omitted</u>	Article seriation change.
<u>Article 27: Omitted</u>	<u>Article 27: Omitted</u>	Article seriation change.
<u>Article 28: Omitted</u>	<u>Article 27: Omitted</u>	Article seriation change.
<u>Article 29: Omitted</u>	<u>Article 28: Omitted</u>	Article seriation change.
<p><u>Article 30</u></p> <p>Where the participant of a merger, spin-off, acquisition, or transfer of share is not a public company, the Company shall sign an agreement with this participant and proceed in accordance with articles <u>25 and 26, and the previous article.</u></p>	<p><u>Article 29</u></p> <p>Where the participant of a merger, spin-off, acquisition, or transfer of share is not a public company, the Company shall sign an agreement with this participant and proceed in accordance with articles <u>24, 25, and 28.</u></p>	<p>1. Article seriation change.</p> <p>2. Updated the seriation of references and related text for legal compliance.</p>
Chapter III Public Disclosure of Information	Chapter III Public Disclosure of Information	The chapter and its title remain unchanged.
<p><u>Article 31:</u> When acquiring or disposing assets, this Company shall publish/report relevant information by the asset type in the required format on the website designated by the Financial Supervisory Commission (FSC) within two days after occurrence under any one of the following circumstances:</p> <p>1. Acquiring or disposing real property <u>or its right-of-use assets</u> with related parties, or acquiring or disposing assets other than real property <u>or its right-of-use assets</u> with related parties at a transaction amount up to 20% of this Company's paid-in capital, or up to</p>	<p><u>Article 30</u></p> <p>When acquiring or disposing assets, this Company shall publish/report relevant information by the asset type in the required format on the website designated by the Financial Supervisory Commission (FSC) within two days after occurrence under any one of the following circumstances:</p> <p>7. Acquiring or disposing real property with related parties, or acquiring or disposing assets other than real property with related parties at a transaction amount up to 20% of this Company's paid-in capital, or up to 10% of the total</p>	<p>1. Seriation change.</p> <p>2. "Government Bond" in subparagraphs 1 and item 1 of subparagraph 7 of paragraph 1 shall mean domestic government bonds. This is because the credit of the central government and local governments of Taiwan is clearly defined and easy to enquire. The need for announcement is thus exempted. As the credit for foreign governments is inconsistent and not covered by the exception of this article, only domestic government bond is defined.</p> <p>3. Subparagraphs 1, 4, and 5 of</p>

<p>10% of the total assets, or over NT\$300 million, except for trading <u>domestic</u> bonds and RP/RS securities, subscribing or buying back MMFs issued by domestic securities investment trust companies.</p> <p>2. Conducting mergers, spin-offs, acquisitions, or stock transfers.</p> <p>3. Losses from derivatives trading <u>reaching</u> the limits on aggregate losses or losses on individual contracts specified in the relevant procedures.</p> <p>4. Acquiring or disposing assets <u>or their right-of-use assets</u> for operating use with counterparties who are not a related party at an amount up to any one of the following:</p> <p>(1) When the Company's a paid-in capital is under NT10 billion and a transaction amount is over NT\$500 million.</p> <p>(2) When the Company's paid-in capital over NT10 billion and a transaction amount is over NT\$1 billion.</p> <p>5. Acquiring real property through outsourcing construction projects on own real property, outsourcing construction projects on leased real property, or joint construction <u>not from a related party</u> at a planned investment amount over NT\$500 million.</p> <p>6. Asset transactions, obligations disposed by financial institutions, or investments in mainland China other than that mentioned in the foregoing five paragraphs at an amount above 20% of the Company's paid-in capital or over NT\$300 million, except for the following circumstances:</p> <p>(1) Trading <u>domestic</u> government bonds.</p> <p>(2) Trading RP/RS securities, subscribing or buying back MMFs issued by domestic securities investment trust companies.</p> <p>The amount of the said transactions shall be calculated as follows:</p> <p>1. The amount of individual transactions.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty</p>	<p>assets, or over NT\$300 million, except for trading bonds and RP/RS securities, subscribing or buying back MMFs issued by domestic securities investment trust companies.</p> <p>8. Conducting mergers, spin-offs, acquisitions, or stock transfers.</p> <p>9. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts specified in the relevant procedures.</p> <p>10. Acquiring or disposing assets for operating use with counterparties who are not a related party at an amount up to any one of the following:</p> <p>(3) When the Company's a paid-in capital is under NT10 billion and a transaction amount is over NT\$500 million.</p> <p>(4) When the Company's paid-in capital over NT10 billion and a transaction amount is over NT\$1 billion.</p> <p>11. Acquiring real property through outsourcing construction projects on own real property, outsourcing construction projects on leased real property, or joint construction at a planned investment amount over NT\$500 million.</p> <p>12. Asset transactions, obligations disposed by financial institutions, or investments in mainland China other than that mentioned in the foregoing five paragraphs at an amount above 20% of the Company's paid-in capital or over NT\$300 million, except for the following circumstances:</p> <p>(3) Trading government bonds.</p> <p>(4) Trading RP/RS securities, subscribing or buying back MMFs issued by domestic securities investment trust companies.</p> <p>The amount of the said transactions shall be calculated as follows:</p> <p>5. The amount of individual transactions.</p> <p>6. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.</p> <p>7. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions</p>	<p>paragraph 1 and subparagraph 3 of paragraph 2 are amended in response to the applicability of IFRS 16 Leases, the access right is included in this article.</p> <p>4. While the scope of disclosure regarding related party trade has been defined in subparagraph 1 of paragraph 1, subparagraph 5 of the same paragraph is thus amended as it was intended to define non-related party trade for legal compliance.</p> <p>5. Text update of subparagraph 3 of paragraph 1 for legal compliance.</p> <p>6. Text update for paragraphs 4 and 6 for legal compliance.</p>
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<p>within one year.</p> <p>3. The cumulative transaction amount of acquisitions of real property <u>or its right-of-use assets</u> and disposals (cumulative acquisitions and disposals, respectively) under the same development project within one year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.</p> <p>“Within one year” referred to in this Procedure shall mean the one year prior to the date of occurrence of the current transaction. Transactions that have been published in accordance with this Procedure can be exempted. This Company shall publish in the format and on the information disclosure website designated by the FSC by the 10th of each month on the information regarding the status of derivatives transactions in the previous month of this Company or the overseas subsidiaries of a non-public company. Where there are mistakes or omissions of the items required for disclosure requiring corrections or supplementations found at the time of disclosure, this Company shall re-disclose all items within two days after acknowledgement. Unless other law otherwise specifies, when acquiring or disposing assets, <u>this</u> Company shall retain for at least five years all relevant contracts; minutes of meetings; memorandum books; appraisal reports; and the opinion expressed by the CPA, legal counsel, and securities underwriter.</p>	<p>and disposals, respectively) under the same development project within one year.</p> <p>8. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.</p> <p>“Within one year” referred to in this Procedure shall mean the one year prior to the date of occurrence of the current transaction. Transactions that have been published in accordance with this Procedure can be exempted. This Company shall publish in the format and on the information disclosure website designated by the FSC by the 10th of each month on the information regarding the status of derivatives transactions in the previous month of this Company or the overseas subsidiaries of a non-public company. Where there are mistakes or omissions of the items required for disclosure requiring corrections or supplementations found at the time of disclosure, this Company shall re-disclose all items within two days after acknowledgement. Unless other law otherwise specifies, when acquiring or disposing assets, <u>this</u> Company shall retain for at least five years all relevant contracts; minutes of meetings; memorandum books; appraisal reports; and the opinion expressed by the CPA, legal counsel, and securities underwriter.</p>	
<u>Article 32: Omitted</u>	<u>Article 31: Omitted</u>	Article seriation change.
Chapter IV Addendum	Chapter IV Addendum	The chapter and its title remain unchanged.
<p><u>Article 33</u></p> <p>This Company and subsidiaries shall not purchase real property and <u>its right-of-use assets</u> not intended for operating use with a total amount exceeding 10% of that company’s net worth. This Company shall not purchase securities with a total amount exceeding 200% of that Company’s net worth. A subsidiary shall not purchase securities with a total amount exceeding 130% of its net worth. This Company and subsidiaries shall not invest in any single security with an amount over 130% of that company.</p>	<p><u>Article 32</u></p> <p>This Company and subsidiaries shall not purchase real property and not intended for operating use with a total amount exceeding 10% of that company’s net worth. This Company shall not purchase securities with a total amount exceeding 200% of that Company’s net worth. A subsidiary shall not purchase securities with a total amount exceeding 130% of its net worth. This Company and subsidiaries shall not invest in any single security with an amount over 130% of that company.</p>	<p>1. Seriation change.</p> <p>2. In response to the applicability of IFRS 16 Leases, the right-of-use assets of real property not intended for operating use are included in the cap of disposal.</p>

<p><u>Article 34</u> This Company may represent a subsidiary that is not a domestic public company in acquisition or disposal of assets that shall be disclosed in Chapter III.</p> <p>The paid-in capital or total assets of the Company shall be the criteria for determining if a subsidiary referred to in the foregoing paragraph is subject to paragraph, Article <u>31</u>, requiring the publication and regulatory filing where the type of transaction specified therein reaches the paid-in capital or the total assets.</p>	<p><u>Article 33</u> This Company may represent a subsidiary that is not a domestic public company in acquisition or disposal of assets that shall be disclosed in Chapter III.</p> <p>The paid-in capital or total assets of the Company shall be the criteria for determining if a subsidiary referred to in the foregoing paragraph is subject to paragraph, Article <u>30</u>, requiring the publication and regulatory filing where the type of transaction specified therein reaches <u>20 percent</u> of paid-in capital or <u>10 percent</u> of the total assets.</p>	<ol style="list-style-type: none"> 1. Seriation change and adjustment of reference in paragraph 2. 2. Given the consistency of reporting standard between subsidiaries and the parent company, and in response to the addition of the reporting standard of “paid-in capital up to NT\$10 billion” to paragraph 1 of Article 31, paragraph 2 is amended for application by subsidiaries. 3. Chinese text update for legal compliance.
<p><u>Article 35</u> The transaction restriction at 10% of total assets in this Procedure shall be calculated in accordance with the amount of total capital disclosed in the latest individual financial statements prepared in accordance with the Preparation of Financial Reports by Securities Issuers.</p> <p>Where shares have no par value or a par value other than NT\$10, the transaction restriction at 20% of the paid-in capital as specified in this Procedure shall be calculated at 10% of the equity attributed to owners of the parent company; and the <u>transaction restriction for paid-in capital of NT\$10 billion shall be at NT\$20 billion of the equity attributed to owners of the parent company.</u></p>	<p><u>Article 32-1</u> The transaction restriction at 10% of total assets in this Procedure shall be calculated in accordance with the amount of total capital disclosed in the latest individual financial statements prepared in accordance with the Preparation of Financial Reports by Securities Issuers.</p> <p>Where shares have no par value or a par value other than NT\$10, the transaction restriction at 20% of the paid-in capital as specified in <u>articles 9 to 11, 13, 30, and 33</u> of this Procedure shall be calculated at 10% of the equity attributed to owners of the parent company.</p>	<ol style="list-style-type: none"> 1. Seriation change and adjustment of paragraph 2. 2. Deletion of the preamble for clearer expressions. 3. Addition a second part to paragraph 2 to specified the calculation method for paid-in capital at NT\$10 billion as specified in Article 31 when shares have no par value or a par value other than NT\$10.
<p><u>Article 36</u> This Procedure shall take effect as of the date of AMG approval.</p>	<p><u>Article 34</u> This Procedure shall take effect as of the date of AMG approval.</p>	<p>Seriation change.</p>

Annex 8

Taiwan Cogeneration Corporation

Cross-reference of the “Loaning, Endorsements and Guarantees Operating Procedures” before and after amendments

Established by the General Meeting of Shareholders on 20 June 2012

1st Amendment made by the General Meeting of Shareholders on 21 June 2013

2nd Amendment made by the General Meeting of Shareholders on 21 June 2017

3rd Amendment made by the General Meeting of Shareholders on 20 June 2019

After Amendment	Before Amendment	Description
<p>Article 2</p> <p>This Company shall offer loans, endorsements, or guarantees to others in accordance with this Procedure.</p>	<p>Article 2</p> <p><u>Unless other law otherwise requires,</u> this Company shall offer loans, endorsements, or guarantees to others in accordance with this Procedure.</p>	<p>With respect to the present exception, “unless other law otherwise requires” shall mean the prioritization of industry-specific laws and regulations, including banking, insurance, bills finance, securities and futures, governing their acquisition and disposal of assets. Therefore, we remove the present exception.</p>
<p>Article 3</p> <p>Unless under otherwise the following circumstances, this Company shall not lend to shareholders or other persons:</p> <ol style="list-style-type: none"> 1. Companies/firms having business with this Company. 2. Companies of which this Company holds, directly or indirectly, more than 50 percent of voting shares or companies which hold, directly and indirectly, more than 50 percent of the voting shares of this Company requiring short-term financing for business needs. The financing amount of lending shall not exceed 40% of the net worth of this Company. <p>“Short-term” in the foregoing item refers to a term less than one year.</p> <p>“Financing amount” in the foregoing items refers to the cumulative balance of the short-term financing.</p> <p><u>When violating paragraph 1, company’s responsible person shall share the joint responsibility of the borrower to return the loan. The same shall apply to the indemnification of the damages, if any, caused to the company.</u></p>	<p>Article 3</p> <p>Unless under otherwise the following circumstances, this Company shall not lend to shareholders or other persons:</p> <ol style="list-style-type: none"> 3. Companies/firms having business with this Company. 4. Companies of which this Company holds, directly or indirectly, more than 50 percent of voting shares or companies which hold, directly and indirectly, more than 50 percent of the voting shares of this Company requiring short-term financing for business needs. The financing amount of lending shall not exceed 40% of the net worth of this Company. <p>“Short-term” in the foregoing item refers to a term less than one year.</p> <p>“Financing amount” in the foregoing items refers to the cumulative balance of the short-term financing.</p>	<p>The responsibility for repaying the loan and the indemnifying the damages is added to short-term financing exceeding the limit specified in this Procedure.</p>
<p>Article 7</p> <p>“Disclosure and Report” referred to in this Procedure shall mean the process of entering data to the information reporting website designated by FSC.</p> <p>“Date of Occurrence” referred to in this Procedure shall mean the date of contract execution, date of payment, date of board resolutions, or other dates valid for</p>	<p>Article 7</p> <p>“Disclosure and Report” referred to in this Procedure shall mean the process of entering data to the information reporting website designated by FSC.</p> <p>“Date of Occurrence” referred to in this Procedure shall mean the date of contract execution, date of payment, date of board resolutions, or other dates valid for</p>	<p>Given the non-transaction nature of lending, endorsement, and guarantee, paragraph 2 is thus amended.</p>

determining the <u>counterpart</u> and amount of <u>lending or endorsement or guarantee</u> , whichever is earlier.	determining the <u>transaction counterpart</u> and <u>transaction amount of a transaction</u> , whichever is earlier.	
<p>Article 25</p> <p>This Company shall immediately publish and report the balance of endorsements/guarantees within two days after the date of occurrence under any one of the following circumstances:</p> <ol style="list-style-type: none"> 1. The aggregate balance of endorsements/guarantees of the Company and subsidiaries is over 50% of the Company's net worth as disclosed in the latest financial statements. 2. The aggregate balance of endorsements/guarantees for a single company of the Company and subsidiaries is over 20% of the Company's net worth as disclosed in the latest financial statements. 3. The aggregate balance of endorsements/guarantees for a single company of the Company and subsidiaries is over NT\$10 million and the total of endorsements/guarantees, <u>the total amount of the face value</u> and lending balance of investments <u>using the equity method</u> over 30% of the Company's net worth as disclosed in the latest financial statements. 4. The amount of new endorsements/guarantees of the Company and subsidiaries is over NT\$30 million and over 5% of the Company's net worth as disclosed in the latest financial statements. <p>This Company may represent a subsidiary that is not a domestic public company to publish and report the balance of endorsements/guarantees as requested in item 4 of the foregoing.</p>	<p>Article 25</p> <p>This Company shall immediately publish and report the balance of endorsements/guarantees within two days after the date of occurrence under any one of the following circumstances:</p> <ol style="list-style-type: none"> 1. The aggregate balance of endorsements/guarantees of the Company and subsidiaries is over 50% of the Company's net worth as disclosed in the latest financial statements. 2. The aggregate balance of endorsements/guarantees for a single company of the Company and subsidiaries is over 20% of the Company's net worth as disclosed in the latest financial statements. 3. The aggregate balance of endorsements/guarantees for a single company of the Company and subsidiaries is over NT\$10 million and the total of endorsements/guarantees, <u>long-term</u> investments and lending balance is over 30% of the Company's net worth as disclosed in the latest financial statements. 4. The amount of new endorsements/guarantees of the Company and subsidiaries is over NT\$30 million and over 5% of the Company's net worth as disclosed in the latest financial statements. <p>This Company may represent a subsidiary that is not a domestic public company to publish and report the balance of endorsements/guarantees as requested in item 4 of the foregoing</p>	<p>To define the nature of long-term investments, subparagraph 3 of paragraph 1 is amended with respect to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".</p>

IV. Appendices

Appendix 1

Taiwan Cogeneration Corporation

Rules of Procedure for Meetings of Shareholders

Approved by initiators meeting on April 14, 1992

1st amendment made on December 29, 1998

2nd amendment made on June 27, 2002

1. Except as otherwise specified by the law, this Company shall hold meetings of shareholders in accordance with this Rules of Procedure for Meetings of Shareholders.
2. This Company shall prepare an attendance register for shareholders to sign in, or shareholders present may hand in an attendance card in place of signing on the attendance register.
3. The presence of shareholders in a meeting of shareholders and their voting rights shall be calculated in accordance with the number of shares.
4. The place for convening the meeting of shareholders shall be held in this Company or any places convenient for the presence of shareholders and suitable for holding of a meeting of shareholders. The time for commencing the meeting of shareholders shall not be earlier than nine o'clock in the morning or later than three o'clock in the afternoon.
5. When a meeting of shareholders is convened by the Board of Directors, the chairman of the board shall preside on that meeting of shareholders. Where the chairman is unable to carry out his duty, he shall designate a director to act on his behalf. Where the chairman does not appoint an agent, directors shall elect one from amongst themselves to act on behalf of chairman.
6. This Company may assign the legal consul or certified public accountant it hires or other relevant persons to be the guest of the meeting of shareholders. Meeting service personnel shall wear an identity card or a badge.
7. This Company shall maintain a full record of the meeting of shareholders with audio or video tapes. Such video or audio tapes shall be retained for at least one year.
8. The chairman shall call the meeting to order at the appointed meeting time. However, when the shareholders present do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. Where the quorum is not met after two postponements but the shareholders present represent one third or more of the total number of issued shares, a tentative resolution may be made in accordance with paragraph 1 of Article 175 of the Company Act.
When, prior to conclusion of the meeting, the shareholders present represent a majority of the total number of issued shares, the chairman may re-submit the tentative resolution for a vote by the meeting of shareholders in accordance with Article 174 of the Company Act.
9. Where the meeting of shareholders is convened by the BOD, the BOD shall determine the agenda. The meeting of shareholders shall be proceeded according to the agenda. The agenda shall not be changed without the BOD's resolution. Where a meeting of shareholders is convened by a party with the power to convene that is not the board of directors, the agenda of the meeting shall be determined by this party.
The chairman shall not adjourn a meeting without resolution adopted by shareholders, where the motions (including extraordinary motions) covered in the proceedings arranged in the above two paragraphs are not resolved.
After the meeting is adjourned, shareholders shall not elect another chairperson to continue the meeting at the same or another place.
10. Before speaking, a shareholder present shall specify in a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order

in which shareholders speak will be set by the chairman.

A shareholder present does not actually speak after submitting a speaker's slip shall be deemed to have not spoken. When the content of the speech is inconsistent with the subject specified in the speaker's slip, the spoken content shall prevail.

Except with the consent of the chairperson or the shareholder making his/her speech, a shareholder shall not disturb a speech. The chairman may stop shareholders who violate this clause.

11. Except with the consent of the chairman, a shareholder shall not speak on the same proposal more than two times, and each single speech shall not exceed 5 minutes. When a shareholder violates the said regulations or makes a speech outside of the subject matter, the chairman may stop his/her speech.
12. A corporation entrusted to attend the meeting of shareholders shall appoint only one representative to attend the meeting. When the corporation shareholder appoints two or more representatives to attend the meeting, only one of these representatives shall speak on the same proposal.
13. After a shareholder present makes a speech, the chairman may reply in person or direct relevant personnel to reply.
14. When the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may end the discussion and call for a vote.
15. The chairman shall appoint vote monitoring and counting personnel for the voting on a proposal, provided that all monitoring personnel shall be shareholders of this Company.
The results of voting shall be announced on-site and records shall be maintained.
16. When a meeting is in progress, the chairman may announce a break based on time considerations.
17. Except as otherwise specified in the Company Act and the Articles of Incorporation of this Company, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the shareholders present.
18. Where there is an amendment or an alternative to a proposal, the chairman shall determine the order of voting of this proposal and the original proposal. Where any one of them is passed, the other one will then be deemed rejected, and no further voting shall be required.
19. The chairman may direct the proctors (or security guards) to help maintain order at the meeting place. Proctors (or security guards) maintaining order at the meeting place shall wear an armband bearing the word "Proctor".
20. This Rules, and any amendments hereto, shall be implemented after adoption by meeting of shareholders.

Appendix 2

Taiwan Cogeneration Corporation **Articles of Incorporation(before amendment)**

Chapter I General Provisions

- Article 1 This Company is incorporated as a company limited by shares in accordance with the Company Act and other applicable laws of the Republic of China in the name of 台灣汽電共生股份有限公司 in Chinese or Taiwan Cogeneration Corporation in English.
- Article 2 This Company shall conduct business in the following areas:
- (1) D101050 Steam and Electricity Cogeneration
 - (2) D101040 Non-Public Electric Power Generation
 - (3) D401010 Heat Energy Supplying
 - (4) IG03010 Energy Technical Services
 - (5) E601010 Electric Appliance Construction
 - (6) I102010 Investment Consultancy
 - (7) I103060 Manages Consultant Business
 - (8) F401010 International Trade
 - (9) E604010 Machinery Installation Construction
 - (10) JE01010 Rental and Leasing Business
 - (11) IF02010 Electricity Equipments Checking and Maintenance
 - (12) E603050 Cybernation Equipments Construction
 - (13) F113020 Wholesale of Household Appliance
 - (14) F113010 Wholesale of Machinery
 - (15) F113030 Wholesale of Precision Instruments
 - (16) EZ05010 Apparatus Installation Construction
 - (17) E603040 Fire Fighting Equipments Construction
 - (18) E603090 Illumination Equipments Construction
 - (19) J101030 Waste Collection and Transportation
 - (20) J101040 Waste Disposing
 - (21) E599010 Pipe Lines Construction
 - (22) E502010 Fuel Pipe Construction
 - (23) E603010 Cables Construction
 - (24) All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The company is located in Taipei City, Republic of China, and may establish its branch office, representative office, or factory anywhere domestically or overseas as required.
- Article 4 This Company shall make public announcements by publishing announcement in the conspicuous location of daily news in the municipalities or local counties (cities) where this Company is located, except as otherwise specified by the securities management authorities.
- Article 5 The Company may provide guarantee for and lend to a third party for business purpose in accordance with the regulations for endorsements, guarantees and lending of this Company and the Company Act. The regulations for endorsements, guarantees and lending shall be established by the Board of Directors and approved by the meeting of shareholders.

- Article 6 The total amount of the Company's reinvestments shall not be subject to the restriction of not more than forty percent (40%) of the Company's paid-in capital as provided for in Article 13 of the Company Act. Matters regarding reinvestments shall be proceeded in accordance with the resolutions of the Board of Directors.

Chapter II Shares

- Article 7 The total authorized capital of this Company is New Taiwan Dollar Eight Billion (NT\$8 billion) divided into eight hundred million (800,000,000) shares with a par value at New Taiwan Dollar Ten (NT\$10) each. The Board of Directors is authorized to issue such shares in common stocks in a series of issuance.
- Article 8 Stocks of this Company shall be signed by or affixed with the personal seal of at least three directors and serially numbered. These stocks shall be certified by the competent authorities or a certifying institution appointed by the competent authorities prior to issuance. After recordation by the centralized securities custody enterprise/ institution, this Company may issue shares without printing a share certificate.
- Article 9 Stocks issued by this Company are registered stocks. The real name of holders shall be indicated on the stock (share certificate). Where the holder is a corporation, the real name and address of all shareholders and/or the statutory representative shall be recorded in the list of shareholders of this Company. Where there are two more holders, one of them shall be designated as the representative.
- Article 10 After a stock is lost or extinguished, the shareholder or legal holder shall report to the law enforcement agency and complete the lost stock report and submit it to this Company for examination and registration. This shareholder or legal holder shall also apply for public summons to the jurisdiction district court in accordance with the procedure for public summons in the Taiwan Code of Civil Procedure. After the ex-right judgement, this shareholder or legal holder shall apply for the re-issuance of the lost stock to this Company with the court decision.
- Article 11 When re-issuing stocks for ownership transfer or lost/extinguished stocks, this Company may charge an appropriate fee adequate for printing the stock.
- Article 12 Shareholders shall complete their real name and address, affix their personal seals to the signature specimen card, and submit the photocopy of their identity card (corporate shareholders shall submit the photocopy of the company license and business registration certificate issued by the Ministry of Economic Affairs and the photocopy of the identity card of the statutory representative and his/her signature specimen card) to this Company or the shareholder services agent for cross examination when shareholders collect their dividends or exercise their rights. The same shall apply to any change of such.
- Article 13 Shareholders shall immediately notify this Company in writing when they lost their seal of the previous Article registered at this Company. Shareholders shall also bring the original copy of any identity documents and the new seal to this Company to register their new seals. When shareholders assign an agent to register their new seals, apart from bringing the original copy of the identity documents, the new seal, and a power of attorney of the shareholder, the agent shall also bring the original copy of their own identify card and personal seal to register the new seal for the shareholder.
- Article 14 Registration for transfer of shares shall be suspended sixty (60) days prior to the date of the annual general shareholders meeting, thirty (30) days prior to the date of a provisional meeting of shareholders, or within five (5) days prior to the day on which dividend, bonus, or any other benefit is scheduled to be paid by this Company.

- Article 15 Matters not provided for in this section shall be implemented in accordance with the Company Act and the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authorities.

Chapter III Meetings of Shareholders

- Article 16 Meetings of shareholders include the following two types:
1. the annual general shareholders meeting; and
 2. the provisional meeting of shareholders.
- The former shall be convened once a year within six (6) months after the end of each accounting year; and the latter shall be convened according to the law where necessary.
- Article 17 Written notices shall be sent to all shareholders at the last known address registered at this Company at least thirty (30) days prior to the annual general shareholders meeting and at least fifteen (15) days prior to the provisional meeting of shareholders. The reasons for calling a meeting of shareholders shall be specified in the written notice.
- Article 18 Except as otherwise a higher percentage is specified in the Company Act, a meeting of shareholders shall be called to order if attended by shareholders representing over half of the total issued shares, and resolutions shall be adopted by a majority of the votes held by shareholders present at the meeting.
- Article 19 Each share of stock shall be entitled to one vote.
- Article 20 Where a shareholder is unable to attend a meeting of shareholders, he/she may assign a proxy to attend the meeting and exercise, all rights at the meeting on his/her behalf in accordance with Article 177 of the Company Act. A proxy does not need to be a shareholder of this Company.
- Article 21 When a meeting of shareholders is convened by the Board of Directors, the chairman of the board shall preside on that meeting of shareholders. Where the chairman is unable to carry out his duty, he shall designate a director to act on his behalf. Where the chairman does not appoint an agent, directors shall elect one from amongst themselves to act on behalf of chairman. Where a meeting of shareholders is convened by a party with the power to convene that is not the BOD, the meeting shall be chaired by this party. When there are two parties, elect one to be the chairperson.
- Article 22 The resolutions made by the meeting of shareholders shall be recorded in the minutes. After the chairman of this Company or the chairman of the meeting of shareholders signs the minutes, such minutes shall be distributed to all shareholders. The distribution of the minutes may be replaced by public announcements. In addition, such minutes shall be retained permanently during the existence of this Company.

Chapter IV Directors and Audit Committee

- Article 23 This Company shall have thirteen (13) directors, including a minimum of three independent directors and one fifth of all seats, elected by the meeting of shareholders among competent shareholders.
- The candidate nomination system shall apply to the directorial election which includes both directors and independent directors, with separate calculation of seats. Shareholders shall elect directors from among the nominees.
- The total number of registered shares held by all directors shall not be lower than the ratio specified in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.
- This Company shall establish an audit committee seated by all independent directors in

accordance with the Securities and Exchange Act. The committee and committee members shall exercise their authority and implement relevant affairs in accordance with the rules and regulations prescribed by the competent authorities governing securities and exchange.

- Article 24 The term of each director is three (3) years. They shall be elected by the meeting of shareholders by the law. The Board of Directors shall buy liability insurance for the directors of this Company.
- Article 25 Directors shall elect from amongst themselves a chairman with the consent of over half of directors at a board meeting attended by over two-third of all directors.
- Article 26 Externally, the chairman represents this Company, and internally, he presides on the meeting of shareholders and board meetings, and administers corporate business in accordance with the law, the articles of incorporation of this Company, and the resolutions made by the meeting of shareholders and board meetings.
- Article 27 Except for the first board meeting of every term of the newly established board of directors which shall be convened by the director with the majority votes in the election, board meetings shall be convened by the chairperson of the board. The convener shall also notify all directors of the date, place, and agenda of the board meeting by mail or email at least seven (7) days in advance. However, the board may convene a provisional board meeting at any time.
- Article 28 The chairman shall chair the board meeting. Where the chairman is unable to carry out his duty, he shall designate a director to act on his behalf. Where the chairman does not appoint an agent, directors shall elect one from amongst themselves to act on behalf of chairman.
- Article 29 The Board of Directors shall convene a board meeting at least once a quarter. Except as otherwise a higher percentage is specified by the Company Act or the Articles of Incorporation, the following board meetings shall be called to order with the attendance of over half of all directors, and resolutions shall be made by over half of the directors attended the meeting.
1. Proposal for dissolution and liquidation of the company or merger with other companies.
 2. Proposal for procurement of major assets of this Company.
 3. Appointment, discharge, and remunerations of managerial officers.
 4. Proposal for the amendment of the Articles of Incorporation.
 5. Proposal for profit distribution or covering up deficits.
 6. Production of the budget and final accounting of this Company.
 7. Approval for re-investments in other businesses.
 8. Establishment and withdrawal of branches.
 9. Application for the approval of public offering or listed at the OTC or stock market.
 10. Approval, revision, and termination of suggestions or expansion investment projects.
 11. The acquisition, transfer, and licensing of special technology and patent rights and the approval, revision, and termination of the technological cooperation contracts.
 12. Proposal for capital increase or reduction.
 13. Approval of contracts with a certain term or a certain credit or value.
 14. Approval of capital expenditures over a certain credit or value within the approved budget or over a certain amount outside of the credit or value outside of the approved budget. For expenditure of the same purpose, do not break down the cost and disburse without prior notice.
 15. Approval of the regulations for endorsements, guarantees, and lending of this Company.

16. Approval of this Company's application to the bank for financing, guarantee, acceptance, and other lending and loans, and advances complying with Article 15 of the Company Act at a certain credit or value.
 17. Determination or revision of the term, credit, and value specified in items 13-16.
 18. Proposal for the pawning, sale, lease, pledge, mortgage, or other forms of disposal of the Company's major property or assets.
 19. Appointment, discharge, and fees for CPAs and permanent legal advisors.
 20. Approval and correction of the Company's organization system.
 21. Approval and amendment of major company regulations and documents.
 22. Approval of the regulations governing transactions with affiliates or their shareholders, directors, or relatives.
 23. Authority assigned by the law or resolutions made by the meeting of shareholders.
- Article 30 A director may authorize another director to represent him/her at a board meeting by written authorization. Such authorization may include exercising the voting rights of the assignor for all proposals discussed at the board meeting. Each director shall only represent one other director at a board meeting.
- Article 31 The resolutions made by the board meeting shall be recorded in the minutes. After the chairman of this Company or the chairman of the board meeting of signs the minutes, such minutes shall be distributed to all directors. Minutes may be distributed electronically. In addition, such minutes shall be retained permanently during the existence of this Company.
- Article 32 The board of director may have several secretaries or assistants to keep custody of the minutes of board meetings and meetings of shareholders and all important documents and contracts.

Chapter V Managerial Officers

- Article 33 This Company shall have one general manager and several vice general managers and division heads. The chairman shall nominate the general manager, and the general manager shall nominate vice general managers and division heads. In addition to the provisions specified in Article 29, the appointment, discharge and compensations shall be subject to Article 29 of the Company Ac.
- Article 34 The general manager shall administer the business of this Company according to the chairman's order and supervise, execute, and administer the operations of this Company. Vice general managers shall assist the general manager to carry out his/her duties.

Chapter VI Financial Statements

- Article 35 The account year of this Company begins on January 1 and ends on December 31 in the same year. After the end of each accounting year, the Board of Directors shall produce the following reports and submit them to the meeting of shareholders for adoption.
1. Business report.
 2. Financial statements.
 3. Proposal for profit distribution or covering up deficits.
- Article 36 If there is a profit after the annual closing of books, this Company shall appropriate no less than 0.5% as compensations for employees and not more than 1% as remunerations for directors, and the ratio of appropriation of the latter shall not be higher than that of the former. If there are accumulative deficits, the amount for covering the losses of previous years shall first be retained, and the above compensations and remunerations

shall be calculated afterwards.

Compensations for employees described above shall be distributed in either stock or cash. After the approval of the BOD, the proposal for distribution shall be reported to the annual general shareholders meeting. Compensations for employees shall be distributed according to the Employee Compensation Distribution Regulations of this Company. Compensations for employees shall also be distributed to employees of affiliates of which this Company holds 100% shares.

- Article 37 Each accounting year after the annual closing of books, after deducting accumulative deficits from the net profit, this Company shall first appropriate 10% of the balance as the legal reserve before reverting the balance to special reserves according to the laws and regulations or the rules of competent authorities. If there is still a balance, it shall be combined with the unappropriated retained earnings at the beginning of the year for the BOD to draw up the proposal of profit distribution at no less than 70% of distributable profit and submit the proposal to the annual general shareholders meeting for resolution. When drawing up the dividend policy, this Company shall determine the type and amount of profit allocation according to the potential of business growth, the need for sustainable development, the consideration of capital expenditures, the Company's medium- and long-term planning and financial stability. Shareholder dividends include stock dividends and cash dividends and shall be distributed based on the dividend equalization policy. This shall include cash dividends of no less than 20% of the total amount of dividends, and the remaining part shall be distributed in stock dividends. Where there are new major investment products valued NT\$300 million or higher and there is no other fund sources, this Company may report to the annual general shareholders meeting to reduce the ratio of distribution of cash dividends to 0-19% and distribute the remaining part in stock dividends. When the amount of legal reserve described above has reached the paid-in capital of this Company, no profit will be allocated anymore.

- Article 38 The board of directors is authorized to discuss and determine the remunerations for directors according to their involvement in this Company's operations, their contributions to this Company, and the general level in the same industry. Directors may claim travel allowance each month. The board of directors shall determine the amount of the travel allowance. Shareholders or directors of this Company who are concurrently a managerial officer or employee of this Company shall be paid according to general employees.

Chapter VII Addenda

- Article 39 Matters not provided for herein shall be subject to the law of the Republic of China.
- Article 40 This Articles of Incorporation was established by all initiators on April 14, 1992 and can be amended with the resolution made by the meeting of shareholders.
- Article 41
- 1st amendment was made on September 20, 1995.
 - 2nd amendment was made on January 28, 1997.
 - 3rd amendment was made on June 25, 1998.
 - 4th amendment was made on December 29, 1998.
 - 5th amendment was made on June 21, 2000.
 - 6th amendment was made on October 12, 2000.
 - 7th amendment was made on October 12, 2000.

8th amendment was made on June 27, 2002.
9th amendment was made on June 19, 2003.
10th amendment was made on June 18, 2004.
11th amendment was made on June 24, 2005.
12th amendment was made on June 28, 2007.
13th amendment was made on June 16, 2009.
14th amendment was made on June 22, 2011.
15th amendment was made on June 20, 2012.
16th amendment was made on June 21, 2013.
17th amendment was made on June 27, 2016.
18th amendment was made on June 21, 2017.

Ming-Jae Chang
Chairman
Taiwan Cogeneration Corporation

Appendix 3

Taiwan Cogeneration Corporation Rules for Directorial Elections (before amendment)

Passed by the Initiator Conference on 14 April 1992

1st amendment was passed by the Annual General Meeting of Shareholders on 2 September 1997

2nd amendment was passed by the Annual General Meeting of Shareholders on 27 June 2002

3rd amendment was passed by the Annual General Meeting of Shareholders on 28 June 2007

4rd amendment was passed by the Annual General Meeting of Shareholders on 21 June 20017

1. Unless the law or the Articles of Incorporations of this Company otherwise requires, this Rules shall apply to the directorial and supervisory elections of this Company.
2. The meeting of shareholders shall elect directors of this Company from among competent shareholders in the list of directorial candidates. The electoral results shall be calculated based on the number of seats specified in the Articles of Incorporation. Candidates with more votes shall be directors and independent directors respectively. When elected candidates outnumber the seats, candidates with equal votes shall be decided by drawing. The chairperson may draw the lot on and for the behalf of candidates absent from the election.
3. This Company adopts the single-transferable-vote (STV) open ballot system. Each share is entitled the same right to vote the same number of directorial and supervisory candidates. Shareholders may put all the votes on one or several candidates, provided that the number of votes shall not exceed the total number of candidates.
4. Where the same person is authorized by two or more shareholders who are unable to attend the AGM to vote on and for their behalf, the total number of votes represented by this person shall not exceed three percent (3%) of the totally issued shares. Votes in excess of this percentage will not be considered.
5. The Board of Directors (BOD) shall print the votes in the exact number of directors and supervisors to be elected and distribute them to attended shareholders. BOD shall also specify the number of votes entitled to a shareholder. The meeting pass number may substitute the name of voters. Where a candidate is a shareholder, voters shall indicate the name and shareholder number of the candidate in the candidate column on the vote. Where a candidate is not a shareholder, the name and identity document number of this candidate shall be specified in the candidate column on the vote. Where the government or an institutional shareholder is a candidate, the name of the government or institutional shareholder or the name of their representative shall be specified in the candidate column on the vote. When there are several representatives, the name of each representative shall be specified.
6. The AMG chairperson shall appoint two of the attended shareholders to be election inspectors prior to the election.
7. Duties of election inspectors:
 - (1) Open and examine the ballot box in front of attendees and seal it up afterwards before the election begins.
 - (2) Monitor election order.
 - (3) Monitor if there is negligence or violation in the election process.

- (4) Unseal the ballot box and check the number of votes after the election.
 - (5) Check vote validity before handing to vote counting personnel
 - (6) Monitor vote counting personnel to register the votes won by each candidate.
8. A vote shall be invalid under any one of the following circumstances:
- (1) Votes that are not printed by BOD.
 - (2) The name of candidate on a vote is illegible.
 - (3) The number of candidates written in a vote exceeds the total number of seats.
 - (4) The total number of votes won by a candidate exceeds the total number of votes in the election.
 - (5) Altered votes or votes with other text.
 - (6) Where the candidate is a shareholder, his/her name and shareholder number is inconsistent with the data in the list of shareholders. Where the candidate is not a shareholder, his/her name and identity document number are inconsistent.
 - (7) Candidate carrying the same name of other shareholders without other identification, such as shareholder number or identity document number.
9. After the election, the chairperson shall announce the results at the AGM and BOD shall record all results for the record.

Appendix 4

Taiwan Cogeneration Corporation

Asset Acquisition and Disposal Operating Procedure

(before amendment)

Established by the General Meeting of Shareholders on 20 June 2012

1st Amendment made by the General Meeting of Shareholders on 19 June 2014

2st Amendment made by the General Meeting of Shareholders on 21 June 2017

Chapter I General Provision

Article 1 This Procedure is established in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the Financial Supervisory Commission (FSC).

Article 2 This Company shall acquire or dispose assets in accordance with this Procedure.

Article 3 The term “assets” under this Procedure includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities
2. Real property (including land, houses and buildings, and investment property) and equipment.
3. Memberships.
4. Intangible assets including patents, copyrights, trademarks, franchise rights, and others.
5. Access right .
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 4 Terms used in this Procedure are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, spin-offs, acquisitions, or transfers of shares by law: Assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, and other acts, or transfers of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter “transfer of shares”) under paragraph 3, Article 156, of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of resolutions made by boards of directors, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in the Mainland China.
7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located
8. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information,

- as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Chapter II Disposition Procedures

Section 1 Establishment of Disposition Procedures

Article 6 This Procedure shall be approved by BOD before submitting to all supervisors and the AGM for consent adoption, and the same shall apply to revisions thereof. Where a director disagrees with this Procedure and records or written statements are in place, the Company shall distribute such information to each supervisor. When submitting this Procedure to BOD for discussions, the opinion of each independent director shall be taken into full consideration, and their objections or qualified opinions shall be explicitly retained in the minutes of board meeting.

Article 7 In the transaction of real property, plant and equipment (PP&E) the handling department shall assess the analysis results, draws up transaction terms, submits them for approval according to the approval hierarchy, and makes approval according to the Company's authorization procedure.

In securities transactions, the handling department shall analyze and predict the future prospects with reference to the market condition so as to draw up transaction terms and makes approval according to the Company's authorization procedure.

This Company shall supervise subsidiaries to establish and implement their own asset acquisition and disposal procedures. The regulations of these company shall apply to subsidiaries that have not established their own procedures. A subsidiary shall provide information regarding asset acquisition and disposal for this Company at planned intervals for reference.

Personnel violating the procedures for asset acquisition and disposal shall be punished in accordance with the regulations for rewards and punishments of this Company.

Article 8 For acquisition or disposal of assets that shall be consented by over half of all audit committee members and resolved by BOD as specified by this Procedure or other laws, paragraphs 3 and 4 of Article 6 shall apply mutatis mutandis.

Section 2 Acquisition or Disposal of Assets

Article 9 Except for transactions with domestic government agencies, outsourcing construction projects on own property, outsourcing construction projects on leased property, or acquiring/disposing equipment or its right-of-use assets for operating use, when acquiring or disposing real property or equipment or its right-of-use assets with a transaction amount up to 20% of the Company's paid-in capital or over NT\$300 million, this Company shall obtain a professional appraisal report on the subject matter issued by professional appraisers prior to transaction and meet the following requirements:

1. Where a transaction is conducted at a limited price, specific price, or special price for a special reason, the transaction shall first be approved by BOD. The same shall apply to transaction terms change thereafter.

Omitted from here.

- Article 10** When acquiring or disposing securities, this Company shall obtain the latest financial statements of the issuing company certified or reviewed by a certified public accountant for the reference of appraising the transaction price prior to the date of occurrence of the event. In addition, when the transaction amount is over 20 percent of the Company's paid-in capital or NT\$300 million, the Company shall additionally consult a CPA to express opinion on the fairness of the transaction price prior to the date of occurrence of the event. Where an expert report is required as evidence, the CPA shall proceed in accordance with the SAS No. 20 published by the Accounting Research and Development Foundation in Taiwan, except for securities with publicly quoted prices in the active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- Article 11** Except for transactions with domestic government agencies, when acquiring or disposing memberships or intangible assets or their right-of-use assets amounting up to 20% of the Company's paid-in capital or over NT\$300 million, this Company shall consult a CPA to express opinion on the fairness of the amount prior to the date of occurrence of the event. The CPA shall, in return, proceed in accordance with SAS 20 published by the Accounting Research and Development Foundation in Taiwan.
- Article 12** The transaction amount referred to in the foregoing three articles shall be calculated in accordance with paragraph 2 of Article 31, and "within one year" refers to the year before the date of occurrence of the current transaction. The section(s) with an appraisal report from a professional appraiser or the CPA opinion obtained in accordance with this Procedure shall be exempted.
- Article 13** Where the Company acquires or disposes assets through the court auction procedure, the evidentiary documentation issued by the court may substitute the appraisal report or CPA opinion.

Section 3 Related Party Transaction

- Article 14** When acquiring or disposing assets with a related party, apart from ensuring that the required resolutions are adopted and the fairness of the transaction terms is appraised in accordance with the this and previous sections, the Company shall obtain an appraisal report from a professional appraiser or the CPA opinion where the transaction amount exceeds 10% of the Company's net worth.
The transaction amount referred to in the foregoing paragraph shall be calculated in accordance with Article 12.
When judging whether or not the counterparty is a related party, in addition to the legal formalities, the substance of the relationship shall be considered.
- Article 15** Except for trading domestic government bonds and repurchase (RP)/reserve repurchase (RS) securities, subscribing or redeeming domestic money market funds (MMFs), when acquiring or disposing real property and its right-of-use assets with related parties, or acquiring or disposing assets other than real property and its right-of-use assets with related parties at a transaction amount up to 20% of the paid-in capital or 10% of the total assets of this Company, or over NT\$300 million, the Company shall submit the following data to BOD for approval and to supervisors for adoption prior to concluding the transaction agreement and disburse the payment:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason(s) for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property and its right-of-use assets from a related party, information regarding appraisal of the fairness of the preliminary transaction terms in accordance with Article 16 and Article 17.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the foregoing article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The transaction amount referred to in the foregoing paragraph shall be calculated in accordance with paragraph 2, Article 31, and "within one year" referred to in this Procedure shall mean one year before the date of occurrence of the current transaction. Transactions that have been approved by BOD and adopted by supervisors can be exempted.

When engaging in the following transactions between the Company and subsidiaries, or with wholly-owned (both total issued shares or total authorized capital), either directly or indirectly, subsidiaries BOD may authorize the chairperson to directly proceed acquisition or disposal within a designated limit and apply for adoption of the transaction in the next board meeting.

1. Acquisition or disposal of equipment or right-of-use assets thereof held for operating use.
2. Acquisition or disposal of real property right-of-use assets held for operating use.

Article 16 When acquiring real property or its right-of-use assets from a related party, the Company shall evaluate the fairness of the transaction cost by appraising:

1. The cost including the transaction price and necessary interest on funding of the related party and the buyer's cost. "Necessary interest on funding" is calculated based on the weighted average interest rate on borrowing in the year the Company purchases the property, provided that the rate shall not exceed the maximum lending rate of non-financial industries announced by the Ministry of Finance.
2. The total value appraised by the lending financial institution where a related party has mortgaged the real property to a financial institution, provided that the actual cumulative amount lent by the financial institution shall be above 70% of the appraised total value and the period of lending shall be over one year. This shall not apply where the financial institution is a related party of one of the trading counterparties.

Where both the land and premises of the same subject matter are purchased or leased in the same transaction, the transaction cost of the land and the premises can be appraised individually in accordance with either means in the foregoing two paragraphs.

When purchasing real property or its right-of-use assets from a related party, after appraising the cost in accordance with paragraphs 1 and 2, the Company shall consult a CPA to review and express specific opinion on the appraisal results.

Where acquiring real property or its right-of-use assets from a related party under any

one of the following circumstances, the foregoing three paragraphs shall not apply, and the Company shall proceed in accordance with the Article 14:

1. The related party acquires the real property or its right-of-use assets through inheritance or as a gift.
2. More than five years have elapsed between the time when the related party acquires the real property or its right-of-use assets by contract and date of contract execution of the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
4. The real property right-of-use assets for operating use are acquired by this Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 17 Where the results of appraisals conducted in accordance with paragraphs 1 and 2 of the foregoing article are lower than the transaction price, acquisition shall be proceeded in accordance with Article 18, except under the following circumstance otherwise and objective evidence and the opinion on the fairness of the price expressed by a professional real property appraiser and a CPA are presented.

1. When acquiring undeveloped land or leased land for development, a related party shall submit proof of compliance with any one of the following conditions:
 - (1) The sum of the value of undeveloped land appraised in accordance with the foregoing paragraph and the value of premises calculated in accordance with the construction cost plus reasonable construction profit of the related party exceeds the actual transaction price. "Reasonable construction profit" shall be either the average gross profit margin of the related party's construction sector over the last three years or the latest gross profit margin for the construction industry promulgated by the Ministry of Finance (MOF), whichever is lower.
 - (2) Completed transactions by unrelated parties within the previous year involving other floors of the same property or its right-of-use assets or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property or leasing market practices.
2. When acquiring real property or leasing its right-of-use assets from a related party, this Company shall provide evidence to prove that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the previous year.

Completed transactions for neighboring or closely valued parcels of land in the foregoing paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property or its right-of-use assets in the planned transaction; within the previous year refers to the year foregoing the date of occurrence of the acquisition of the real property or its right-of-use assets..

Article 18 Where the Company acquires real property or its right-of-use assets from a related party and the results of appraisals conducted in accordance with the foregoing two articles 15 and 16 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real property transaction price of real property or its right-of-use assets and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under paragraph 1 of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Supervisors shall proceed in accordance with Article 28 of the Company Act.
3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

After setting aside a special reserve under the foregoing paragraph, this Company shall not use the special reserve until it has been recognized as a loss on decline in market value of the assets it purchased or leased at a premium, or has been disposed, or the lease has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that no unfairness about the transaction is found, and the FSC has given its consent.

When acquiring real property or its right-of-use assets from a related party, this Company shall also comply with the foregoing two paragraphs if there is other evidence indicating that the acquisition is not an arm's length transaction.

Section 4 Derivatives Transaction

Article 19 The principles and policy of derivatives transactions of this Company:

1. Types of transactions: Currently, derivatives transaction of this Company is limited to forward foreign exchange. Transactions of other types of derivatives shall be engaged after BOD approval.
2. Operation and hedge strategies: This Company shall engage in derivatives transactions to avoid exchange risks. Hedge shall be implemented only after assessing the consistency of supply or demand derived from the actual or predicted foreign currencies receivable (payable).
3. Responsibility and authority: The Financial Department shall conduct derivatives transactions. The head of the Financial Department shall also assign personnel to take charge of transactions, settlements, and confirmations before submitting to the responsible officers for approval.
4. Performance assessment: The performance of hedge operation shall be measured and assessed in accordance with the Company's hedge strategy.
5. Contract total amount: The limit of hedge transaction, the position of actual foreign exchange required after assessing the overall foreign currency assets and liabilities shall not exceed the required foreign exchange position of the Company.
6. Loss upper limit: The upper limit of the Company's overall or individual forward exchange agreements shall not exceed 20% of respective agreements.
7. Operating procedures
 - (1) Planning: After consolidating forex position lists in accordance with the Company's forex supply or demand, derivatives trading personnel shall draw up the hedge operating and planning strategy with reference to the assessment of forex rate trends and present the strategy to responsible officers for approval prior to implementation.

- (2) Implementation: After negotiating the transaction price with financial institutions with regards to the approved hedge operating and planning strategy, trading personnel shall compile a written derivatives transaction report and present it to the responsible officer for approval for the reference of settlement.
8. Accounting: Gains and losses from derivatives transactions shall be calculated, drawn, and billed in accordance with the current principles of financial accounting and disclosed in the financial statements.

Article 20 When engaging in derivatives transaction, this Company shall adopt the following risk management measures:

1. Risk management shall address credit, market price, liquidity, cash flow, operational, and legal risks.
2. Personnel engaging in derivatives transaction shall not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned from departments different from that personnel in the foregoing item and shall report to BOD or higher-level officers with no responsibility for transaction or position decision-making.
4. Positions held for derivatives transaction shall be assessed at least once per week; however, positions for hedge transactions for business needs shall be assessed at least twice per month. Assessment reports shall be submitted to higher-level officers authorized by BOD.
5. Other important risk management measures.

Article 21 When engaging in derivatives transactions, BOD shall supervise and manage such transactions in accordance with the following principles:

1. Designate higher-level officers to pay continuous attention to monitoring and controlling derivatives transaction risks.
2. Periodically assess if transaction performance is consistent with established business strategy and of the risk undertaken is within the Company's permitted scope of tolerance.

Higher-level officers authorized by BOD shall manage derivatives transactions in accordance with the following principles:

1. Assess, at planned intervals, the suitability of the existing risk management measures and proceed transactions exactly in accordance with this Procedure and the derivatives transaction operating procedure of this Company.
2. Monitor the status of transactions and losses, take necessary actions against anomalies, if any, and immediately report to BOD. Independent directors shall sit in a board meeting and express their opinions.

After authorizing relevant personnel to conduct derivatives transaction in accordance with this Procedure, the Company shall report this to the next board meeting afterwards.

Article 22 When engaging in derivatives transactions, this Company shall establish a memorandum book in record in detail the types and amounts of derivatives transactions, BOD approval dates, and the matters required for careful assessment under item 4 of Article 20; item 2 of paragraph 1 and item 1 of paragraph 2 of the previous article. Internal auditor of this Company shall periodically determine the fairness of internal controls on derivatives transactions and audit the procedural compliance of departments engaging in derivatives transactions, and records shall be maintained. Auditor shall inform all supervisors of any material violations in writing.

Section 5 Merger, Spin-off, Acquisition, and Transfer of Shares

Article 23 When conducting a merger, spin-off, acquisition, or transfer of shares, prior to convening a board meeting, the Company shall consult a CPA, legal counsel, or securities underwriter to express opinion on the fairness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit the opinion to BOD for discussions and approval.

Article 24 When conducting a merger, spin-off, acquisition, or transfer of shares project, the Company shall prepare a public report to shareholders specifying the important contractual contents and terms relevant to the merger, spin-off, or acquisition prior to a general meeting of shareholders and include the expert opinion referred to in paragraph 1 of the foregoing article when sending a notice general meeting of shareholders to shareholders for the reference of approval of the merger, spin-off, or acquisition; except when the resolution on mergers, spin-offs, or acquisitions made by AGM is otherwise exempted by other laws.

Where the AGM of any one of the parties participating in a merger, spin-off, or acquisition fails to convene or pass a resolution due to the lack of a quorum, insufficient votes, or other legal restrictions, or the proposal is rejected by the general meeting of shareholders, the companies participating in the merger, spin-off, or acquisition shall immediately explain to the public the reason(s), the follow-up measures, and the scheduled date of the next general meeting of shareholders.

Article 25 Unless other law otherwise specifies or for special reasons that have been reported to and approved by FSC, the company participating in a merger, spin-off, or acquisition shall convene a board meeting and a general meeting of shareholders on the same day of transaction to resolve relevant matters when conducting a merger, spin-off, or acquisition.

Unless other law otherwise specifies or for special reasons that have been reported to and approved by FSC, the company participating in transfer of shares shall convene a general meeting of shareholders on the same day of transaction when conducting a transfer of shares.

When conducting a merger, spin-off, acquisition, or transfer of shares, the Company shall document the following data and retain such data for five years for auditing

1. Basic data of personnel: Including the title, name, and citizen ID number (or passport number for aliens) of all persons involved in the planning or implementation of a merger, spin-off, acquisition, or transfer of shares prior to the disclosure of information.
2. Important dates: Including the date of execution of any letters of intent or memoranda of understanding; the date of appointment of a financial advisor or legal consult; the date of contract execution; and the date of the board meeting.
3. Important documents and minutes: Including the plan of a merger, spin-off, acquisition, or transfer of shares, any letters of intent or memoranda of understanding, important contracts, and the minutes of board meeting.

When participating in a merger, spin-off, acquisition, or transfer of shares, the Company report the data specified in items 1 and 2 to FSC over the internet in the required format within two days after BOD approval.

Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market,

this Company shall sign an agreement with them and proceed in accordance with two paragraphs mentioned above.

Article 26 Every person participating in or acknowledging the plan of a merger, spin-off, acquisition, or transfer of shares shall sign a non-disclosure agreement and shall neither disclose the contents of the plan nor trade any stocks or other equity-based securities of any companies related to the plan of a merger, spin-off, acquisition, or transfer of shares in their own name or in the name of other persons prior to the public disclosure of information.

Article 27 When conducting a merger, spin-off, acquisition, or transfer of shares, the Company shall not arbitrarily alter the share exchange ratio or acquisition price except for the following circumstances. The company shall also specify in the contract the circumstances for altering the terms of the merger, spin-off, acquisition, or transfer of shares.

1. Issuance of common stock for cash, convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
2. An action, such as a disposal of major corporate assets, that affects the Company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any one of the companies participating in a merger, spin-off, acquisition, or transfer of shares buys back treasury stock by law.
5. An increase or decrease in the number of entities or companies participating in a merger, spin-off, acquisition, or transfer of shares.
6. Other terms/conditions that can be altered as specified in the contract and that have been publicly disclosed.

Article 28 When conducting a merger, spin-off, acquisition, or transfer of share, apart from the rights and duties of participants, the Company shall specify the following:

1. Handling of breach of contract.
2. Principles for handling equity-based securities previously issued or treasury stock previously bought back by a participant that will be extinguished after a merger or spin-off.
3. The quantity of treasury stocks that participants permitted to buy back by law after the base date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The way(s) for handling changes in the number of participating entities or companies.
5. Preliminary schedule for plan execution and the anticipated date of completion.
6. The procedures, including the scheduled date, for convening a general meeting of shareholders by law where the plan is overdue.

Article 29 Where a participant wishes to conduct a merger, spin-off, acquisition, or transfer of shares with another company after publicly disclosing a merger, spin-off, acquisition, or transfer of shares with this Company, all participants shall run again all procedures or legal actions that have been completed for the previous merger, spin-off, acquisition, or transfer of shares; except for a reduction of the number of participants that has been resolved and authorized the board of directors to change the authority by the general

meeting of shareholders that participants may be exempted from calling another general meeting of shareholders to resolve on the merger, spin-off, acquisition, or transfer of shares again.

Article 30 Where the participant of a merger, spin-off, acquisition, or transfer is not a public company, the Company shall sign an agreement with this participant and proceed in accordance with articles 25 and 26, and the previous article.

Chapter III Public Disclosure of Information

Article 31 When acquiring or disposing assets, this Company shall publish/report relevant information by the asset type in the required format on the website designated by FSC within two days after occurrence under any one of the following circumstances:

1. Acquiring or disposing real property or its right-of-use assets with related parties, or acquiring or disposing assets other than real property or its right-of-use assets with related parties at a transaction amount up to 20% of this Company's paid-in capital, or up to 10% of the total assets, or over NT\$300 million, except for trading domestic bonds and RP/RS securities, subscribing or redeeming domestic MMFs.
2. Conducting mergers, spin-offs, acquisitions, or stock transfers.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts specified in the relevant procedures.
4. Acquiring or disposing assets or their right-of-use assets for operating use with counterparties who are not a related party at an amount up to any one of the following:
 - (1) When the Company's paid-in capital is under NT10 billion and a transaction amount is over NT\$500 million.
 - (2) When the Company's paid-in capital over NT10 billion and a transaction amount is over NT\$1 billion.
5. Acquiring real property through outsourcing construction projects on own real property, outsourcing construction projects on leased real property, or joint construction not from a related party at a planned investment amount over NT\$500 million.
6. Asset transactions, obligations disposed by financial institutions, or investments in mainland China other than that mentioned in the foregoing five paragraphs at an amount above 20% of the Company's paid-in capital or over NT\$300 million, except for the following circumstances:
 - (1) Trading domestic government bonds.
 - (2) Trading RP/RS securities, subscribing or buying back MMFs issued by domestic securities investment trust companies.

The amount of the said transactions shall be calculated as follows:

1. The amount of individual transactions.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.
3. The cumulative transaction amount of real property or its right-of-use assets and disposals (cumulative acquisitions and disposals, respectively) under the same development project within one year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.

"Within one year" referred to in this Procedure shall mean the one year prior to the date of occurrence of the current transaction. Transactions that have been published in

accordance with this Procedure can be exempted.

This Company shall publish in the format and on the information disclosure website designated by the FSC by the 10th of each month on the information regarding the status of derivatives transactions in the previous month of this Company and the subsidiaries of a non-public company at home or abroad.

Where there are mistakes or omissions of the items required for disclosure requiring corrections or supplementations found at the time of disclosure, this Company shall re-disclose all items.

Unless other law otherwise specifies, when acquiring or disposing assets, this Company shall retain for at least five years all relevant contracts; minutes of meetings; memorandum books; appraisal reports; and the opinion expressed by the CPA, legal counsel, and securities underwriter.

- Article 32** After publishing/reporting a transaction as specified above, the Company shall publish/report relevant information on the website designated by FSC within two days from occurrence under any one of the following circumstances:
1. Alteration, termination, or rescission of signed contracts relating to the transaction.
 2. A merger, spin-off, acquisition, or transfer of share is not completed as scheduled.
 3. Change in the published information.

Chapter IV Addendum

- Article 33** This Company and subsidiaries shall not purchase real property and its right-of-use assets not intended for business with a total amount exceeding 10% of that company's net worth. This Company shall not purchase securities with a total amount exceeding 200% of that Company's net worth. A subsidiary shall not purchase securities with a total amount exceeding 130% of its net worth. This Company and subsidiaries shall not invest in any single security with an amount over 130% of that company.

- Article 34** This Company may represent a subsidiary that is not a domestic public company in acquisition or disposal of assets that shall be disclosed in Chapter III. The paid-in capital or total assets of the Company shall be the criteria for determining if a subsidiary referred to in the foregoing paragraph is subject to paragraph, paragraph 1 of Article 31, requiring the publication and regulatory filing where the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

- Article 35** The transaction restriction at 10% of total assets in this Procedure shall be calculated in accordance with the amount of total capital disclosed in the latest individual financial statements prepared in accordance with the Preparation of Financial Reports by Securities Issuers Where shares have no par value or a par value other than NT\$10, the transaction restriction at 20% of the paid-in capital as specified in this Procedure shall be calculated at 10% of the equity attributed to owners of the parent company; and the transaction restriction for paid-in capital of NT\$10 billion shall be at NT\$20 billion of the equity attributed to owners of the parent company.

- Article 36** This Procedure shall take effect as of the date of AMG approval.

Appendix 5

Taiwan Cogeneration Corporation **Loaning, Endorsements and Guarantees Operating Procedures** **(before amendment)**

Established by the General Meeting of Shareholders on 20 June 2012

1st Amendment made by the General Meeting of Shareholders on 21 June 2013

2st Amendment made by the General Meeting of Shareholders on 21 June 2017

Chapter I General Principles

- Article 1** This Procedure is established in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies” promulgated by the Financial Supervisory Commission (FSC).
- Article 2** Unless other law otherwise requires, this Company shall offer loans, endorsements, or guarantees to others in accordance with this Procedure.
- Article 3** Unless under otherwise the following circumstances, this Company shall not lend to shareholders or other persons:
1. Companies/firms having business with this Company.
 2. Companies of which this Company holds, directly or indirectly, more than 50 percent of voting shares or companies which hold, directly and indirectly, more than 50 percent of the voting shares of this Company requiring short-term financing for business needs. The financing amount of lending shall not exceed 40% of the net worth of the borrower.
- “Short-term” in the foregoing item refers to a term less than one year.
“Financing amount” in the foregoing items refers to the cumulative balance of the short-term financing.
- Article 4** “Endorsements and Guarantees” referred to in this Procedure shall mean:
1. Financing endorsements/guarantees, including:
 - (1) Bill discount financing.
 - (2) Endorsements or guarantees made to meet the financing needs of another company.
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
 2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
 3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
- This Procedure shall also apply to a pledge or mortgage on the Company’s chattel or real property as security for the loans of another company.
- Article 5** This Company may offer endorsements/guarantees for the following companies:
1. Companies having business with this Company.
 2. Companies of which this Company holds, directly or indirectly, more than 50 percent of voting shares.

3. Companies which hold, directly and indirectly, more than 50 percent of the voting shares of this Company.

This Company and companies of which this Company holds, directly or indirectly, more than 90% of voting shares may offer endorsements/guarantees to each other, and the endorsement/guarantee amount shall not exceed 10% of this Company's net worth; except for endorsements/guarantees between this Company and directly or indirectly wholly-owned companies of this Company.

The foregoing two paragraphs do not apply to the mutual guarantee made under contractual obligations for the need of contract undertaking between this Company and associates or co-builders; or endorsements/guarantees made by all capital contributing shareholders for the invested company in proportion to the shares held by the Company in a joint investment project.

"Capital Contribution" referred to in the foregoing paragraph shall mean capital directly contributed by this Company or through a company of which this Company holds 100% of the voting shares.

Article 6 "Subsidiary" and "Parent Company" referred to in this Procedure shall be as determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

"Net Worth" referred to in this Procedure shall mean the equity attributed to owners of the parent company as stated in the balance sheet in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 7 "Disclosure and Report" referred to in this Procedure shall mean the process of entering data to the information reporting website designated by FSC.

"Date of Occurrence" referred to in this Procedure shall mean the date of contract execution, date of payment, date of board resolutions, or other dates valid for determining the transaction counterparty and transaction amount of a transaction, whichever is earlier.

Chapter II Establishment of Operating Procedures

Section A Lending to Others

Article 8 After BOD approval, this Procedure shall be submitted to each supervisor and the general meeting of shareholders for consent. Where a director disapproves with this Procedure and records or written statements are in place, the Company shall distribute such information to each supervisor and the general meeting of shareholders for discussions. The same shall apply for any revisions thereof.

When submitting this Procedure to BOD for discussions, the opinion of each independent director shall be taken into full consideration, and their opinions for or against the Procedure shall be explicitly retained in the minutes of board meeting.

Article 9 Matters relating to lending to others are as follows:

1. Recipients of lending: Subject to Article 3.
2. Assessment criteria, total amount, and limit on individual recipients of lending:
The total amount of lending shall be calculated in accordance with the net worth in the same period disclosed in the latest financial statements certified or reviewed by a CPA and the cumulative amount of financing.

- (1) The lending amount shall not exceed 40% of the net worth in the same period of this Company.
 - (2) The lending amount for individual companies/firms having business with this Company shall not exceed the cumulative amount of business transactions over the past 12 months. "Amount of Business Transactions" shall mean the purchasing or sales amount between both parties, whichever amount is higher.
 - (3) The lending amount for companies with short-term financing needs shall not exceed 20% of the net worth of that company in the same period.
3. Lending term and interest calculations
 - (1) The lending amount shall be limited to short-term financing, with a term of each time of lending not exceeding one year.
 - (2) Interest calculations
 The interest for lending shall not be lower than the highest interest rate for short-term loans raised by this Company to a financial institution.
 The lending interest of this Company shall be charged on a daily basis and payable on a monthly basis, except for special circumstances where adjustments shall be made based on actual situations with a BOD consent.
4. Lending procedures
 - (1) When applying for lending, borrowers shall submit the required company data and financial data to apply for a credit limit to this Company. After accepting an application, the Financial Department of this Company shall assess the applicant in terms of the purpose of borrowing, financial position, credit, and state of operation. The Financial Department shall submit a credit investigation report to the chairperson for approval before forwarding the application to BOD for resolution before lending.
 - (2) Except for wholly-owned subsidiaries, this Company shall acquire from borrowers an asset-backed commercial paper (ABCP) with the contractual repayment date as the maturity date. This Company may also request borrowers to provide an endorsement/guarantee from a guarantor approved by this Company and mortgage/pledge chattels or real property to secure the obligation of this Company.
 - (3) Regarding the obligation security in the foregoing item, where an obligor provides a guarantee offered by an individual or a company with adequate capital or credit in place of chattels or collaterals, BOD may make judgments based on the credit investigation report submitted by the Financial Department. Prior to accepting an institutional guarantee, BOD shall ensure that this has been specified in the articles of incorporation of that company.
5. Detailed review procedures shall include:
 - (1) The necessity and fairness of lending to others.
 - (2) The credit status of borrowers and risk assessment.
 - (3) Impacts on the Company's operational risk and financial position and on shareholder equity.
 - (4) The need for collaterals and appraisal of their value.
6. Measures for the subsequent control and management of loans, and procedures for handling delinquent loans.
 - (1) After releasing a loan, the Financial Department shall pay close attention to the financial, business, and relevant credit status of borrowers and guarantors, as well as the change in the value of collaterals, if any.
 - (2) When a borrower repays a loan on or before the maturity date, the Financial Department shall first calculate the interest payable and cancel and return the

ABCP to borrowers or cancel the liens after borrowers repay the interest and principal.

- (3) Borrowers shall repay the principal plus interest by the maturity date. Where a late repayment is required, borrowers shall make an application for extension in advance. After reporting to the BOD and obtaining the BOD approval, each loan can be extended for not more than three months for one time only. Where borrowers fail to repay the loan, this Company may directly dispose the collaterals provided or request the guarantor(s) to repay the loan by the law.
7. Managers or case officers violating this operating procedure shall be punished in accordance with the Company's reward and punishment regulations.
8. Procedures for controlling and managing lending to others by subsidiaries:
A subsidiary shall report in writing a lending project to the parent company before reporting to BOD for approval and shall only proceed the project with BOD resolution.

Article 10 When subsidiaries of this Company lend to others, this Company shall request such subsidiaries to establish a lending operating procedure in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies" promulgated by FSC.

Section B Endorsements/Guarantees for Others

Article 11 After BOD approval, this Procedure shall be submitted to each supervisor and the general meeting of shareholders for consent. Where a director disapproves with this Procedure and records or written statements are in place, the Company shall distribute such information to each supervisor and the general meeting of shareholders for discussions. The same shall apply for any revisions thereof.
When submitting this Procedure to BOD for discussions, the opinion of each independent director shall be taken into full consideration, and their opinions for or against the Procedure shall be explicitly retained in the minutes of board meeting.

Article 12 Items relating to offering endorsements or guarantees for others are as follows:

1. Recipients of endorsements/guarantees: Proceed in accordance with Article 5 based on the principle of reciprocity.
2. When offering endorsements/guarantees for business transactions, the endorsement/guarantee amount for a single recipient shall not exceed the cumulative amount of business transactions over the past 12 months. "Amount of Business Transactions" shall mean the purchasing or sales amount between both parties, whichever amount is higher.
3. Total amount of endorsements and guarantees and limits for individual recipients
 - (1) Total amount of endorsements and guarantees
The total amount of external endorsements or guarantees provided by this Company and subsidiaries shall not exceed 40% of the Company's net worth.
 - (2) Limits for individual recipients
The limit of endorsements or guarantees for each enterprise for business reasons shall not exceed shall not exceed 15% of the Company's net worth, provided that the limit of endorsements or guarantees for each subsidiary shall not exceed 25% of the Company's net worth.

4. Endorsement/guarantee procedures
 - (1) When applying for endorsement/guarantee to this Company, applicants shall first submit relevant endorsement/guarantee information to their BOD for approval prior to sending the minutes of board meeting and an ABCP to this Company for processing.
 - (2) When processing endorsement/guarantee, this Company shall assess the risk of endorsement/guarantee and obtain BOD approval prior to implementation. This Company may request for collaterals where necessary and gather relevant information and the status of implementation in a report presented at the next annual general meeting (AGM) of shareholders for reference.
5. Detailed review procedures shall include:
 - (1) The necessity and fairness of endorsement/guarantee.
 - (2) The credit status of recipients and risk assessment.
 - (3) Impacts on the Company's operational risk and financial position and on shareholder equity.
 - (4) The need for collaterals and appraisal of their value.
6. Procedures for controlling and managing endorsement/guarantee by subsidiaries
A subsidiary shall report in writing an endorsement/guarantee project to the parent company before reporting to BOD for approval and shall only proceed the project with BOD resolution.
7. Procedures for using and safekeeping company seals
The Company shall use the company seal registered at the Ministry of Economic Affairs (MOEA) as the dedicated seal for endorsements/ guarantees. The seal shall be kept in custody by a designated person approved by BOD and shall be used to seal or issue negotiable instruments only according to established procedures.
8. Hierarchy of decision-making and authorization
Subject to the authorization chart of this Company.
9. Subsequent measures for endorsement/guarantee
 - (1) When offering endorsement/guarantee to a company, the Financial Department shall retain a photocopy of the bills, contracts, and relevant documentation of endorsement/guarantee for reference.
 - (2) Prior to maturity, the Financial Department shall proactively notify the guaranteed company to retrieve the ABCP kept in the bank or obligation organization and cancel related endorsement/guarantee agreements.
 - (3) The Financial Department shall gather and analyze the operational data of the guaranteed company for the reference of BOD.
10. Managers or case officers violating this operating procedure shall be punished in accordance with the Company's reward and punishment regulations.
11. Measures for the subsequent control and management of endorsement/ guarantee for subsidiaries with net worth lower than half of the paid-in capital
Such subsidiaries shall report their operation improvement plan and status of implementation before the 10th of each month and shall report their status of operations and risk management at each board meeting.
Where the subsidiary's shares have no par value or a par value other than NT\$10, the paid-in capital shall be calculated according item 11 of the foregoing paragraph, and the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 13 When subsidiaries of this Company offer endorsement/guarantee for others, this Company shall request such subsidiaries to establish an endorsement/guarantee operating procedure in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies” promulgated by FSC.

Chapter III Case Evaluation

Section A Lending to Others

Article 14 Before lending to others, this Company shall carefully assess compliance with this Procedure and shall proceed lending after submitting the assessment results and the evaluation results specified in item 5 of Article 9 to BOD for resolution. This Company shall not authorize others to make a lending decision.
Lending to subsidiaries or lending among subsidiaries shall be reported to BOD for resolution in advance in accordance with the foregoing paragraph. The chairperson of this Company may be authorized to disburse by installment a loan or revolve the credit for the same borrower in one year within the amount resolved by BOD.
The authorized limit on loans for a single company extended by this Company or subsidiaries shall not exceed 10% of the net worth of the borrower as disclosed in the latest financial statements.
When lending to others, this Company shall take into full consideration of the opinions of each independent director, and their decisions and reasons for or against lending shall be explicitly retained in the minutes of board meeting.

Article 15 The Company shall prepare a memorandum book for lending activities and maintain in detail a record of the following information: borrowers, lending amounts, date of BOD approval, lending date, and matters requiring careful assessment.
Internal auditors of this Company shall audit the lending operating procedure and its implementation at least once a quarter and prepare written records accordingly. After detecting a material violation, internal auditors shall immediately inform all supervisors in writing.

Article 16 Where a borrower is unqualified or the balance exceeds the limit under this Procedure after a change in circumstances, this Company shall draw up an improvement plan and submit it to all supervisors, and shall implement corrections as scheduled in the plan.

Section B Endorsements/Guarantees for Others

Article 17 Before offering endorsements/guarantees for others, this Company shall carefully assess compliance with this Procedure and shall offer endorsements/ guarantees after submitting the assessment results and the evaluation results specified in item 5 of Article 12 to BOD for resolution. Or, BOD may authorize the chairperson to make decisions within a designated limit and report to the next board meeting for adoption afterwards in accordance with item 8 of Article 12.
Except for endorsements/guarantees among subsidiaries directly or indirectly wholly-owned by this Company, subsidiaries of which this Company holds, directly or indirectly, over 90% of voting shares shall report to the BOD and obtain an approval prior to offering endorsements/guarantees in accordance with paragraph 2, Article 5, of this Procedure.

Before offering endorsements/ guarantees for others, this Company shall fully consider the opinion of each independent directors and explicitly record their opinions for and against the proposal in the minutes of board meeting.

When offering endorsements/guarantees for a foreign company, the letter of guarantee shall be signed by the person authorized by BOD.

Article 18 The Company shall prepare a memorandum book for endorsements/guarantees and maintain in detail a record of the following information: recipients of endorsements/guarantees, amount of endorsements/guarantees, date of BOD approval, endorsement/guarantee date, and matters requiring careful assessment specified in the paragraph 1 of the foregoing article.

Internal auditors of this Company shall audit the endorsement/guarantee operating procedure and its implementation at least once a quarter and prepare written records accordingly. After detecting a material violation, internal auditors shall immediately inform all supervisors in writing.

Article 19 The amount of endorsement/guarantee complying with the endorsement/ guarantee operating procedure but exceeding the limit specified in the same operating procedure for business needs shall be approved by BOD along with a joint guarantee for the potential loss signed by over half of all directors. Then, the endorsement/guarantee operating procedure shall be revised and reported to the general meeting of shareholders for adoption. A plan shall be established to cancel the over-limit part of endorsements/guarantees within a specific period when the general meeting of shareholders disapproves.

Where submitting a case to BOD for approvals, the opinion of each independent directors shall be taken into full consideration, and their opinions for or against the case shall be explicitly retained in the minutes of board meeting.

Article 20 Where a recipient of endorsements/guarantees is unqualified or the amount exceeds the limit under this Procedure after a change in circumstances, this Company shall draw up an improvement plan and submit it to all supervisors, and shall implement corrections as scheduled in the plan.

Chapter IV Information Disclosure

Section A Lending to Others

Article 21 This Company shall publish and report the amount and balance of lending to others in the previous month of the Company and subsidiaries by the 10th of each month.

Article 22 This Company shall immediately publish and report the balance of lending within two days after the date of occurrence under any one of the following circumstances:

1. The aggregate balance of lending of the Company and subsidiaries is over 20% the Company's net worth as disclosed in the latest financial statements.
2. The aggregate balance of lending for a single company of the Company and subsidiaries is over 10% the Company's net worth as disclosed in the latest financial statements.
3. The amount of new lending of the Company and subsidiaries is over NT\$10 million and over 2% the Company's net worth as disclosed in the latest financial statements.

This Company may represent a subsidiary that is not a domestic public company to publish and report lending balance as requested in item 3 of the foregoing paragraph.

Article 23 This Company shall assess the lending status, provide adequate allowance for bad debts, and appropriately disclose relevant information in the financial statements. This Company shall also provide relevant information for CPAs to implement necessary audit procedures.

Section B Endorsement/Guarantee for Others

Article 24 This Company shall publish and report the balance of endorsements/guarantees for others in the previous month of the Company and subsidiaries by the 10th of each month.

Article 25 This Company shall immediately publish and report the balance of endorsements/guarantees within two days after the date of occurrence under any one of the following circumstances:

1. The aggregate balance of endorsements/guarantees of the Company and subsidiaries is over 50% the Company's net worth as disclosed in the latest financial statements.
2. The aggregate balance of endorsements/guarantees for a single company of the Company and subsidiaries is over 20% the Company's net worth as disclosed in the latest financial statements.
3. The aggregate balance of endorsements/guarantees for a single company of the Company and subsidiaries is over NT\$10 million and the total of endorsements/guarantees, long-term investments and lending balance is over 30% the Company's net worth as disclosed in the latest financial statements.
4. The amount of new endorsements/guarantees of the Company and subsidiaries is over NT\$30 million and over 5% the Company's net worth as disclosed in the latest financial statements.

This Company may represent a subsidiary that is not a domestic public company to publish and report the balance of endorsements/guarantees as requested in item 4 of the foregoing paragraph.

Article 26 This Company shall assess or recognize the contingent loss for endorsements/guarantees and appropriately disclose information on endorsements/guarantees in the financial statements. This Company shall also provide relevant information for CPAs to implement necessary audit procedures.

Chapter V Addendum

Article 27 This Procedure shall be implemented as of the date of AGM approval.

Appendix 6

Taiwan Cogeneration Corporation Shareholdings of Directors

1. The paid-in capital of this Company is NT\$5,890,485,950 to issue a total of 589,048,595 shares.
2. According to Article 26 of the Securities and Exchange Act, all directors shall hold no less than 18,849,555 shares.
3. The table below shows the shares held by individual and all directors registered in the list of shareholders on the April 22, 2019, the date of transfer suspension for the meeting of shareholders.

Title	Name	Elected date	Term	Shares held at election	Shares currently held	
				Shares	Shares	Shareholding ratio %
Chairman	Ming-Jae Chang	21 Jun 2017	3 yrs.	162,954,279 shares, representing Taiwan Power Company Ltd.	162,954,279 shares, representing Taiwan Power Company Ltd.	27.66%
Director	Chien-yih Chen	21 Jun 2017	3 yrs.			
Director	Yuh-ming Lee	21 Jun 2017	3 yrs.			
Director	Jao-hua Hsu	21 Jun 2017	3 yrs.			
Director	Shen-ren Shao	21 Jun 2017	3 yrs.			
Director	Guo-xin Chang	21 Jun 2017	3 yrs.			
Director	Hong-xian Lin	21 Jun 2017	3 yrs.	11,527,432 shares, representing TECO.	11,527,432 shares, representing TECO.	1.96%
Director	Ting,wei	21 Jun 2017	3 yrs.	11,375,214 shares, representing Jin Hong Investments.	11,083,214 shares, representing Jin Hong Investments.	1.88%
Director	Sen-jing Wang	21 Jun 2017	3 yrs.	345,000 shares, representing Yuan Jing Investments.	345,000 shares, representing Yuan Jing Investments.	0.06%
Director	Huei-chu Liao	21 Jun 2017	3 yrs.	0	0	0.00%
Independent director	Xiao-dong Chang	21 Jun 2017	3 yrs.	0	0	0.00%
Independent director	Hsin-huei Yen	21 Jun 2017	3 yrs.	0	0	0.00%
Independent director	Yao-wen Lin	27 Jul 2017	3 yrs.	0	0	0.00%
Total of all directors				186,201,925 shares	185,909,925 shares	31.56%

Appendix 7

Handling of Shareholders' Proposals

The following shows the handling of proposals made by shareholders at the present annual general shareholders meeting.

1. According to Article 172-1 of the Company Act, "Shareholders holding more than one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words."
2. This Company accepts proposals made by shareholders for the present annual general shareholders meeting during April 12-April 22, 2019. All proposals have been published on the Market Observation Post System (MOPS) according to the law.
3. No shareholder proposal was received this year.