

TWSE: 8926



TAIWAN COGENERATION CORP.

**Handbook for the
2020 Annual General Meeting of Shareholders**

June 22, 2020

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I. Meeting Procedure

Taiwan Cogeneration Corporation Procedure of 2020 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. Report matters
5. Adoption of proposals
6. Election
7. Other matters
8. Questions and motions
9. Adjournment

II. Agenda of 2020 Annual General Meeting of Shareholders

Taiwan Cogeneration Corporation Agenda of 2020 Annual General Meeting of Shareholders

Time: 9:00 a.m., Monday, June 22, 2020

Venue: International Convention Hall

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

Attendees: All shareholders and equity representatives

Chairman: Mr. Min-Chieh Chang

1. Report on the number of shares attended the meeting
2. Calling the meeting to order
3. Chairman's address
4. Report matters
 - (1) 2019 Business Report
 - (2) Audit Committee's report on the 2019 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 of 2019
5. Adoption of proposals
 - (1) Adoption of 2019 Business Report and Financial Statements
 - (2) Adoption of 2019 Profit Distribution
6. Election
 - Election of Directors
7. Other matters
 - 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. Report matters

(1) 2019 Business Report.

Explanation: Please refer to the 2019 Business Report in Annex 1 of the AGM Handbook.

(2) Audit Committee's report on the 2019 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 2019 are as follows:

- 1) We provided a guarantee of NT\$204 million for subsidiary Chingshuei Geothermal Power Plant to raise a loan of NT\$400 million from the bank, which required this Company to be the joint guarantor based on our stake of 51%. The limit has been activities after contract execution on October 2019.
- 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.

¹ERC: Energy Regulatory Commission

²PSA: Power Supply Agreement

(4) Status report on the compensations for employees and remunerations for directors of 2019.

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 2019 income was NT\$1,151,741,215 (net income before tax after deducting the remuneration for employees and remuneration for directors). NT\$28,249,967 and NT\$10,449,264 were appropriated in cash as the remuneration for employees and remuneration for directors respectively. These amounts accounted for 2.45% and 0.91% of the 2019 profit respectively, comply with the Company's Articles of Incorporation. If elimination of the effects on net income after tax of IPP_IFRS with respect to the dividend distribution to adjust the balance of legal and special reserves at NT\$1,044,926,366, the appropriation rate was about 2.7% and 1% respectively.
- 3) The amount of distribution resolved above is the same as recognized in the 2019 expenses.

5. Adoptions of proposals

Proposal 1 Adoption of 2019 Business Report and Financial Statements. (proposed by the BOD)

Explanation

- (1) The 2019 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 2019 Profit Distribution.

Explanation

- (1) Beginning unappropriated retained earnings of 2019 was NT\$86,863,429. After setting off the retained earnings and adopted from the re-measurement of defined benefit plan and less unappropriated retained earnings at NT\$2,588,031, unappropriated earnings after adjustment is NT\$84,275,398.
- (2) With respect to the Company's Articles of Incorporation, the said adjusted undistributed earnings was NT\$84,275,398. By adding the 2019 net income of NT\$1,098,048,328, an amount of NT\$109,546,030 was appropriated as the legal reserve. After reversing the special reserve of NT\$4,232,450 by law and reverting the special reserve of NT\$52,191,618 (after deducting 10% legal reserve) (note) based on the effects adjusted according to the IPP_IFRS, the total amount of distributable earnings was NT\$1,129,201,764.
- (3) Appropriate cash dividend totaling NT\$1,001,382,612, at NT\$1.7 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.
(Note: As the effects adjusted according to IPP_IFRS in 2019 were a negative value, the amount was reversed and distributed according to the special reserve appropriated independently in one year before last year.)

Resolution:

6. Election

Proposed by the Board of Directors

Proposal: The Company's directorial election, please vote.

Explanation:

- (1) The term of the 10th Board of Directors will expire on June 29, 2020. A full board re-election will be implemented by law in 2020.
- (2) With respect to Article 23, paragraph 1, of the Company's Articles of Incorporation: "The Company has 13 directors elected from among the competent by the meeting of shareholders. The board shall include a minimum of three independent directors and one fifth of all director seats." A total of 13 directors, including three independent directors, will be elected in the upcoming directorial election. With respect to paragraph 2 of the same article, "The candidate nomination system is adopted for shareholders to elect directors from the list of candidates. Both independent directors and non-independent directors are elected in the same election, with votes counted separately." The candidate nomination system is adopted for the present election for shareholders to elect directors from the list of candidates.
- (3) The term of the 11th board of directors shall commence on June 30, 2020 and end on June 29, 2023, for a length of three years.
- (4) The list of candidates for the 11th directorial election is as follows:

TAIWAN COGENERATION CORPORATION
List of Candidates for the 11th Directorial Election

No.	Title	Name	Education	Experience	Current Position	current shareholding (shares)
1	Director	Min-Chieh Chang, Representative of Taiwan Power Company	MBA, MBA Program, National Chengchi University	VP and Accounting Director, Taiwan Power Company	Chairperson, Taiwan Cogeneration Corporation	162,954,279
2	Director	Chien-Yih Chen, Representative of Taiwan Power Company	MS, Department of Electrical Engineering, National Cheng Kung University	Director, Department of Power Generation; Director, Department of Power Equipment Repair and Maintenance, Taiwan Power Company	VP, Taiwan Power Company and CEO, Fossil Power Generation Division.	
3	Director	Jao-Hua Hsu, Representative of Taiwan Power Company	PhD, Department of Civil Engineering, National Chung Hsing University	Professional General Engineer and Director of the Department of Planning, Taiwan Power Company	VP, Taiwan Power Company	
4	Director	Ming-De Jiang, Representative of Taiwan Power Company	MS, Department of Energy and Refrigerating Air-Conditioning Engineering National Taipei University of Technology	Deputy Director, Department of Nuclear and Fossil Power Projects Deputy Director, Northern Region Construction Office, Taiwan Power Company	Director, Department of Nuclear and Fossil Power Projects, Taiwan Power Company	
5	Director	Li-Jhen Chen, Representative of Taiwan Power Company	MA, Department of Statistics, Iowa State University, USA	Team Leader and Chief of Planning, Department of Finance, Taiwan Power Company	Deputy Director, Department of Finance, Taiwan Power Company	
6	Director	Yuh-Ming Li, Representative of Taiwan Power Company	PhD, Geography and Environmental Engineering, The Johns Hopkins University, USA	Chairperson, Institute of Natural Resource Management, National Taipei University Professor, Institute of Natural Resource Management, National Taipei University	Distinguished Professor, Institute of Natural Resource Management, National Taipei University	

No.	Title	Name	Education	Experience	Current Position	current shareholding (shares)
7	Director	Wen-Bin Li, Representative of Ta Ya Electric Wire & Cable Co., Ltd.	MBA, MBA Program, National Chengchi University	Vice President, Copper Materials & New Business Development BU, Ta Ya Electric Wire & Cable Co., Ltd.	President, Copper Materials & New Business Development BU, Ta Ya Electric Wire & Cable Co., Ltd.	12,976,093
8	Director	Sheng-Chun Wang, Representative of Yuanjun Investment Co., Ltd.	MBA, Department of Management, Boston University, USA	Responsible Person, Yuanjun Investment Co., Ltd.	Responsible Person, Yuanjun Investment Co., Ltd.	345,000
9	Director	Fu-Cin Hong, Representative of Jiansheng Investment Co., Ltd.	LLM, Department of Law, Central Police University LLM, John Jay College of Criminal Justice, City University of New York, USA	Director-General, Public Affairs Division, Taiwan Provincial Government Liquidator Representative, Taiwan Chung Hsing Paper Mill	N/A	10,439,000
10	Director	Yi-Sian Chen, Representative of Bohan Investment Co., Ltd.	BA, Department of International Trade, Tung Hai University	Responsible Person, Bohan Investment Co., Ltd.	Responsible Person, Bohan Investment Co., Ltd.	9,117,000
11	Independent Director	Yao-Wen Lin	MA, Institute of Public Affairs Management of National San Yat-sen University	Chief, Premier's Office, Executive Yuan Director-General, Information Bureau, Kaohsiung City Government	Chairperson, New Culture Foundation	0
12	Independent Director	Han-Shen Li	BA, Department of Business Administration, Tamkang University	President, Taiwan Power Company	Chairperson, ROC Power Plant Retirees' Association	0
13	Independent Director	Ji-Sheng Ye	LLB, Department of Law, National Taiwan University	Responsible Person, Ji-Sheng Yeh's Law Firm	Responsible Person, Ji-Sheng Yeh's Law Firm	0

Result:

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 new director of this Company is concurrently a director or a key staff of another company, or invests in or runs a company with the scope of business or business activities similar to that of this Company, it is proposed that meeting of shareholders should relieve its non-compete restriction of this director or its representative.
3. Proposal to relieve the non-compete restriction on new directors.

Resolution:

8. Questions and motions

9. Adjournment

III. Annexes

Annex 1

2019 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.

2019 Business Report

1. Results of implementation of the business plan

The 2019 consolidated net income after tax increased by NT\$427,471,000 to NT\$1,096,335,000 over NT\$668,864,000 in 2018. This is mainly because the profit from the TPC Changbin PV Project, the Yantian PV Project in Tainan, the Ø rsted Project, and JDN Project undertaken by Star Energy, deducting the profit reduction from unrealized emergency and summer month purchases of Guantian Plant and coal price rises. In addition, the net effects on the net income from re-investment increased for the following reasons: the electricity price of the four invested IPPs increased as the gas price rose; increase dispatch from TPC, increased restitution from the Renewable Energy Development Fund; exemption of the increase in business income tax by 3% as in FY2018; and the prohibition of the huge-amount of KKPC's capitalization due to the overhaul for lifespan extension at the end of 2018. Based on 589,049,000 shares at the end of the year, the 2019 EPS is NT\$1.86.

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

Unit: NT\$1,000

Item	2019	2018
Operating revenue	7,186,086	3,814,274
Profit from operations	302,941	262,794
Non-operating income and expenses	799,697	413,374
Net profit before tax	1,102,638	676,168
Income tax expense	6,303	7,304
Net profit	1,096,335	668,864
Net profit attributable to owners of the corporation	1,098,048	672,295
EPS	1.86	1.14

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 2019.

3. Financial structure and profitability analysis

By the end of 2019, the overall profit increased over 2018 thanks to the gain from Star Energy and net income from investees. In financial structure and solvency, we constantly seek favorable and low-cost capital, and the overall financial structure is robust.

The following table shows the comparison of financial structure over the past two years:

Item		2019	2018
Financial structure analysis	Debt to total assets (%)	41	29
	Long-term capital to property & equipment (%)	1,064	1,715
Solvency	Current ratio (%)	130	134
	Quick ratio (%)	35	67
Profitability analysis	Return on assets (%)	6	4
	Return on equity (%)	9	6
	Profit margin (%)	15	18

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

Chairman: Min-Chieh Chang

CEO: Guang-Shun Yu

CAO: Chih-Chieh Hsu

Annex 2

**Taiwan Cogeneration Corporation
Audit Report of the Audit Committee**

Date: 20 March 2020

After auditing the 2019 financial statements, 2019 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 2020 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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 2019 consolidated financial statements are as follows:

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

Refer to Note 31.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 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, 2019, 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, 2019, the claims on the administrative proceedings and civil action in progress against these associates amounted to NT\$18,540 million and NT\$12,306 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 south area of Taiwan. The construction service revenue and construction service cost of the aforementioned contract recognized for the year ended December 31, 2019 were NT\$3,610,270 thousand and NT\$3,538,039 thousand, respectively, representing 50% and 53% 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 estimated 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, 2019 and 2018, 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 2019 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 20, 2020

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 962,019	5	\$ 1,096,720	7
Contract assets (Notes 4, 5, 20, 22 and 29)	3,566,984	17	1,262,711	8
Notes receivable (Notes 4, 7, 22 and 29)	93,242	-	779	-
Accounts receivable (Notes 4, 7 and 22)	316,647	2	307,283	2
Accounts receivable from related parties (Notes 4, 22 and 29)	111,974	1	60,517	-
Finance lease receivables (Notes 4 and 8)	715	-	-	-
Other receivables (Notes 24 and 29)	2,658	-	1,029	-
Inventories (Notes 4 and 9)	6,175	-	8,544	-
Prepaid construction costs	396,014	2	79,559	-
Prepaid value-added tax	69,314	-	74,523	-
Other financial assets (Note 30)	25,049	-	30,064	-
Other current assets	47,851	-	7,337	-
Total current assets	<u>5,598,642</u>	<u>27</u>	<u>2,929,066</u>	<u>17</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 5, 10 and 28)	267,600	1	247,000	2
Investments accounted for using the equity method (Notes 4, 12 and 30)	12,671,996	62	12,545,053	75
Property, plant and equipment (Notes 4 and 13)	1,516,774	8	849,782	5
Right-of-use assets (Notes 4 and 14)	126,813	1	-	-
Intangible assets (Notes 4 and 15)	6,643	-	4,054	-
Deferred income tax assets (Notes 4, 5 and 24)	138,281	1	128,141	1
Prepayments for equipment	2,310	-	34,776	-
Refundable deposits	64,355	-	23,394	-
Other financial assets (Note 30)	36,049	-	-	-
Total non-current assets	<u>14,830,821</u>	<u>73</u>	<u>13,832,200</u>	<u>83</u>
TOTAL	<u>\$ 20,429,463</u>	<u>100</u>	<u>\$ 16,761,266</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 875,000	4	\$ 700,000	4
Contract liabilities (Notes 4, 5, 20, 22 and 29)	621,340	3	99,362	1
Notes payable	12,971	-	15,229	-
Accounts payable	68,607	-	78,394	-
Construction costs payable	2,404,734	12	799,625	5
Accounts payable to related parties (Note 29)	1,158	-	1,158	-
Other payables (Note 17)	157,653	1	142,501	1
Current income tax liabilities (Notes 4 and 24)	1,617	-	36,947	-
Provisions (Notes 4, 18 and 20)	100,771	1	41,554	-
Lease liabilities (Notes 4 and 14)	25,808	-	-	-
Current portion of long-term borrowings (Notes 16 and 30)	25,517	-	273,777	2
Other current liabilities	3,388	-	2,976	-
Total current liabilities	<u>4,298,564</u>	<u>21</u>	<u>2,191,523</u>	<u>13</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 30)	3,714,938	18	2,553,203	15
Lease liabilities (Notes 4 and 14)	105,209	1	-	-
Net defined benefit liabilities (Notes 4, 5 and 19)	123,593	1	118,521	1
Guarantee deposits received	85,000	-	27,453	-
Total non-current liabilities	<u>4,028,740</u>	<u>20</u>	<u>2,699,177</u>	<u>16</u>
Total liabilities	<u>8,327,304</u>	<u>41</u>	<u>4,890,700</u>	<u>29</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 21)				
Share capital				
Common stock	5,890,486	29	5,890,486	35
Capital surplus	499,694	2	499,694	3
Retained earnings				
Legal reserve	1,428,312	7	1,361,083	8
Special reserve	2,947,108	14	3,200,533	19
Unappropriated earnings	1,182,324	6	784,241	5
Total retained earnings	<u>5,557,744</u>	<u>27</u>	<u>5,345,857</u>	<u>32</u>
Other equity	17,186	-	(4,233)	-
Total equity attributable to owners of the Corporation	11,965,110	58	11,731,804	70
NON-CONTROLLING INTERESTS	<u>137,049</u>	<u>1</u>	<u>138,762</u>	<u>1</u>
Total equity	<u>12,102,159</u>	<u>59</u>	<u>11,870,566</u>	<u>71</u>
TOTAL	<u>\$ 20,429,463</u>	<u>100</u>	<u>\$ 16,761,266</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, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 22 and 29)				
Sales	\$ 970,601	13	\$ 1,059,592	28
Construction service	6,152,879	86	2,647,702	69
Consulting service	<u>62,606</u>	<u>1</u>	<u>106,980</u>	<u>3</u>
Total operating revenues	<u>7,186,086</u>	<u>100</u>	<u>3,814,274</u>	<u>100</u>
OPERATING COSTS (Notes 23 and 29)				
Cost of sales	713,003	10	743,106	19
Construction service	5,907,924	82	2,553,150	67
Consulting service	<u>50,429</u>	<u>1</u>	<u>71,883</u>	<u>2</u>
Total operating costs	<u>6,671,356</u>	<u>93</u>	<u>3,368,139</u>	<u>88</u>
GROSS PROFIT	514,730	7	446,135	12
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>28,389</u>	<u>-</u>	<u>31,190</u>	<u>1</u>
REALIZED GROSS PROFIT	543,119	7	477,325	13
OPERATING EXPENSES (Note 23)	<u>240,178</u>	<u>3</u>	<u>214,531</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>302,941</u>	<u>4</u>	<u>262,794</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 23 and 29)	24,882	-	26,554	1
Other gains and losses (Note 23)	(10,466)	-	5,399	-
Finance costs (Note 23)	(37,661)	-	(33,552)	(1)
Share of profit or loss of associates accounted for using the equity method (Note 12)	<u>822,942</u>	<u>11</u>	<u>414,973</u>	<u>11</u>
Total non-operating income and expenses	<u>799,697</u>	<u>11</u>	<u>413,374</u>	<u>11</u>
PROFIT BEFORE INCOME TAX	1,102,638	15	676,168	18
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(6,303)</u>	<u>-</u>	<u>(7,304)</u>	<u>-</u>
NET PROFIT	<u>1,096,335</u>	<u>15</u>	<u>668,864</u>	<u>18</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	\$ (2,675)	-	\$ (17,713)	(1)
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	20,600	1	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	(4,357)	-	(23,068)	(1)
Share of remeasurement of defined benefit plans of associates accounted for using the equity method	(478)	-	(2,906)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 24)	<u>565</u>	<u>-</u>	<u>3,651</u>	<u>-</u>
	13,655	1	(18,836)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>5,176</u>	<u>-</u>	<u>(11,948)</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>18,831</u>	<u>1</u>	<u>(30,784)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,115,166</u>	<u>16</u>	<u>\$ 638,080</u>	<u>17</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,098,048	15	\$ 672,295	18
Non-controlling interests	<u>(1,713)</u>	<u>-</u>	<u>(3,431)</u>	<u>-</u>
	<u>\$ 1,096,335</u>	<u>15</u>	<u>\$ 668,864</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,116,879	16	\$ 641,511	17
Non-controlling interests	<u>(1,713)</u>	<u>-</u>	<u>(3,431)</u>	<u>-</u>
	<u>\$ 1,115,166</u>	<u>16</u>	<u>\$ 638,080</u>	<u>17</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 1.86</u>		<u>\$ 1.14</u>	
Diluted	<u>\$ 1.86</u>		<u>\$ 1.14</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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

	Equity Attributable to Owners of the Corporation					Other Equity				Total Equity
	Common Stock	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Non-controlling Interests	
			Legal Reserve	Special Reserve						
BALANCE, JANUARY 1, 2018	\$ 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
Appropriation of 2018 earnings										
Legal reserve	-	-	67,229	-	(67,229)	-	-	-	-	-
Special reserve	-	-	-	4,233	(4,233)	-	-	-	-	-
Reversal of special reserve	-	-	-	(257,658)	257,658	-	-	-	-	-
Cash dividends - NT\$1.5 per share	-	-	-	-	(883,573)	-	-	-	-	(883,573)
	-	-	67,229	(253,425)	(697,377)	-	-	-	-	(883,573)
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	1,098,048	-	-	-	(1,713)	1,096,335
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(2,588)	5,176	-	16,243	-	18,831
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,095,460	5,176	-	16,243	(1,713)	1,115,166
BALANCE, DECEMBER 31, 2019	\$ 5,890,486	\$ 499,694	\$ 1,428,312	\$ 2,947,108	\$ 1,182,324	\$ (55,813)	\$ -	\$ 72,999	\$ 137,049	\$ 12,102,159

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,102,638	\$ 676,168
Adjustments for:		
Depreciation expense	93,634	43,219
Amortization expense	1,986	1,616
Interest expense	37,499	33,428
Interest income	(5,252)	(9,824)
Dividend income	(8,000)	(8,000)
Share of profit or loss of associates accounted for using the equity method	(822,942)	(414,973)
Impairment loss	952	7,526
Unrealized loss on foreign currency exchange	2,157	366
Gain on reversal of warranty cost on construction	(2,065)	(473)
Realized gain on transactions with associates	(28,389)	(31,190)
Construction service costs	5,409	-
Construction service revenue	(55,219)	-
Other losses	1,459	183
Changes in operating assets and liabilities		
Contract assets	(2,249,054)	(1,040,854)
Notes receivable	(92,463)	(93)
Accounts receivable	(9,364)	(217,135)
Accounts receivable from related parties	(51,457)	37,142
Other receivables	(376)	10
Inventories	2,369	(1,729)
Prepaid construction costs	(316,455)	(79,559)
Other current assets	(40,514)	3,229
Prepaid value-added tax	5,209	(12,743)
Contract liabilities	521,978	99,362
Notes payable	(2,258)	(2,978)
Accounts payable	(9,787)	15,874
Construction costs payable	1,605,605	632,986
Other payables	19,474	14,561
Provisions	61,282	23,445
Other current liabilities	412	(57)
Net defined benefit liabilities	<u>2,397</u>	<u>(859)</u>
Cash used in operations	(229,135)	(231,352)
Interest received	5,708	9,232
Dividends received	731,401	855,971
Interest paid	(41,524)	(35,283)
Income tax paid	<u>(52,917)</u>	<u>(21,146)</u>
Net cash generated from operating activities	<u>413,533</u>	<u>577,422</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for right-of-use assets	(225)	-

(Continued)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Payments for property, plant and equipment (Note 26)	\$ (702,340)	\$ (276,516)
Proceeds from disposal of property, plant and equipment	3,165	7,209
Increase in refundable deposits	(40,961)	(7,152)
Increase in other financial assets	(31,033)	-
Payments for computer software	(1,865)	(3,865)
Decrease in finance lease receivables	8,535	-
Increase in prepayments for equipment	<u>(2,310)</u>	<u>(42,780)</u>
Net cash used in investing activities	<u>(767,034)</u>	<u>(323,104)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	175,000	700,000
Proceeds from long-term borrowings	5,643,500	3,551,980
Repayments of long-term borrowings	(4,730,025)	(3,620,000)
Increase in guarantee deposits received	57,547	21,558
Repayments of the principal portion of lease liabilities	(41,371)	-
Dividends paid to owners of the Corporation	(883,573)	(765,763)
Increase in non-controlling interests	<u>-</u>	<u>122,500</u>
Net cash generated from financing activities	<u>221,078</u>	<u>10,275</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(2,278)</u>	<u>(291)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(134,701)	264,302
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,096,720</u>	<u>832,418</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 962,019</u>	<u>\$ 1,096,720</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, 2019 and 2018 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, 2019 and 2018, 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, 2019. 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 2019 separate financial statements are as follows:

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

Refer to Note 28.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, 2019, 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, 2019, the claims on the administrative proceedings and civil action in progress against these associates amounted to NT\$18,540 million and NT\$12,306 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 south area of Taiwan. The construction service revenue and construction service cost of the aforementioned contract recognized for the year ended December 31, 2019 were NT\$3,610,270 thousand and NT\$3,538,039 thousand, respectively, representing 50% and 53% 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 estimated 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 2019 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 20, 2020

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, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 358,825	2	\$ 337,619	2
Notes receivable (Notes 4, 7 and 19)	92,122	1	-	-
Notes receivable from related parties (Notes 4, 19 and 26)	1,120	-	779	-
Accounts receivable (Notes 4, 7 and 19)	152,889	1	101,764	1
Accounts receivable from related parties (Notes 4, 19 and 26)	39,045	-	35,816	-
Finance lease receivables (Notes 4 and 8)	1,140	-	-	-
Other receivables (Notes 4 and 26)	5,363	-	77	-
Current income tax assets (Note 21)	1,477	-	-	-
Inventories (Notes 4 and 9)	6,175	-	8,544	-
Prepaid construction costs (Note 26)	463,528	3	-	-
Other current assets	1,806	-	3,176	-
Total current assets	<u>1,123,490</u>	<u>7</u>	<u>487,775</u>	<u>3</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 5, 10 and 25)	267,600	2	247,000	2
Investments accounted for using the equity method (Notes 4, 11 and 27)	14,237,581	88	13,575,109	92
Property, plant and equipment (Notes 4 and 12)	406,813	2	391,923	2
Right-of-use assets (Notes 4 and 13)	4,611	-	-	-
Computer software cost	2,793	-	2,518	-
Deferred income tax assets (Notes 4, 5 and 21)	101,410	1	101,578	1
Prepayments for equipment	2,310	-	-	-
Refundable deposits	5,727	-	5,630	-
Total non-current assets	<u>15,028,845</u>	<u>93</u>	<u>14,323,758</u>	<u>97</u>
TOTAL	<u>\$ 16,152,335</u>	<u>100</u>	<u>\$ 14,811,533</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Notes 4, 5, 17 and 19)	\$ 449,555	3	\$ -	-
Notes payable	12,046	-	14,912	-
Accounts payable	67,306	-	77,476	1
Construction costs payable to related parties (Note 26)	148,417	1	-	-
Accounts payable to related parties (Note 26)	1,158	-	1,158	-
Other payables (Note 15)	90,384	1	73,269	-
Current income tax liabilities (Notes 4 and 21)	-	-	36,947	-
Lease liabilities (Notes 4 and 13)	4,427	-	-	-
Current portion of long-term borrowings (Notes 14 and 27)	-	-	270,000	2
Other current liabilities	2,648	-	2,547	-
Total current liabilities	<u>775,941</u>	<u>5</u>	<u>476,309</u>	<u>3</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 14 and 27)	3,300,000	20	2,500,000	17
Lease liabilities (Notes 4 and 13)	1,367	-	-	-
Net defined benefit liabilities (Notes 4, 5 and 16)	101,210	1	96,336	1
Guarantee deposits received	8,707	-	7,084	-
Total non-current liabilities	<u>3,411,284</u>	<u>21</u>	<u>2,603,420</u>	<u>18</u>
Total liabilities	<u>4,187,225</u>	<u>26</u>	<u>3,079,729</u>	<u>21</u>
EQUITY (Note 18)				
Share capital				
Common stock	5,890,486	37	5,890,486	40
Capital surplus	499,694	3	499,694	3
Retained earnings				
Legal reserve	1,428,312	9	1,361,083	9
Special reserve	2,947,108	18	3,200,533	22
Unappropriated earnings	1,182,324	7	784,241	5
Total retained earnings	5,557,744	34	5,345,857	36
Other equity	17,186	-	(4,233)	-
Total equity	<u>11,965,110</u>	<u>74</u>	<u>11,731,804</u>	<u>79</u>
TOTAL	<u>\$ 16,152,335</u>	<u>100</u>	<u>\$ 14,811,533</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, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 19 and 26)				
Sales	\$ 878,778	53	\$ 1,018,622	96
Construction service	744,534	45	-	-
Consulting service	<u>39,599</u>	<u>2</u>	<u>41,309</u>	<u>4</u>
Total operating revenues	<u>1,662,911</u>	<u>100</u>	<u>1,059,931</u>	<u>100</u>
OPERATING COSTS (Notes 20 and 26)				
Cost of sales	658,906	40	719,117	68
Construction service	740,764	44	-	-
Consulting service	<u>32,820</u>	<u>2</u>	<u>32,377</u>	<u>3</u>
Total operating costs	<u>1,432,490</u>	<u>86</u>	<u>751,494</u>	<u>71</u>
GROSS PROFIT	230,421	14	308,437	29
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>29,367</u>	<u>2</u>	<u>29,367</u>	<u>3</u>
REALIZED GROSS PROFIT	259,788	16	337,804	32
OPERATING EXPENSES (Notes 20 and 26)	<u>167,886</u>	<u>10</u>	<u>161,314</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>91,902</u>	<u>6</u>	<u>176,490</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 20 and 26)	27,743	1	23,363	2
Other gains and losses (Note 20)	(1,683)	-	5,922	1
Finance costs (Note 20)	(30,936)	(2)	(33,026)	(3)
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 11)	<u>1,026,016</u>	<u>62</u>	<u>533,413</u>	<u>50</u>
Total non-operating income and expenses	<u>1,021,140</u>	<u>61</u>	<u>529,672</u>	<u>50</u>
PROFIT BEFORE INCOME TAX	1,113,042	67	706,162	67
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(14,994)</u>	<u>(1)</u>	<u>(33,867)</u>	<u>(3)</u>
NET PROFIT	<u>1,098,048</u>	<u>66</u>	<u>672,295</u>	<u>64</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

TAIWAN COGENERATION CORPORATION

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of a defined benefit plan (Note 16)	\$ (2,824)	-	\$ (14,240)	(1)
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	20,600	1	21,200	2
Share of remeasurement of defined benefit plans of subsidiaries and associates accounted for using the equity method	(329)	-	(6,379)	(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	(4,357)	-	(23,068)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 21)	<u>565</u>	<u>-</u>	<u>3,651</u>	<u>-</u>
	13,655	1	(18,836)	(2)
Items that may be reclassified subsequently to profit or loss:				
Share of exchange differences on translating foreign operations of subsidiaries accounted for using the equity method	<u>5,176</u>	<u>-</u>	<u>(11,948)</u>	<u>(1)</u>
Other comprehensive income (loss), net of income tax	<u>18,831</u>	<u>1</u>	<u>(30,784)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,116,879</u>	<u>67</u>	<u>\$ 641,511</u>	<u>61</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$1.86</u>		<u>\$1.14</u>	
Diluted	<u>\$1.86</u>		<u>\$1.14</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, 2019 AND 2018 (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 on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE, JANUARY 1, 2018	\$ 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	<u>5,890,486</u>	<u>499,694</u>	<u>1,263,896</u>	<u>3,133,898</u>	<u>1,059,867</u>	<u>(49,041)</u>	<u>-</u>	<u>58,624</u>	<u>11,857,424</u>
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)
	-	-	<u>97,187</u>	<u>66,635</u>	<u>(929,585)</u>	-	-	-	<u>(765,763)</u>
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	-	-	-	-	<u>655,327</u>	<u>(11,948)</u>	-	<u>(1,868)</u>	<u>641,511</u>
BALANCE, DECEMBER 31, 2018	<u>5,890,486</u>	<u>499,694</u>	<u>1,361,083</u>	<u>3,200,533</u>	<u>784,241</u>	<u>(60,989)</u>	<u>-</u>	<u>56,756</u>	<u>11,731,804</u>
Appropriation of 2018 earnings									
Legal reserve	-	-	67,229	-	(67,229)	-	-	-	-
Special reserve	-	-	-	4,233	(4,233)	-	-	-	-
Reversal of special reserve	-	-	-	(257,658)	257,658	-	-	-	-
Cash dividends - NT\$1.5 per share	-	-	-	-	(883,573)	-	-	-	(883,573)
	-	-	<u>67,229</u>	<u>(253,425)</u>	<u>(697,377)</u>	-	-	-	<u>(883,573)</u>
Net profit for the year ended December 31, 2019	-	-	-	-	1,098,048	-	-	-	1,098,048
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(2,588)	5,176	-	16,243	18,831
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	<u>1,095,460</u>	<u>5,176</u>	-	<u>16,243</u>	<u>1,116,879</u>
BALANCE, DECEMBER 31, 2019	<u>\$ 5,890,486</u>	<u>\$ 499,694</u>	<u>\$ 1,428,312</u>	<u>\$ 2,947,108</u>	<u>\$ 1,182,324</u>	<u>\$ (55,813)</u>	<u>\$ -</u>	<u>\$ 72,999</u>	<u>\$ 11,965,110</u>

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,113,042	\$ 706,162
Adjustments for:		
Depreciation expense	40,189	27,355
Amortization expense	1,270	1,068
Interest expense	30,878	32,959
Interest income	(2,410)	(5,647)
Dividend income	(8,000)	(8,000)
Share of profit or loss of subsidiaries and associates accounted for using the equity method	(1,026,016)	(533,413)
Unrealized loss on foreign currency exchange	1,174	100
Realized gain on transactions with associates	(29,367)	(29,367)
Changes in operating assets and liabilities		
Notes receivable from related parties	(341)	(94)
Notes receivable	(92,122)	-
Accounts receivable	(51,125)	(25,900)
Accounts receivable from related parties	(3,229)	3,592
Other receivables	(5,306)	23
Inventories	2,369	(1,925)
Prepaid construction costs	(463,528)	-
Other current assets	1,370	(322)
Contract liabilities	449,555	-
Notes payable	(2,866)	(2,124)
Accounts payable	(10,170)	18,423
Construction costs payable	148,417	-
Other payables	12,657	2,185
Other current liabilities	101	(192)
Net defined benefit liabilities	2,050	(1,114)
Cash generated from operations	<u>108,592</u>	<u>183,769</u>
Interest received	2,430	5,613
Dividends received	731,401	855,971
Interest paid	(29,439)	(34,218)
Income tax paid	<u>(52,685)</u>	<u>(21,146)</u>
Net cash generated from operating activities	<u>760,299</u>	<u>989,989</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(330,000)	(212,500)
Payments for property, plant and equipment (Note 23)	(37,279)	(8,902)
Proceeds from disposal of property, plant and equipment	74	-
Increase in refundable deposits	(97)	(9)
Payments for computer software	(1,545)	(2,105)
Decrease in finance lease receivables	12,894	-
Increase in prepayments for equipment	<u>(2,310)</u>	<u>(8,004)</u>
Net cash used in investing activities	<u>(358,263)</u>	<u>(231,520)</u>

(Continued)

TAIWAN COGENERATION CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	\$ 5,250,000	\$ 3,495,000
Repayments of long-term borrowings	(4,720,000)	(3,620,000)
Increase in guarantee deposits received	1,623	1,994
Repayments of the principal portion of lease liabilities	(27,706)	-
Dividends paid to owners of the Corporation	<u>(883,573)</u>	<u>(765,763)</u>
Net cash used in financing activities	<u>(379,656)</u>	<u>(888,769)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(1,174)</u>	<u>(100)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,206	(130,400)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>337,619</u>	<u>468,019</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 358,825</u>	<u>\$ 337,619</u>

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

(Concluded)

Annex 4

**Taiwan Cogeneration Corporation
Profit Distribution Table
Accounting Year 2019**

Unit: NT\$

Item	Amount	Remarks
Beginning unappropriated retained earnings	86,863,429	
Less: Recognized retained earnings adopted from the re-measurement of defined benefit plan	(2,588,031)	
Unappropriated earnings after adjustment	84,275,398	
Add: Net profit of current period	1,098,048,328	
Less: Legal reserve (10%)	(109,546,030)	
Add: special reserves (others)	4,232,450	
Add: special reserve (IFRS 90%)	52,191,618	
Sum of distributable profit	1,129,201,764	
Distribution items Cash dividends (NT\$1.7/share)	(1,001,382,612)	
Year-end unappropriated retained earnings	127,819,152	

Chairman: Min-Chieh Chang

CEO: Guang-Shun Yu

CAO: Chih-Chieh Hsu

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

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.
19th amendment was made on June 20, 2019.

Min-Chieh Chang
Chairman
Taiwan Cogeneration Corporation

Appendix 3

Taiwan Cogeneration Corporation Rules for Directorial Elections

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 2019

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 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 24, 2020, 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	Min-Chieh 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	Jao-Hua Hsu	21 Jun 2017	3 yrs.			
Director	Chun-Ming Tsai	21 Jun 2017	3 yrs.			
Director	Yuh-Ming Lee	21 Jun 2017	3 yrs.			
Director	Guo-Xin Chang	21 Jun 2017	3 yrs.			
Director	Hong-Xiang 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.	10,534,214 shares, representing Jin Hong Investments.	1.79%
Director	Sheng-Chun 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. (Note)	0	0	0.00%
Total of all directors				186,201,925 shares	185,909,925 shares	31.56%

Note: To cooperate with the 10th term of TCC's directors until June 29, 2020.

Appendix 5

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 17-April 27, 2020. All proposals have been published on the Market Observation Post System (MOPS) according to the law.
3. No shareholder proposal was received this year.