

TWSE: 8926



TAIWAN COGENERATION CORP.

**Handbook for the
2022 Annual General Meeting of Shareholders**

May 31, 2022

Contents

I.	Meeting Procedure	1
II.	Agenda of the 2022 Annual General Meeting of Shareholders.....	2
	1. Report on the number of shares attended the meeting	3
	2. Calling the meeting to order	3
	3. Chairman's address	3
	4. Report matters	3
	5. Adoption of proposals	5
	6. Discussion matters.....	6
	7. Other matters	9
	8. Extemporaneous motions	9
	9. Adjournment.....	9
III.	Annexes	10
	1. 2021 Business Report.....	10
	2. Report of the Audit Committee	12
	3. 2021 Directors' monetary compensation Table.....	13
	4. 2021 Financial Statements and CPA Audit Report.....	15
	5. 2021 Dividend Distribution Table.....	36
	6. Rules of Procedure for Shareholders Meeting (draft)	37
	7. Procedure for Director Election (draft)	44
	8. Cross-reference of Asset Acquisition or Disposal Procedures before and after amendments	47
IV.	Appendices	56
	1. Rules of Procedure for Shareholders Meeting	56
	2. Rules of Election for Shareholders Meeting	58
	3. Asset Acquisition or Disposal Procedures (before amendment).....	60
	4. Articles of Incorporation	71
	5. Shareholding of Directors	78
	6. Handling of Shareholders' Proposals	79

I. Meeting Procedure

Taiwan Cogeneration Corporation Procedure of 2022 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. Discussion matters
7. Other matters
8. Extemporaneous motions
9. Adjournment

II. Agenda of 2022 Annual General Meeting of Shareholders

Taiwan Cogeneration Corporation Agenda of 2022 Annual General Meeting of Shareholders

Time: 9:00 a.m., Tuesday, May 31, 2022

Venue: International Convention Hall

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

Meeting convention: Physical shareholders meeting

Attendees: All shareholders and equity representatives

Chairman: Mr. Shun-I Huang

1. Report on the number of shares attended the meeting
2. Calling the meeting to order
3. Chairman's address
4. Report matters
 - (1) 2021 Business Report
 - (2) Audit Committee's report on the 2021 Financial Statements
 - (3) Status report of the Corporation's endorsements and/or guarantees for others
 - (4) To report 2021 employees' compensation and directors' remuneration.
 - (5) To report 2021 directors' monetary compensation.
5. Adoption of proposals
 - (1) Adoption of 2021 Business Report and Financial Statements
 - (2) Adoption of the proposal of 2021 Dividend Distribution
6. Discussion matters
 - (1) To abolish Rules of Procedure for Shareholders Meeting and reestablish the rules.
 - (2) To abolish Rules of Election for Shareholders Meeting and reestablish Procedures for Director Election.
 - (3) Amendment to the Asset Acquisition or Disposal Procedures.
7. Other matters
 - Relief of the non-competition clause for directors
8. Extemporaneous 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) 2021 Business Report.

Explanation: Please refer to the 2021 Business Report in Annex 1 of the AGM Handbook.

(2) Audit Committee's report on the 2021 Financial Statements.

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

(3) Status report of the Corporation's endorsements and/or guarantees for others.

Explanation: The endorsements and/or guarantees offered for others by the Corporation by 31 December 2021 are as follows:

- 1) We provided a guarantee of NT\$204 million for subsidiary Chingshuei Geothermal Power Corp. to raise a loan of NT\$400 million from the bank, which required the Corporation to be the joint guarantor based on our stake of 51%. The Corporation's actual loan was NT\$375 million with a guaranteed amount of NT\$191.25 million applied.

- 2) TCIC, a subsidiary of the Corporation, 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.

The current status of the RPE project is significantly different from the original investment plan. The endorsement and guarantees for RPE by TCIC in the preceding paragraph were canceled in December 2021.

¹ERC: Energy Regulatory Commission

²PSA: Power Supply Agreement

(4) Status report on the compensations for employees and remunerations for directors of 2021.

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 2021 income was NT\$949,628,146 (net income before tax after deducting the remuneration for employees and remuneration for directors). NT\$30,224,576 and NT\$9,496,281 were appropriated in cash as the remuneration for employees and remuneration for directors respectively. These amounts accounted for 3.18% and 1% of the 2021 profit respectively, comply with the Corporation'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\$1,007,485,856 the appropriation rate was about 3% and 0.94% respectively.
- 3) The amount of distribution resolved above is the same as recognized in the 2021 expenses.

(5) To report 2021 directors' monetary compensation.

The Corporation's 2021 director remuneration report is hereby presented for review.

Explanation:

- 1) I. The distribution of remuneration to directors is handled in accordance with Article 36 "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....," and Article 38 "the board of directors is authorized to determine the director remuneration by referring to the degree of their participation in the Corporation's business operation, the value of their contribution to the Corporation, and the general remuneration standards of the industry."
- 2) II. The payments to the directors of the Corporation include remuneration, rewards, travel expenses, and attendance allowance. The content and amount of the individual remuneration are as follows:
 - a. Remuneration: According to the Articles of Incorporation, the earnings, if any, shall be applied to pay director remuneration for an amount not more than 1% of the earnings; also, the director remuneration rate shall not be higher than the employee compensation rate. The director remuneration was NT\$9,496,281 in 2021.
 - b. Rewards: According to the amount approved by the board of directors (1) General directors: None, (2) Independent directors: It has been increased from NT\$21,000/month to NT\$30,000/month starting from April 1, 2021. Independent directors also act as members of the Remuneration Committee, Audit Committee, Nomination Committee, and other functional committees; thus, they assume more responsibilities, risks, and time than general directors; therefore, the board of directors has resolved to award them with higher remuneration than general directors taking into account their contribution to the Corporation.
 - c. Travel expenses: It has been adjusted according to the resolution of the board of directors from NT\$9,000/month to (1) General directors (excluding the Chairman): NT\$20,000/month, (2) Independent directors: NT\$20,000/month starting from April 1, 2021.
 - d. Attendance allowance: Attendance allowance for an amount of NT\$5,000/time is paid to the attendant of the board meeting, functional committees meeting, and communication meetings with independent auditors, etc.
- III. Please refer to Annex 3 of the AGM handbook for the remuneration to general directors and independent directors of the Corporation in 2021 in details.

5. Adoptions of proposals

Proposal 1 Adoption of 2021 Business Report and Financial Statements. (Proposed by the BOD)

Explanation

- (1) The 2021 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 Jui-Hsuan Ho and CPA Chao-Mei Chen of Deloitte Taiwan with an audit report issued.
- (2) Please refer to the Business Report, Financial Statements, and CPA Audit Report in Annex 1 and Annex 4 of the AGM Handbook.

Resolutions:

Proposal 2 Adoption of the proposal of 2021 Dividend Distribution.

Explanation

- (1) After off-set the defined benefit plan remeasurement amount adjusted to the retained earnings for an amount of NT\$5,643,916, added to the adjusted retained earnings according to the equity method for an amount of NT\$31,461,077, the final adjusted retained earnings amounted to NT\$63,351,255.
 - (2) With respect to the Corporation's Articles of Incorporation, the said adjusted undistributed earnings were NT\$63,351,255. By adding the 2021 net income of NT\$897,884,295, an amount of NT\$92,370,146 was appropriated as the legal reserve, and reverting the special reserve of NT\$201,971,707 (after deducting 10% legal reserve) (note) based on the effects adjusted according to the IPP_IFRS, the total amount of distributable earnings was NT\$1,070,837,111.
 - (3) Appropriate cash dividend totaling NT\$1,030,835,041, at NT\$1.75 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 the Corporation).
 - (6) Please refer to Annex 5 of the AGM Handbook.
- (Note: As the effects adjusted according to IPP_IFRS in 2021 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. Discussion matters

Discussion proposal (1) Proposed by the Board of Directors

Cause of action: The Corporation's initial "Rules of Procedure for Shareholders Meetings" was abolished, and the revised "Rules of Procedure for Shareholders Meetings" is prepared and proposed for resolutions.

Explanation:

- I. It is processed in accordance with the Tai-Zheng-Zhi-Li-Tzi No. 1100001446 Letter by Taiwan Stock Exchange on January 28, 2021.
- II. For the purpose of improving corporate governance and safeguarding the rights and interests of shareholders, the Corporation by referring to the "Sample Template for OO Co., Ltd. Rules of Procedure for Shareholders Meetings" announced, amended, and published by the competent authorities and taking into account the Corporation's current "Rules of Procedure for Shareholders Meetings" that was formulated in the early years with the need of making massive amendments to it and it may cause the difficulty of comparing the articles, intends to have the initial "Rules of Procedure of Shareholders Meeting" of the Corporation abolished and has the new "Rules of Procedures of Shareholders Meetings" (draft) formulated that contains 19 articles.
- III. Please refer to Annex 6 of the agenda handbooks for the newly formulated "Rules of Procedure for Shareholders Meetings" (draft) of the Corporation.

Resolutions:

Discussion proposal (2) Proposed by the Board of Directors

Cause of action: The Corporation has the initial “Rules of Election for the Shareholders Meeting” abolished and the new “Director Election Procedure” formulated and submitted for resolutions.

Explanation:

- I. It is processed in accordance with the Tai-Zheng-Zhi-Li-Tzi No. 1090009468 Letter by Taiwan Stock Exchange on June 3, 2020.
- II. For the purpose of improving corporate governance and safeguarding the rights and interests of shareholders, the Corporation by referring to the “Sample Template for OO Co., Ltd. Election of Directors” announced, amended, and published by the competent authorities and taking into account the Corporation’s current “Rules of Election for the Shareholders Meeting” that was formulated in the early years with the need of making massive amendments to it and it may cause the difficulty of comparing the articles, intends to have the initial “Rules of Election for the Shareholders Meeting” of the Corporation abolished and has the new “Director Election Procedure” (draft) formulated that contains 13 articles.
- III. Please refer to Annex 7 of the agenda handbooks for the newly formulated “Director Election Procedure” (draft) of the Corporation.

Resolutions:

Discussion proposal (3) Proposed by the Board of Directors

Cause of action: The Corporation has the amendments to the “Procedures for the Acquisition or Disposal of Assets” submitted for resolutions.

Explanation:

- I. The Corporation has amendments made to the “Regulations Governing the Acquisition or Disposal of Assets by Public Companies” in accordance with the Jin-Guang-Zheng-Far-Tzi No. 1110380465 Letter by the Financial Supervisory Commission on January 28, 2022. The Corporation’s “Procedures for the Acquisition or Disposal of Assets” is amended partially in accordance with the aforementioned “Regulations” and the Corporation’s current business operation.
- II. Please refer to Annex 8 of the AGM handbook for the amendments made to the “Procedures for the Acquisition or Disposal of Assets.”

Resolutions:

7. Other matters

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

Explanation:

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

Title	Name	Relief of Non-Compete Restriction
Director	Tien-Ho Kuo	Executive, Taiwan Power Company

Resolution:

8. Extemporaneous motions

9. Adjournment

III. Annexes

Annex 1

2021 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 Corporation. Please accept my deepest gratitude for your support and assistance on behalf of Taiwan Cogeneration Corporation.

2021 Business Report

1. Results of implementation of the business plan

The 2021 consolidated net income was NT\$905,389,000, down NT\$165,194 thousand, compared with NT\$1,070,583,000 in 2020. For the operating revenue, the surge of coal price in Guantian Plant, the reduction in scrap tire supply due to pandemic, the increase in coal fuel price, and some steam customers changing from heavy fuel to natural gas that lead to lower steam price and lower profits. The reinvestment portion was due to the fire disaster with STAR BUCK POWER CORPORATION in early 2021 that was still under construction and restoration, which led to reduced profits. The profits for the other 3 IPP companies were increased due to the rise of dispatch from Taiwan Power Company. The acquisition of Miaoli Wind Co. at the end of June, 2020, increased the profits. Based on 589,049,000 shares at the end of the year, the 2021 EPS is NT\$1.52.

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

Unit: NT\$1,000		
Item	2021	2020
Operating revenue	6,406,996	9,313,724
Profit from operations	440,225	469,285
Non-operating income and expenses	586,176	651,839
Net profit before tax	1,026,401	1,121,124
Income tax expense	121,012	50,541
Net profit	905,389	1,070,583
Net profit attributable to owners of the corporation	897,884	1,068,547
EPS	1.52	1.81

2. Status of budget execution

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Corporation did not have to publish any financial forecast in 2021.

3. Financial structure and profitability analysis

By the end of 2021, there is little difference between the profit reduction for reinvestment portion. But the overall profit reduced over 2020 due to pandemic and the increase in coal fuel price. 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		2021	2020
Financial structure analysis	Debt to total assets (%)	50	47
	Long-term capital to property & equipment (%)	631	644
Solvency	Current ratio (%)	121	129
	Quick ratio (%)	66	45
Profitability analysis	Return on assets (%)	4	5
	Return on equity (%)	7	9
	Profit margin (%)	14	11

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

Chairman: Shun-I Huang

CEO: Chin-Fa Tsai

CAO: Jay Hsu

Annex 2

Taiwan Cogeneration Corporation Audit Report of the Audit Committee

Date: 16 March 2022

After auditing the 2021 financial statements, 2021 Business Report (including individual and the profit distribution table produced by the Board of Directors, where the financial statements audited and certified by CPA Jui-Hsuan Ho and CPA Chao-Mei Chen 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 Act.

To

Taiwan Cogeneration Corporation 2022 Annual General Meeting of Shareholders

Han-Shen Li
Convener
Audit Committee

Annex 3

The Remunerations for Directors of 2021 (NT\$ Thousand)

Title	Name (Note 1)	Remuneration for Directors								Ratio of total amount (A+B+C+D) to net income (Note 10)		Compensation for part-time employees								Ratio of total amount (A+B+C+D+E+F+G) to net income (Note 10)		Remuneration collected from invested companies or parent company other than the subsidiaries (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Remuneration (C) (Note 3)		Business practice expense (D) (Note 4)				Salary, bonus, allowance, etc. (Note 5)		Pension (F)		Labor remuneration (G) (Note 6)						
		The Company	Compani es included in the financial statemen ts (Note 7)	The Comp any	Comp anies includ ed in the financ ial statem ents (Note 7)	The Compa ny	Comp anies includ ed in the financ ial statem ents (Note 7)	The Compa ny	Comp anies includ ed in the financi al stateme nts (Note 7)	The Comp any	Compa nies includ ed in the financi al stateme nts (Note 7)	T h e C o m p a n y	Com panie s includ ed in the financ ial state ment s (Note 7)	The Com pany	Companie s included in the financial statements (Note 7)	The Company		Companies included in the financial statements (Note 7)		The Company	Companies included in the financial statements (Note 7)	
Cash	Stock															Cash	Stock					
Corporate Director	Taiwan Power Company	1,886	1,886	-	-	4,383	4,383	595	595	0.76%	0.76%	-	-	-	-	-	-	-	-	0.76%	0.76%	-
Chairman	Representative: Shun-I Huang	2,213	2,213	-	-	-	-	40	40	0.25%	0.25%	-	-	-	-	-	-	-	-	0.25%	0.25%	-
Former Chairman	Representative: Mingjie Chang	1,189	1,189	1,459	1,459	-	-	15	15	0.30%	0.30%	-	-	-	-	-	-	-	-	0.30%	0.30%	-
Former Director	Representative: Jianyi Chen	-	-	-	-	-	-	83	83	0.01%	0.01%	-	-	-	-	-	-	-	-	0.01%	0.01%	-
Director	Representative: Tienho Kuo	-	-	-	-	-	-	34	34	0.00%	0.00%	-	-	-	-	-	-	-	-	0.00%	0.00%	-
Director	Representative: Zaohua Hsu	-	-	-	-	-	-	102	102	0.01%	0.01%	-	-	-	-	-	-	-	-	0.01%	0.01%	-
Director	Representative: Mingde Jiang	-	-	-	-	-	-	102	102	0.01%	0.01%	-	-	-	-	-	-	-	-	0.01%	0.01%	-
Director	Representative: Lizhen Chen	-	-	-	-	-	-	102	102	0.01%	0.01%	-	-	-	-	-	-	-	-	0.01%	0.01%	-
Director	Representative: Yuming Lee	-	-	-	-	-	-	252	252	0.03%	0.03%	-	-	-	-	-	-	-	-	0.03%	0.03%	-
Corporate Director	TA YA ELECTRIC WIRE & CABLE CO., LTD.	-	-	-	-	730	730	-	-	0.08%	0.08%	-	-	-	-	-	-	-	-	0.08%	0.08%	-
Director	Representative: Wenbin Lee	-	-	-	-	-	-	252	252	0.03%	0.03%	-	-	-	-	-	-	-	-	0.03%	0.03%	120

Corporate Director	Yuanjun Investment Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Representative: Shengjun Wang	-	-	-	-	730	730	252	252	0.11%	0.11%	-	-	-	-	-	-	-	-	0.11%	0.11%	-
Corporate Director	Jiansheng Investment Co. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Representative: Fuchin Hong	-	-	-	-	730	730	252	252	0.11%	0.11%	-	-	-	-	-	-	-	-	0.11%	0.11%	-
Corporate Director	Prohanns Investment Co., Ltd.	-	-	-	-	730	730	140	140	0.10%	0.10%	-	-	-	-	-	-	-	-	0.10%	0.10%	-
Director	Representative:	-	-	-	-	-	-	112	112	0.01%	0.01%	-	-	-	-	-	-	-	-	0.01%	0.01%	-
Independent Director	Yaowen Lin	333	333	-	-	730	730	352	352	0.16%	0.16%	-	-	-	-	-	-	-	-	0.16%	0.16%	-
Independent Director	Hanshen Li	333	333	-	-	730	730	352	352	0.16%	0.16%	-	-	-	-	-	-	-	-	0.16%	0.16%	-
Independent Director	Jisheng Ye	333	333	-	-	730	730	352	352	0.16%	0.16%	-	-	-	-	-	-	-	-	0.16%	0.16%	-

Annex 4

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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 key audit matters of the Group's consolidated financial statements for the year ended December 31, 2021 are described as follows:

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

Refer to Note 36.e. and f. for details of the FTC ruling, appeal by associates and litigation against associates; Note 4.q. for the accounting policy on provisions; and Note 5.a. for the 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 the power purchase electricity rates, and as a result, levied fines against these companies on which the companies filed an appeal against. As of December 31, 2021, the total levied fines amounted to NT\$1,352 million.

Taiwan Power Company (TPC) concluded that it suffered losses due to such violations of the Fair Trade Act and filed a civil action against these associates. As of December 31, 2021, the claims on the civil action in progress against these associates amounted to NT\$9,543 million.

After evaluation of the legal analyses made by the 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 the 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. The above claims, appeal and litigation are still pending, and as the amounts of the fines and claims are material to the Group's consolidated financial statements, and the outcome of these cases may change with the subsequent development of the cases, and considering the fact that 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 requests to the attorneys and reviewed the description and assessment of their replies, and 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 of Construction Contracts

Refer to Note 26 for construction contracts, Note 4.r. for the accounting policies on revenue recognition of construction contracts, and Note 5.b. for the critical accounting judgments and key sources of estimation uncertainty associated with the evaluation of profit and loss of construction contracts.

The Group has entered into a construction contract related to large-scale offshore wind power generation in central Taiwan. The construction service revenue and construction service cost of the aforementioned contract recognized for the year ended December 31, 2021 amounted to NT\$2,743,511 thousand and NT\$2,729,600 thousand, respectively, representing 43% and 48% of the Group's consolidated operating revenue and consolidated operating costs, respectively. The percentage of completion and related profit from the construction contract were assessed 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 judgments made by the management; thus, the evaluation of profit and loss of construction contracts is considered as one of the key audit matters.

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

Assessment of Impairment of Goodwill

Refer to Note 30 for the details on business combinations, Note 4.m. for the assessment of impairment of goodwill and Note 5.e. for the critical accounting judgments and key sources of estimation uncertainty associated with the assessment of impairment of goodwill.

The Group acquired Hamaguri Co., Ltd. and Miaoli Wind Power Co., Ltd. in March 2021 and June 2020, respectively, in order to expand the renewable energy business and thus recognized goodwill. As of December 31, 2021, the carrying amount of goodwill was NT\$141,014 thousand.

The Group's management entrusted external independent appraisers to issue the impairment of goodwill test report and evaluated whether goodwill is impaired based on the appraisal results of the report in accordance with IAS 36 "Impairment of Assets". As goodwill is tested for impairment regularly, estimation of its future recoverable amount involves assumptions of accounting estimates, including the valuation model, key parameter settings, future cash flows and the use of discount rates, and may affect the balance of investments accounted for using the equity method and the share of profit and loss of subsidiaries in the consolidated financial statements; thus, the assessment of impairment of goodwill is considered as one of the key audit matters.

We evaluated the competence, objectivity and professional qualifications of the external independent appraisers entrusted by the management, and discussed with the management and reviewed the scope and content of the external independent appraisers' work to ensure that there were no matters affecting its objectivity or limiting its scope. We also entrusted our internal experts to perform related procedures to evaluate the reasonableness of the major assumptions and valuation method used in the impairment of goodwill test report issued by the external independent appraisers.

Other Matter

We have also audited the separate financial statements of Taiwan Cogeneration Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC as 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 the 2021 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 audits resulting in this independent auditors' report are Jui-Hsuan Ho and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 30)	\$ 2,763,822	12	\$ 1,603,210	7
Contract assets (Notes 4, 5, 24, 26 and 34)	2,641,399	11	3,926,607	17
Notes receivable (Notes 4, 7, 26 and 34)	-	-	293	-
Accounts receivable (Notes 4, 7 and 26)	455,579	2	315,045	1
Accounts receivable from related parties (Notes 4, 26, 30 and 34)	96,065	1	101,513	1
Finance lease receivables (Notes 4, 8 and 34)	10,224	-	9,367	-
Other receivables (Notes 4, 28 and 34)	36,224	-	129,910	1
Inventories (Notes 4 and 9)	13,187	-	7,485	-
Prepaid construction costs	18,279	-	18,980	-
Prepaid value-added tax	80,548	-	76,756	-
Non-current assets held for sale (Notes 4 and 17)	-	-	4,980	-
Other financial assets (Notes 30 and 35)	1,646	-	20,633	-
Other current assets (Note 30)	35,484	-	19,233	-
Total current assets	6,152,457	26	6,234,012	27
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 5, 10 and 33)	275,310	1	249,200	1
Investments accounted for using the equity method (Notes 4, 5 and 12)	12,750,996	53	12,578,430	55
Property, plant and equipment (Notes 4, 13, 15, 30 and 35)	3,009,667	12	2,817,061	12
Right-of-use assets (Notes 4, 14, 30 and 34)	447,802	2	196,654	1
Goodwill (Notes 4, 5, 15 and 30)	141,014	1	96,370	-
Intangible assets (Notes 4, 16 and 30)	903,256	4	400,712	2
Deferred income tax assets (Notes 4, 5, 28 and 30)	197,174	1	209,551	1
Long-term finance lease receivables (Notes 4, 8 and 34)	21,649	-	29,482	-
Refundable deposits	89,755	-	103,457	1
Other financial assets (Note 35)	42,549	-	42,549	-
Other non-current assets (Note 30)	22,212	-	22,212	-
Total non-current assets	17,901,384	74	16,745,678	73
TOTAL	\$ 24,053,841	100	\$ 22,979,690	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 30)	\$ 40,000	-	\$ 35,000	-
Short-term bills payable (Note 18)	499,614	2	-	-
Contract liabilities (Notes 4, 5, 24, 26 and 34)	193,467	1	202,706	1
Notes payable	-	-	112,472	1
Accounts payable	127,468	1	59,966	-
Construction costs payable	3,348,580	14	3,436,601	15
Accounts payable to related parties (Note 34)	1,911	-	58,070	-
Other payables (Notes 20, 30 and 34)	312,635	1	424,308	2
Current income tax liabilities (Notes 4 and 28)	50,921	-	95,563	1
Provisions (Notes 4, 22 and 24)	304,799	1	308,985	1
Lease liabilities (Notes 4, 14, 30 and 34)	54,533	-	48,174	-
Current portion of long-term borrowings (Notes 18, 30 and 35)	115,693	1	54,548	-
Other current liabilities (Note 30)	17,838	-	8,787	-
Total current liabilities	5,067,459	21	4,845,180	21
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 35)	3,746,919	16	2,991,543	13
Contract liabilities (Notes 4, 5 and 26)	56,180	-	12,079	-
Lease liabilities (Notes 4, 14, 30 and 34)	448,506	2	182,636	1
Bonds payable (Note 19)	2,497,255	10	2,496,630	11
Provisions (Notes 4, 22 and 30)	13,986	-	13,682	-
Deferred income tax liabilities (Notes 4, 28 and 30)	74,201	-	78,564	-
Net defined benefit liabilities (Notes 4 and 23)	124,387	1	126,425	1
Guarantee deposits received	44,083	-	38,419	-
Other liabilities (Notes 4 and 21)	2,802	-	4,864	-
Total non-current liabilities	7,008,319	29	5,944,842	26
Total liabilities	12,075,778	50	10,790,022	47
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 25)				
Share capital				
Ordinary shares	5,890,486	24	5,890,486	26
Capital surplus	499,694	2	499,694	2
Retained earnings				
Legal reserve	1,644,763	7	1,537,858	7
Special reserve	2,823,917	12	2,890,684	12
Unappropriated earnings	961,235	4	1,196,864	5
Total retained earnings	5,429,915	23	5,625,406	24
Other equity	11,378	-	34,997	-
Total equity attributable to owners of the Corporation	11,831,473	49	12,050,583	52
NON-CONTROLLING INTERESTS	146,590	1	139,085	1
Total equity	11,978,063	50	12,189,668	53
TOTAL	\$ 24,053,841	100	\$ 22,979,690	100

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 26 and 34)				
Sales	\$ 1,311,137	20	\$ 1,047,141	11
Construction services	4,931,367	77	8,090,531	87
Operations, maintenance and consulting services	<u>164,492</u>	<u>3</u>	<u>176,052</u>	<u>2</u>
Total operating revenue	<u>6,406,996</u>	<u>100</u>	<u>9,313,724</u>	<u>100</u>
OPERATING COSTS (Notes 27 and 34)				
Cost of sales	1,058,747	17	728,741	8
Construction services (Note 26)	4,415,665	69	7,697,106	82
Operations, maintenance and consulting services	<u>156,085</u>	<u>2</u>	<u>166,890</u>	<u>2</u>
Total operating costs	<u>5,630,497</u>	<u>88</u>	<u>8,592,737</u>	<u>92</u>
GROSS PROFIT	776,499	12	720,987	8
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>27,883</u>	<u>1</u>	<u>30,856</u>	<u>-</u>
REALIZED GROSS PROFIT	804,382	13	751,843	8
OPERATING EXPENSES (Notes 27 and 34)	<u>364,157</u>	<u>6</u>	<u>282,558</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>440,225</u>	<u>7</u>	<u>469,285</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	854	-	3,217	-
Other income (Notes 27 and 34)	68,095	1	38,655	-
Other gains and losses (Note 27)	(47,019)	(1)	(4)	-
Finance costs (Note 27)	(66,981)	(1)	(48,945)	-
Share of profit of associates accounted for using the equity method (Note 12)	<u>631,227</u>	<u>10</u>	<u>658,916</u>	<u>7</u>
Total non-operating income and expenses	<u>586,176</u>	<u>9</u>	<u>651,839</u>	<u>7</u>
PROFIT BEFORE INCOME TAX	1,026,401	16	1,121,124	12
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(121,012)</u>	<u>(2)</u>	<u>(50,541)</u>	<u>-</u>
NET PROFIT	<u>905,389</u>	<u>14</u>	<u>1,070,583</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				

(Continued)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Remeasurement of defined benefit plans (Note 23)	\$ (5,385)	-	\$ (905)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	7,000	-	(18,400)	-
Share of unrealized gain on investments in equity instruments at fair value through other comprehensive income of associates accounted for using the equity method	16,557	-	35,323	-
Share of remeasurement of defined benefit plans of associates accounted for using the equity method	(2,420)	-	1,602	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 28)	<u>2,161</u>	<u>-</u>	<u>(199)</u>	<u>-</u>
	17,913	-	17,421	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(15,715)</u>	<u>-</u>	<u>888</u>	<u>-</u>
Other comprehensive income, net of income tax	<u>2,198</u>	<u>-</u>	<u>18,309</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 907,587</u>	<u>14</u>	<u>\$ 1,088,892</u>	<u>12</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 897,884	14	\$ 1,068,547	11
Non-controlling interests	<u>7,505</u>	<u>-</u>	<u>2,036</u>	<u>-</u>
	<u>\$ 905,389</u>	<u>14</u>	<u>\$ 1,070,583</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 900,082	14	\$ 1,086,856	12
Non-controlling interests	<u>7,505</u>	<u>-</u>	<u>2,036</u>	<u>-</u>
	<u>\$ 907,587</u>	<u>14</u>	<u>\$ 1,088,892</u>	<u>12</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 1.52</u>		<u>\$ 1.81</u>	
Diluted	<u>\$ 1.52</u>		<u>\$ 1.81</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Equity Attributable to Owners of the Corporation						Other Equity		Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income			
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2020	\$ 5,890,486	\$ 499,694	\$ 1,428,312	\$ 2,947,108	\$ 1,182,324	\$ (55,813)	\$ 72,999	\$ 137,049	\$ 12,102,159	
Appropriation of 2019 earnings										
Legal reserve	-	-	109,546	-	(109,546)	-	-	-	-	
Reversal of special reserve	-	-	-	(56,424)	56,424	-	-	-	-	
Cash dividends - NT\$1.7 per share	-	-	-	-	(1,001,383)	-	-	-	(1,001,383)	
	-	-	109,546	(56,424)	(1,054,505)	-	-	-	(1,001,383)	
Net profit for the year ended December 31, 2020	-	-	-	-	1,068,547	-	-	2,036	1,070,583	
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	498	888	16,923	-	18,309	
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,069,045	888	16,923	2,036	1,088,892	
BALANCE AT DECEMBER 31, 2020	5,890,486	499,694	1,537,858	2,890,684	1,196,864	(54,925)	89,922	139,085	12,189,668	
Appropriation of 2020 earnings										
Legal reserve	-	-	106,905	-	(106,905)	-	-	-	-	
Reversal of special reserve	-	-	-	(66,767)	66,767	-	-	-	-	
Cash dividends - NT\$1.9 per share	-	-	-	-	(1,119,192)	-	-	-	(1,119,192)	
	-	-	106,905	(66,767)	(1,159,330)	-	-	-	(1,119,192)	
Disposal of investments in equity instruments at fair value through other comprehensive income by associates	-	-	-	-	31,461	-	(31,461)	-	-	
Net profit for the year ended December 31, 2021	-	-	-	-	897,884	-	-	7,505	905,389	
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(5,644)	(15,715)	23,557	-	2,198	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	892,240	(15,715)	23,557	7,505	907,587	
BALANCE AT DECEMBER 31, 2021	\$ 5,890,486	\$ 499,694	\$ 1,644,763	\$ 2,823,917	\$ 961,235	\$ (70,640)	\$ 82,018	\$ 146,590	\$ 11,978,063	

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,026,401	\$ 1,121,124
Adjustments for:		
Depreciation expense	289,023	192,598
Amortization expense	46,360	15,414
Interest expense	66,822	48,741
Interest income	(854)	(3,217)
Dividend income	(8,000)	(8,000)
Share of profit of associates accounted for using the equity method	(631,227)	(658,916)
Loss on disposal of property, plant and equipment	-	867
Unrealized gain on foreign currency exchange	(337)	(3,894)
Gain on reversal of warranty cost on construction	(76,541)	(564)
Loss on fair value changes of financial assets and liabilities at fair value through profit or loss	-	54
Realized gain on transactions with associates	(27,883)	(30,856)
Construction service costs	58	10,294
Others	(22)	72
Changes in operating assets and liabilities		
Contract assets	747,456	(359,623)
Notes receivable	293	92,949
Accounts receivable	(140,534)	1,602
Accounts receivable from related parties	5,448	30,165
Other receivables	126,527	(127,672)
Inventories	(5,702)	(1,310)
Prepaid construction costs	701	377,034
Other current assets	(15,251)	32,302
Prepaid value-added tax	(2,775)	(7,442)
Financial liabilities held for trading	-	(1,200)
Contract liabilities	34,862	(406,555)
Notes payable	(112,472)	99,501
Accounts payable	67,502	(8,641)
Construction costs payable	(88,021)	1,032,880
Accounts payable to related parties	(56,159)	56,912
Other payables	7,984	20,751
Provisions	72,355	208,929
Other current liabilities	9,008	4,214
Net defined benefit liabilities	(7,423)	1,927
Cash generated from operations	1,327,599	1,730,440
Interest received	760	3,457
Dividends received	654,775	824,072
Interest paid	(63,835)	(83,690)
Income tax paid	(150,561)	(9,274)
Net cash generated from operating activities	<u>1,768,738</u>	<u>2,465,005</u>

(Continued)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment (Note 31)	\$ (578,444)	\$ (503,390)
Payments for computer software	(11,152)	(7,483)
Proceeds from disposal of property, plant and equipment	-	45
Decrease (increase) in refundable deposits	13,702	(37,736)
Decrease in other financial assets	18,987	52,068
Decrease in finance lease receivables	9,987	9,773
Proceeds from disposal of non-current assets held for sale	5,000	-
Purchase of financial assets at fair value through other comprehensive income (Note 10)	(19,110)	-
Payments for right-of-use assets	-	(1,297)
Increase in other non-current assets	-	(22,212)
Net cash outflow on acquisition of subsidiaries (Note 30)	(42,251)	(733,583)
Net cash outflow on acquisition of associate (Note 12)	<u>(160,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(763,281)</u>	<u>(1,243,815)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	5,000	(1,174,747)
Increase in short-term bills payable	499,171	-
Proceeds from issuance of bonds	-	2,496,394
Proceeds from long-term borrowings	7,505,200	11,175,800
Repayments of long-term borrowings	(6,688,679)	(11,977,562)
Increase (decrease) in guarantee deposits received	5,664	(46,581)
Repayments of the principal portion of lease liabilities	(50,537)	(54,900)
Dividends paid to owners of the Corporation	<u>(1,119,192)</u>	<u>(1,001,383)</u>
Net cash generated from (used in) financing activities	<u>156,627</u>	<u>(582,979)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(1,472)</u>	<u>2,980</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,160,612	641,191
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,603,210</u>	<u>962,019</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,763,822</u>	<u>\$ 1,603,210</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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Corporation's separate financial statements for the year ended December 31, 2021 are described 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 4.1 for the accounting policy on provisions; and Note 5.a. for the 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, and as a result, levied fines against these companies on which the companies filed an appeal against. As of December 31, 2021, the total levied fines amounted to NT\$1,352 million.

Taiwan Power Company (TPC) concluded that it suffered losses due to such violations of the Fair Trade Act and filed a civil action against these associates. As of December 31, 2021, the claims on the civil action in progress against these associates amounted to NT\$9,543 million.

After evaluation of the legal analyses made by the 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 the 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. The above claims, appeal and litigation are still pending, and as the amounts of the fines and claims are material to the Corporation's separate financial statements, and the outcome of these cases may change with the subsequent development of the cases, and considering the fact that 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 requests to the attorneys and reviewed the description and assessment of their replies, and 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 of Construction Contracts

Refer to Note 20 for construction contracts, Note 4.m. for the accounting policies on revenue recognition of construction contracts, and Note 5.b. for the critical accounting judgments and key sources of estimation uncertainty associated with the evaluation of profit and loss of construction contracts.

The Corporation has entered into a construction contract related to large-scale offshore wind power generation in central Taiwan. The construction service revenue and construction service cost of the aforementioned contract recognized for the year ended December 31, 2021 amounted to NT\$2,743,511 thousand and NT\$2,729,600 thousand, respectively, representing 61% and 62% of the Corporation's operating revenue and operating costs, respectively. The percentage of completion and related profit from the construction contract were assessed and determined by the management based on the nature of activities, expected sub-contracting charges, construction periods, progress, methods, etc., and involve critical accounting judgments made by the management; thus, the evaluation of profit and loss of construction contracts is considered as one of the key audit matters.

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

Assessment of Impairment of Goodwill in Subsidiaries

Refer to Note 4.h. for the accounting policies of investments in subsidiaries, Note 5.e. for the critical accounting judgments and key sources of estimation uncertainty associated with the assessment of impairment of goodwill and Note 30 of the Corporation's consolidated financial statements for the details on business combinations.

The carrying amount of the Corporation's investments in subsidiaries includes the goodwill related to the acquisition of Miaoli Wind Power Co., Ltd. and Hamaguri Co., Ltd. as of December 31, 2021, and the carrying amount of goodwill was NT\$141,014 thousand.

The Corporation's management entrusted external independent appraisers to issue the impairment of goodwill test report and evaluated whether goodwill is impaired based on the appraisal results of the report in accordance with IAS 36 "Impairment of Assets". As goodwill is tested for impairment regularly, estimation of its future recoverable amount involves assumptions of accounting estimates, including the valuation model, key parameter settings, future cash flows and the use of discount rates, and may affect the balance of investments accounted for using the equity method and share of profit and loss of subsidiaries in the financial

statements; thus, the assessment of impairment of goodwill is considered as one of the key audit matters.

We evaluated the competence, objectivity and professional qualifications of the external independent appraisers entrusted by the management, and discussed with the management and reviewed the scope and content of the external independent appraisers' work to ensure that there were no matters affecting its objectivity or limiting its scope. We also entrusted our internal experts to perform related procedures to evaluate the reasonableness of the major assumptions and valuation method used in the impairment of goodwill test report issued by the external independent appraisers.

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 the 2021 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 audits resulting in this independent auditors' report are Jui-Hsuan Ho and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2022

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, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,309,686	7	\$ 828,727	4
Contract assets (Notes 4, 18 and 20)	1,065,014	6	1,082,900	6
Notes receivable from related parties (Notes 4, 20 and 27)	-	-	293	-
Accounts receivable (Notes 4, 7 and 20)	225,684	1	302,403	2
Accounts receivable from related parties (Notes 4, 20 and 27)	34,834	-	36,249	-
Finance lease receivables (Notes 4, 8 and 27)	10,552	-	10,017	-
Other receivables (Notes 4 and 27)	1,171	-	60,920	-
Current income tax assets (Note 22)	6,811	-	1,473	-
Inventories (Notes 4 and 9)	13,187	-	7,485	-
Prepaid value-added tax	8,319	-	-	-
Other current assets	2,174	-	2,544	-
Total current assets	<u>2,677,432</u>	<u>14</u>	<u>2,333,011</u>	<u>12</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 5, 10 and 26)	275,310	2	249,200	1
Investments accounted for using the equity method (Notes 4, 5, 11 and 28)	15,867,561	82	15,550,070	83
Property, plant and equipment (Notes 4 and 12)	383,819	2	396,458	2
Right-of-use assets (Notes 4 and 13)	49,942	-	63,759	1
Computer software cost (Note 4)	9,125	-	2,452	-
Deferred income tax assets (Notes 4 and 22)	78,270	-	89,129	1
Long-term finance lease receivables (Notes 4, 8 and 27)	22,344	-	31,528	-
Refundable deposits	5,760	-	5,760	-
Total non-current assets	<u>16,692,131</u>	<u>86</u>	<u>16,388,356</u>	<u>88</u>
TOTAL	<u>\$ 19,369,563</u>	<u>100</u>	<u>\$ 18,721,367</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bills payable (Note 14)	\$ 499,614	3	\$ -	-
Contract liabilities (Notes 4, 18 and 20)	-	-	201,814	1
Notes payable	-	-	5,588	-
Accounts payable	125,027	1	56,813	-
Construction costs payable	156,944	1	-	-
Construction costs payable to related parties (Note 27)	1,801,718	9	1,582,931	9
Accounts payable to related parties (Note 27)	1,158	-	1,158	-
Other payables (Notes 16 and 27)	94,276	-	100,457	1
Current income tax liabilities (Notes 4 and 22)	-	-	6,128	-
Lease liabilities (Notes 4 and 13)	27,794	-	26,252	-
Other current liabilities	680	-	668	-
Total current liabilities	<u>2,707,211</u>	<u>14</u>	<u>1,981,809</u>	<u>11</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 14)	2,165,000	11	2,005,000	11
Bonds payable (Note 15)	2,497,255	13	2,496,630	13
Lease liabilities (Notes 4 and 13)	55,535	-	79,371	-
Net defined benefit liabilities (Notes 4 and 17)	99,201	1	101,822	1
Guarantee deposits received	13,888	-	6,152	-
Total non-current liabilities	<u>4,830,879</u>	<u>25</u>	<u>4,688,975</u>	<u>25</u>
Total liabilities	<u>7,538,090</u>	<u>39</u>	<u>6,670,784</u>	<u>36</u>
EQUITY (Note 19)				
Share capital				
Ordinary shares	5,890,486	30	5,890,486	31
Capital surplus	499,694	3	499,694	3
Retained earnings				
Legal reserve	1,644,763	8	1,537,858	8
Special reserve	2,823,917	15	2,890,684	16
Unappropriated earnings	961,235	5	1,196,864	6
Total retained earnings	<u>5,429,915</u>	<u>28</u>	<u>5,625,406</u>	<u>30</u>
Other equity	11,378	-	34,997	-
Total equity	<u>11,831,473</u>	<u>61</u>	<u>12,050,583</u>	<u>64</u>
TOTAL	<u>\$ 19,369,563</u>	<u>100</u>	<u>\$ 18,721,367</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, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)				
Sales	\$ 778,934	17	\$ 797,718	20
Construction services	3,640,251	82	3,101,678	79
Consulting services	<u>45,462</u>	<u>1</u>	<u>39,914</u>	<u>1</u>
Total operating revenue	<u>4,464,647</u>	<u>100</u>	<u>3,939,310</u>	<u>100</u>
OPERATING COSTS (Notes 21 and 27)				
Cost of sales	775,354	17	576,691	15
Construction services	3,575,922	80	3,083,561	78
Consulting services	<u>36,316</u>	<u>1</u>	<u>33,164</u>	<u>1</u>
Total operating costs	<u>4,387,592</u>	<u>98</u>	<u>3,693,416</u>	<u>94</u>
GROSS PROFIT	77,055	2	245,894	6
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>29,367</u>	<u>-</u>	<u>29,367</u>	<u>1</u>
REALIZED GROSS PROFIT	106,422	2	275,261	7
OPERATING EXPENSES (Notes 21 and 27)	<u>195,456</u>	<u>4</u>	<u>170,259</u>	<u>4</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(89,034)</u>	<u>(2)</u>	<u>105,002</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 27)	330	-	1,961	-
Other income (Notes 21 and 27)	30,132	-	19,736	-
Other gains and losses (Note 21)	(6,918)	-	(1,258)	-
Finance costs (Note 21)	(38,761)	(1)	(36,625)	(1)
Share of profit of subsidiaries and associates accounted for using the equity method (Note 11)	<u>1,014,158</u>	<u>23</u>	<u>1,005,226</u>	<u>26</u>
Total non-operating income and expenses	<u>998,941</u>	<u>22</u>	<u>989,040</u>	<u>25</u>
PROFIT BEFORE INCOME TAX	909,907	20	1,094,042	28
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(12,023)</u>	<u>-</u>	<u>(25,495)</u>	<u>(1)</u>
NET PROFIT	<u>897,884</u>	<u>20</u>	<u>1,068,547</u>	<u>27</u>

OTHER COMPREHENSIVE INCOME

(Continued)

TAIWAN COGENERATION CORPORATION

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 17)	(5,032)	-	993	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	7,000	-	(18,400)	-
Share of remeasurement of defined benefit plans of subsidiaries and associates accounted for using the equity method	(1,618)	-	(296)	-
Share of unrealized gain on investments in equity instruments at fair value through other comprehensive income of associates accounted for using the equity method	16,557	-	35,323	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 22)	<u>1,006</u>	<u>-</u>	<u>(199)</u>	<u>-</u>
	17,913	-	17,421	1
Items that may be reclassified subsequently to profit or loss:				
Share of exchange differences on translation of the financial statements of foreign operations of subsidiaries accounted for using the equity method	<u>(15,715)</u>	<u>-</u>	<u>888</u>	<u>-</u>
Other comprehensive income, net of income tax	<u>2,198</u>	<u>-</u>	<u>18,309</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 900,082</u>	<u>20</u>	<u>\$ 1,086,856</u>	<u>28</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$1.52</u>		<u>\$1.81</u>	
Diluted	<u>\$1.52</u>		<u>\$1.81</u>	

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

(Concluded)

TAIWAN COGENERATION CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity		
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriat ed Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensiv e Income	Total Equity
BALANCE AT JANUARY 1, 2020	\$ 5,890,486	\$ 499,694	\$ 1,428,312	\$ 2,947,108	\$ 1,182,324	\$ (55,813)	\$ 72,999	\$ 11,965,110
Appropriation of 2019 earnings								
Legal reserve	-	-	109,546	-	(109,546)	-	-	-
Reversal of special reserve	-	-	-	(56,424)	56,424	-	-	-
Cash dividends - NT\$1.7 per share	-	-	-	-	(1,001,383)	-	-	(1,001,383)
	-	-	109,546	(56,424)	(1,054,505)	-	-	(1,001,383)
Net profit for the year ended December 31, 2020	-	-	-	-	1,068,547	-	-	1,068,547
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	498	888	16,923	18,309
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,069,045	888	16,923	1,086,856
BALANCE AT DECEMBER 31, 2020	5,890,486	499,694	1,537,858	2,890,684	1,196,864	(54,925)	89,922	12,050,583
Appropriation of 2020 earnings								
Legal reserve	-	-	106,905	-	(106,905)	-	-	-
Reversal of special reserve	-	-	-	(66,767)	66,767	-	-	-
Cash dividends - NT\$1.9 per share	-	-	-	-	(1,119,192)	-	-	(1,119,192)
	-	-	106,905	(66,767)	(1,159,330)	-	-	(1,119,192)
Disposal of investments in equity instruments at fair value through other comprehensive income by associates	-	-	-	-	31,461	-	(31,461)	-
Net profit for the year ended December 31, 2021	-	-	-	-	897,884	-	-	897,884
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(5,644)	(15,715)	23,557	2,198
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	892,240	(15,715)	23,557	900,082
BALANCE AT DECEMBER 31, 2021	\$ 5,890,486	\$ 499,694	\$ 1,644,763	\$ 2,823,917	\$ 961,235	\$ (70,640)	\$ 82,018	\$ 11,831,473

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 909,907	\$ 1,094,042
Adjustments for:		
Depreciation expense	48,386	45,393
Amortization expense	2,696	1,387
Interest expense	38,709	36,547
Interest income	(330)	(1,961)
Dividend income	(8,000)	(8,000)
Share of profit of subsidiaries and associates accounted for using the equity method	(1,014,158)	(1,005,226)
Unrealized loss (gain) on foreign currency exchange	1,014	(96)
Realized gain on transactions with subsidiaries and associates	(29,367)	(29,367)
Loss from lease modifications	7	-
Changes in operating assets and liabilities		
Contract assets	17,886	(1,082,900)
Notes receivable from related parties	293	827
Notes receivable	-	92,122
Accounts receivable	76,719	(149,514)
Accounts receivable from related parties	1,415	2,796
Other receivables	(272)	4,425
Inventories	(5,702)	(1,310)
Prepaid construction costs	-	463,528
Other current assets	370	(738)
Prepaid value-added tax	(8,319)	-
Contract liabilities	(201,814)	(247,741)
Notes payable	(5,588)	(6,458)
Accounts payable	68,214	(10,493)
Construction costs payable	375,731	1,434,514
Other payables	(6,648)	9,048
Other current liabilities	12	72
Net defined benefit liabilities	(7,653)	1,605
Cash generated from operations	253,508	642,502
Interest received	331	1,999
Dividends received	762,888	929,627
Interest paid	(37,181)	(29,778)
Income tax paid	(11,624)	(7,281)
Net cash generated from operating activities	967,922	1,537,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income (Note 10)	(19,110)	-
Acquisition of investments accounted for using the equity method (Note 11)	(229,630)	(1,163,608)
Payments for property, plant and equipment (Note 24)	(18,646)	(23,014)

(Continued)

TAIWAN COGENERATION CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Payments for computer software	(9,369)	(1,046)
Increase in refundable deposits	-	(33)
Decrease (increase) in other receivables from related parties	60,020	(60,020)
Decrease in finance lease receivables	<u>10,365</u>	<u>10,198</u>
Net cash used in investing activities	<u>(206,370)</u>	<u>(1,237,523)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bills payable	499,171	-
Proceeds from issuance of bonds	-	2,496,394
Proceeds from long-term borrowings	6,790,000	10,830,000
Repayments of long-term borrowings	(6,630,000)	(12,125,000)
Increase (decrease) in guarantee deposits received	7,736	(2,555)
Repayments of the principal portion of lease liabilities	(27,294)	(27,196)
Dividends paid to owners of the Corporation	(1,119,192)	(1,001,383)
Reduction of capital of subsidiary	<u>200,000</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(279,579)</u>	<u>170,260</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(1,014)</u>	<u>96</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	480,959	469,902
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>828,727</u>	<u>358,825</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,309,686</u>	<u>\$ 828,727</u>

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

Annex 5

Taiwan Cogeneration Corporation
Profit Distribution Table
Accounting Year 2021

Unit: NT\$

Item	Amount	Remarks
Beginning unappropriated retained earnings	37,534,094	
Add: Recognized retained earnings adopted from the re-measurement of defined benefit plan	(5,643,916)	
Add: Unappropriated earnings adjustment under equity method	31,461,077	
Unappropriated earnings after adjustment	63,351,255	
Add: Net profit of current period	897,884,295	
Less: Legal reserve	(92,370,146)	
Add: special reserve (IFRS 90%)	201,971,707	
Sum of distributable profit	1,070,837,111	
Distribution items Cash dividends (NT\$1.75/share)	(1,030,835,041)	
Year-end unappropriated retained earnings	40,002,070	

Chairman: Shun-I Huang

CEO: Chin-Fa Tsai

CAO: Jay Hsu

Annex 6

Taiwan Cogeneration Corporation

Rules of Procedure for Shareholders Meetings (New Edition, Draft)

Formulated by the Shareholders Meeting on 5.31.2022

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Corporation's shareholders meetings, and to strengthen management capabilities, the "Rules of Procedure for Shareholders Meetings" are adopted pursuant to Article 5 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies."
- Article 2 The rules of procedures for the Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, the Corporation's shareholders meetings shall be convened by the board of directors.

The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. The Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. In addition, 15 days before the date of the shareholders meeting, the Corporation shall have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Corporation and the professional shareholder services agent designated thereby.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in the electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where the re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding 1% or more of the total number of issued shares may submit to the Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder,

the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the Corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for the exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Corporation 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Corporation 2 days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 The Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and the proxy of the shareholders (hereinafter referred to as "shareholders" collectively) shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.

Article 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Corporation. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with the power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend the shareholders meeting in a non-voting capacity.

Article 8 The Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance at shareholders meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chairperson shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and the number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson 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. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 Before speaking, an attending shareholder must specify on 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 chairperson.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

Article 12 Voting at a shareholders meeting shall be calculated based on the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Corporation, that shareholder may not vote on that item, and may not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Corporation avoids the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Corporation 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Corporation, by the same means by which the voting rights were exercised, 2 days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of

the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and the number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Corporation.

Article 16 On the day of a shareholders meeting, the Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chairperson may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Corporation, the chairperson may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the proceedings and refusing to heed calls to stop, the chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at the shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 The "Rules of Procedure for Shareholders Meetings" shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall take effect in the same manner.

Annex 7

Taiwan Cogeneration Corporation

Director Election Procedure (New Edition, Draft)

Formulated by the Shareholders' Meeting on 5.31.2022

Article 1 To ensure a just, fair, and open election of directors, the "Procedures for Election of Directors" is adopted pursuant to Articles 21 and 41 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies."

Article 2 Except as otherwise provided by law and regulation or by the Corporation's articles of incorporation, elections of directors shall be conducted in accordance with the "Procedures."

Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of the Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Corporation's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- I. Basic requirements and values: Gender, age, nationality, and culture.
- II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

- I. The ability to make judgments about operations
- II. Accounting and financial analysis ability
- III. Business management ability
- IV. Crisis management ability
- V. Knowledge of the industry
- VI. An international market perspective
- VII. Leadership ability
- VIII. Decision-making ability

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of the Corporation shall consider adjusting its composition based on the results of the performance evaluation.

Article 4 The qualifications for the independent directors of the Corporation shall comply with Articles 2, 3, and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

The election of independent directors of the Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and shall be conducted in accordance with Article 24 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies."

Article 5 Elections of directors at the Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below 5 due to the dismissal of a director for any reason, the Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed in the Corporation's articles of incorporation, the Corporation shall call a special shareholder meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When all the independent directors are dismissed, a special shareholder meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6 The cumulative voting method shall be used for the election of the directors at the Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8 The number of directors will be as specified in the Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chairperson drawing lots on behalf of any person not in attendance.

Article 9 Before the election begins, the chairperson shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10 A ballot is invalid under any of the following circumstances:

- I. The ballot was not prepared by a person with the right to convene.
- II. A blank ballot is placed in the ballot box.
- III. The writing is unclear and indecipherable or has been altered.
- IV. The candidate whose name is entered in the ballot does not conform to the director candidate list.
- V. Other words or marks are entered in addition to the number of voting rights allotted.

Article 11 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chairperson on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 12 The board of directors of the Corporation shall issue notifications to the persons elected as directors.

Article 13 The “Director Election Procedure” and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Annex 8

Taiwan Cogeneration Corporation

Amendments to the “Procedures for the Acquisition or Disposal of Assets” before
and after

After amendments	Before amendments	Remarks
<p>Article 5</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Corporation with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements:</p> <p>I~III Omitted</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:</p> <p>I. Omitted</p> <p>II. When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related</p>	<p>Article 5</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Corporation with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements:</p> <p>I~III Omitted</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following provisions:</p> <p>I. Omitted</p> <p>II. When <u>reviewing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and</p>	<p>It is for the purpose of clarifying the procedures and responsibilities to be followed and assumed by external experts; and having some text of the data used by experts amended to meet the actual operations.</p>

<p>working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate</u> and reasonable, and that they have complied with applicable laws and regulations.</p>	<p>accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>completeness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate,</u> and that they have complied with applicable laws and regulations.</p>	
<p>Article 9</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Corporation's paid-in capital or NT\$300 million or more, the Corporation, unless transacting with a domestic</p>	<p>Article 9</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Corporation's paid-in capital or NT\$300 million or more, the Corporation, unless transacting with a domestic</p>	<p>As stated in Article 5 "when issuing an appraisal report or opinion shall comply with the self-regulatory rules of the industry associations to which they belong," which includes the procedures for CPA's issuing opinions. Therefore, the text in Paragraph 1, subparagraph</p>

<p>government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>I ~ II omitted</p> <p>III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(I) ~ (II) omitted</p> <p>IV. Omitted</p>	<p>government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>I ~ II omitted</p> <p>III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to <u>have it handled in accordance with Statements on Auditing Standards No. 20 announced by Accounting Research and Development Foundation (ARDF)</u> and to render a specific opinion regarding the reason for the discrepancy and the</p>	<p>3 text “a certified public accountant shall be engaged to have it handled in accordance with Statements on Auditing Standards No. 20 announced by Accounting Research and Development Foundation (ARDF)” is hereby deleted.</p>
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	<p>appropriateness of the transaction price:</p> <p>(I) ~ (II) omitted</p> <p>IV. Omitted</p>	
<p>Article 10</p> <p>The Corporation acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the Corporation's paid-in capital or NT\$300 million or more, the Corporation shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	<p>Article 10</p> <p>The Corporation acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the Corporation's paid-in capital or NT\$300 million or more, the Corporation shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price; <u>however, if the CPA adopts a report of an expert, it shall be handled in accordance with Statements on Auditing Standards No. 20 announced by Accounting Research and Development Foundation (ARDF).</u>" This requirement does not apply, however, to publicly quoted prices of securities</p>	<p>The reasons for the amendment are the same as those stated in Article 9.</p>

	that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	
<p>Article 11</p> <p>Where the Corporation acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Corporation shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>Article 11</p> <p>Where the Corporation acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Corporation shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>also, the certified public accountant shall have it handled in accordance with Statements on Auditing Standards No. 20 announced by Accounting Research and Development Foundation (ARDF).”.</u></p>	<p>The reasons for the amendment are the same as those stated in Article 9.</p>

After amendments	Before amendments	Remarks
<p>Article 15</p> <p>Paragraph 1 Omitted</p> <p>With respect to the types of transactions listed below, when to be conducted between the Corporation and the subsidiaries, or between the subsidiaries in which the Corporation directly or indirectly holds 100% issued shares or authorized capital, the Corporation's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board meeting:</p> <p>I~II Omitted</p> <p><u>If the Corporation or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10% or more of the Corporation's total assets, the Corporation shall submit the materials listed in paragraph 1 submitted to the shareholders meeting for approval before the transaction contract may be entered into and any</u></p>	<p>Article 15</p> <p>Paragraph 1 Omitted</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction, which has been approved by the majority of the Audit Committee members in accordance with the "Procedures" and resolved by the board of directors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Corporation and the subsidiaries, or between the subsidiaries in which the Corporation directly or indirectly holds 100% issued shares or authorized capital, the Corporation's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently</p>	<p>I. The incumbent paragraph 3 is moved to paragraph 2.</p> <p>II. Paragraph 3 is added for the purpose of enhancing the management or related party transactions:</p> <p>The incumbent paragraph 2 is moved to paragraph 4.</p> <p>The calculation of the transaction amount is amended and included in the transaction approved by the shareholders meeting in compliance with the stipulation of paragraph 3.</p>

<p><u>payment made. However, this restriction does not apply to transactions between the Corporation and the parent company or subsidiaries or between the subsidiaries.</u></p> <p><u>The calculation of the transaction amounts referred to in paragraph 1 and in the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction, which has been approved by the majority of the Audit Committee members in accordance with the “Procedures” and resolved by the shareholders meeting and the board of directors need not be counted toward the transaction amount.</u></p>	<p>submitted to and ratified by the next board meeting: I~II Omitted</p>	
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After amendments	Before amendments	Remarks
<p>Article 31</p> <p>Under any of the following circumstances, the Corporation acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>I~V Omitted</p> <p>VI. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million or more; provided, this shall not apply to the following circumstances:</p> <p>(I) Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>(II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic</p>	<p>Article 31</p> <p>Under any of the following circumstances, the Corporation acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>I~V Omitted</p> <p>VI. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million or more; provided, this shall not apply to the following circumstances:</p> <p>(I) Trading of domestic or foreign government bonds.</p> <p>(II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>	<p>Since the current trading of domestic and international corporate bonds has been exempted from the requirement of making announcements and reporting, Paragraph 1, Subparagraph, 6, Section 1 is hereby amended to exempt foreign corporate bonds with a sovereign rating not lower than the sovereign rating of Taiwan from the requirement of making announcements and reporting.</p>

securities investment trust enterprises. Omitted hereinafter	Omitted hereinafter	
Article 36 The “Procedures” shall be enforced from the day it is resolved by the shareholders meeting, <u>same for the amendments.</u>	Article 36 The “Procedures” shall be enforced from the day it is resolved by the shareholders meeting.	The date of amendments made to the “Procedures” is added.

IV. Appendices

Appendix 1

Taiwan Cogeneration Corporation

Rules of Procedure for Shareholders Meeting

(before amendment)

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, the Corporation shall hold meetings of shareholders in accordance with the Rules of Procedure for Meetings of Shareholders.
2. The Corporation 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 the Corporation 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. The Corporation 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. The Corporation 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 the Corporation.
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 the Corporation, 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. The Rules, and any amendments hereto, shall be implemented after adoption by meeting of shareholders.

Taiwan Cogeneration Corporation Rules of Election for Shareholders Meeting

(before amendment)

Passed by the Initiator Conference on 14 April 1992

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

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

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

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 the Corporation otherwise requires, the Rules shall apply to the directorial and supervisory elections of the Corporation.
2. The meeting of shareholders shall elect directors of the Corporation 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. The Corporation 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 are 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.

Taiwan Cogeneration Corporation Asset Acquisition or Disposal Procedure

(before amendment)

Established by the General Meeting of Shareholders on 20 June 2012

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

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

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

Chapter I General Provision

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

Article 2 The Corporation shall acquire or dispose assets in accordance with this Procedure.

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

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

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

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, spin-offs, acquisitions, or transfers of shares by law: Assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, and other acts, or transfers of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter “transfer of shares”) under paragraph 3, Article 156, of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of resolutions made by boards of directors, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in the Mainland China.
7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
8. Over-the-counter venue ("OTC venue," "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

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

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

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

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Chapter II Disposition Procedures

Section 1 Establishment of Disposition Procedures

Article 6 This Procedure shall be approved by BOD before submitting to all supervisors and the AGM for consent adoption, and the same shall apply to revisions thereof. Where a director disagrees with this Procedure and records or written statements are in place, the Company shall distribute such information to each supervisor.

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

Article 7 In the transaction of real property, plant and equipment (PP&E) the handling department shall

assess the analysis results, draws up transaction terms, submits them for approval according to the approval hierarchy, and makes approval according to the Corporation's authorization procedure.

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

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

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

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

Section 2 Acquisition or Disposal of Assets

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

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

Omitted from here.

Article 10 When acquiring or disposing securities, the Corporation shall obtain the latest financial statements of the issuing company certified or reviewed by a certified public accountant for the reference of appraising the transaction price prior to the date of occurrence of the event. In addition, when the transaction amount is over 20 percent of the Corporation's paid-in capital or NT\$300 million, the Company shall additionally consult a CPA to express opinion on the fairness of the transaction price prior to the date of occurrence of the event. Where an expert report is required as evidence, the CPA shall proceed in accordance with the SAS No. 20 published by the Accounting Research and Development Foundation in Taiwan, except for securities with publicly quoted prices in the active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 11 Except for transactions with domestic government agencies, when acquiring or disposing memberships or intangible assets or their right-of-use assets amounting up to 20% of the Corporation's paid-in capital or over NT\$300 million, the Corporation shall consult a CPA to express opinion on the fairness of the amount prior to the date of occurrence of the event. The CPA shall, in return, proceed in accordance with SAS 20 published by the Accounting Research and Development Foundation in Taiwan.

Article 12 The transaction amount referred to in the foregoing three articles shall be calculated in accordance with paragraph 2 of Article 31, and "within one year" refers to the year before the date of occurrence of the current transaction. The section(s) with an appraisal report from a professional appraiser or the CPA opinion obtained in accordance with this Procedure shall be exempted.

Article 13 Where the Company acquires or disposes assets through the court auction procedure, the evidentiary documentation issued by the court may substitute the appraisal report or CPA opinion.

Section 3 Related Party Transaction

Article 14 When acquiring or disposing assets with a related party, apart from ensuring that the required resolutions are adopted and the fairness of the transaction terms is appraised in accordance with the this and previous sections, the Company shall obtain an appraisal report from a professional appraiser or the CPA opinion where the transaction amount exceeds 10% of the Corporation's net worth.

The transaction amount referred to in the foregoing paragraph shall be calculated in accordance with Article 12.

When judging whether or not the counterparty is a related party, in addition to the legal formalities, the substance of the relationship shall be considered.

Article 15 Except for trading domestic government bonds and repurchase (RP)/reserve repurchase (RS) securities, subscribing or redeeming domestic money market funds (MMFs), when acquiring or disposing real property and its right-of-use assets with related parties, or acquiring or disposing assets other than real property and its right-of-use assets with related parties at a transaction amount up to 20% of the paid-in capital or 10% of the total assets of the Corporation, or over NT\$300 million, the Company shall submit the following data to BOD for approval and to supervisors for adoption prior to concluding the transaction agreement and disburse the payment:

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

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

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

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

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

1. The cost including the transaction price and necessary interest on funding of the related party and the buyer's cost. "Necessary interest on funding" is calculated based on the weighted average interest rate on borrowing in the year the Company purchases the property, provided that the rate shall not exceed the maximum lending rate of non-financial industries announced by the Ministry of Finance.

2. The total value appraised by the lending financial institution where a related party has mortgaged the real property to a financial institution, provided that the actual cumulative amount lent by the financial institution shall be above 70% of the appraised total value and the period of lending shall be over one year. This shall not apply where the financial institution is a related party of one of the trading counterparties.

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

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

Where acquiring real property or its right-of-use assets from a related party under anyone of the following circumstances, the foregoing three paragraphs shall not apply, and the Company shall proceed in accordance with the Article 14:

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

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

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

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

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

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

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

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

Section 4 Derivatives Transaction

Article 19 The principles and policy of derivatives transactions of the Corporation:

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

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

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

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

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

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

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

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

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

Article 22 When engaging in derivatives transactions, the Corporation shall establish a memorandum book in record in detail the types and amounts of derivatives transactions, BOD approval dates, and the matters required for careful assessment under item 4 of Article 20; item 2 of paragraph 1 and item 1 of paragraph 2 of the previous article.

Internal auditor of the Corporation shall periodically determine the fairness of internal controls on derivatives transactions and audit the procedural compliance of departments engaging in derivatives transactions, and records shall be maintained. Auditor shall inform all supervisors of any material violations in writing.

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

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

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

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

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

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

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

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

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

Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the Corporation shall sign an agreement with them and proceed in accordance with two paragraphs mentioned above.

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

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

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

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

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

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

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

Chapter III Public Disclosure of Information

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

1. Acquiring or disposing real property or its right-of-use assets with related parties, or acquiring or disposing assets other than real property or its right-of-use assets with related parties at a transaction amount up to 20% of the Corporation's paid-in capital, or up to 10% of the total assets, or over NT\$300 million, except for trading domestic bonds and RP/RS securities, subscribing or redeeming domestic MMFs.
2. Conducting mergers, spin-offs, acquisitions, or stock transfers.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts specified in the relevant procedures.

4. Acquiring or disposing assets or their right-of-use assets for operating use with counterparties who are not a related party at an amount up to any one of the following:
 - (1) When the Corporation's a paid-in capital is under NT10 billion and a transaction amount is over NT\$500 million.
 - (2) When the Corporation's paid-in capital over NT10 billion and a transaction amount is over NT\$1 billion.
5. Acquiring real property through outsourcing construction projects on own real property, outsourcing construction projects on leased real property, or joint construction not from a related party at a planned investment amount over NT\$500 million.
6. Asset transactions, obligations disposed by financial institutions, or investments in mainland China other than that mentioned in the foregoing five paragraphs at an amount above 20% of the Corporation's paid-in capital or over NT\$300 million, except for the following circumstances:
 - (1) Trading domestic government bonds.
 - (2) Trading RP/RS securities, subscribing or buying back MMFs issued by domestic securities investment trust companies.

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

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

“Within one year” referred to in this Procedure shall mean the one year prior to the date of occurrence of the current transaction. Transactions that have been published in accordance with this Procedure can be exempted.

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

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

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

Article 32 After publishing/reporting a transaction as specified above, the Company shall publish/report relevant information on the website designated by FSC within two days from occurrence under any one of the following circumstances:

1. Alteration, termination, or rescission of signed contracts relating to the transaction.
2. A merger, spin-off, acquisition, or transfer of share is not completed as scheduled.
3. Change in the published information.

Chapter IV Addendum

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

Article 34 The Corporation may represent a subsidiary that is not a domestic public company in acquisition or disposal of assets that shall be disclosed in Chapter III.

The paid-in capital or total assets of the Corporation shall be the criteria for determining if a subsidiary referred to in the foregoing paragraph is subject to paragraph, paragraph 1 of Article 31, requiring the publication and regulatory filing where the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

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

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

Appendix 4

Taiwan Cogeneration Corporation Articles of Incorporation

Chapter I General Provisions

- Article 1 The Corporation 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 The Corporation 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 Equipment Checking and Maintenance
 - (12) E603050 Cybernation Equipment 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 Equipment Construction
 - (18) E603090 Illumination Equipment 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 The Corporation shall make public announcements by publishing announcement in the conspicuous location of daily news in the municipalities or local counties (cities) where the Corporation is located, except as otherwise specified by the securities management authorities.
- Article 5 The Corporation may provide guarantee for and lend to a third party for business purpose in accordance with the regulations for endorsements, guarantees and lending of the Corporation 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 Corporation's reinvestments shall not be subject to the restriction of not more than forty percent (40%) of the Corporation'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 the Corporation 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 the Corporation 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, the Corporation may issue shares without printing a share certificate.
- Article 9 Stocks issued by the Corporation 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 the Corporation. 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 the Corporation 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 the Corporation with the court decision.
- Article 11 When re-issuing stocks for ownership transfer or lost/extinguished stocks, the Corporation 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 the Corporation 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 the Corporation in writing when they lost their seal of the previous Article registered at the Corporation. Shareholders shall also bring the original copy of any identity documents and the new seal to the Corporation 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 the Corporation.

- 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 the Corporation 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 the Corporation.
- 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 the Corporation 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 the Corporation.

Chapter IV Directors and Audit Committee

- Article 23 The Corporation 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.
- The Corporation 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 the Corporation.
- 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 the Corporation, 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 the Corporation, 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 the Corporation.
 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 the Corporation.
 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 the Corporation.
 16. Approval of the Corporation'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 Corporation's major property or assets.

19. Appointment, discharge, and fees for CPAs and permanent legal advisors.

20. Approval and correction of the Corporation'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 the Corporation or the chairman of the board meeting 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 the Corporation.

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 important documents and contracts.

Chapter V Managerial Officers

Article 33 The Corporation 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 Act.

Article 34 The general manager shall administer the business of the Corporation according to the chairman's order and supervise, execute, and administer the operations of the Corporation. Vice general managers shall assist the general manager to carry out his/her duties.

Chapter VI Financial Statements

Article 35 The account year of the Corporation 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, the Corporation 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 the Corporation. Compensations for employees shall also be distributed to employees of affiliates of which the Corporation holds 100% shares.

Article 37 Each accounting year after the annual closing of books, after deducting accumulative deficits from the net profit, the Corporation 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, the Corporation 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 Corporation'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 are no other fund sources, the Corporation 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 the Corporation, 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 the Corporation's operations, their contributions to the Corporation, 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 the Corporation who are concurrently a managerial officer or employee of the Corporation 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.

Shun-I Huang
Chairman
Taiwan Cogeneration Corporation

Appendix 5

Taiwan Cogeneration Corporation Shareholdings of Directors

1. The paid-in capital of the Corporation 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 2, 2022, 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	Shun-I Huang	22 Jun 2020 (Note)	3 yrs.	162,954,279 shares, representing Taiwan Power Company Ltd.	162,954,279 shares, representing Taiwan Power Company Ltd.	27.66%
Director	Tien-Ho Kuo	22 Jun 2020 (Note)	3 yrs.			
Director	Jao-Hua Hsu	22 Jun 2020	3 yrs.			
Director	Ming-de Jiang	22 Jun 2020	3 yrs.			
Director	Li-jhen Chen	22 Jun 2020	3 yrs.			
Director	Yuh-Ming Lee	22 Jun 2020	3 yrs.			
Director	Wen-bin Li	22 Jun 2020	3 yrs.	12,976,093 shares, representing Ta Ya Company Ltd.	13,834,093 shares, representing Ta Ya Company Ltd.	2.35%
Director	Fu-cin Hong	22 Jun 2020	3 yrs.	10,439,000 shares, representing Jiansheng Investment Company Ltd.	15,029,000 shares, representing Jiansheng Investment Company Ltd.	2.55%
Director	Sheng-chun Wang	22 Jun 2020	3 yrs.	345,000 shares, representing Yuan Jing Investments.	345,000 shares, representing Yuan Jing Investments.	0.06%
Director	Yi-hsien Chen	22 Jun 2020	3 yrs.	9,117,000 shares, representing Bohan Investments.	9,036,000 shares, representing Bohan Investments.	1.53%
Independent director	Yao-Wen Lin	22 Jun 2020	3 yrs.	0	0	0.00%
Independent director	Han-Shen Li	22 Jun 2020	3 yrs.	0	0	0.00%
Independent director	Ji-sheng Ye	22 Jun 2020	3 yrs.	0	0	0.00%
Total of all directors				195,831,372 shares	201,198,372 shares	34.15%

Note: Mr. Tien-Ho Kuo became the director on September 2, 2021, Shun-I Huang became the chairperson on April 1, 2021.

Appendix 6

Status 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. The Corporation accepts proposals made by shareholders for the present annual general shareholders meeting during March 28-April 6, 2022. All proposals have been published on the Market Observation Post System (MOPS) according to the law.
3. No shareholder proposal was received this year.