

Taiwan Cogeneration Corporation  
2016 Annual General Shareholders Meeting  
Proposal References

Time: 9:00 a.m., Monday, June 27, 2016

Place: International Convention Hall, 1F, No. 392, Ruiguang Road, Neihu District, Taipei City, Taiwan

Proposals and Discussions, Adoptions, Other Matters

1. Proposals and Discussions

Proposal: Amendment to the Company's "Articles of Incorporation"

Explanation:

- (1) To amend part of the Articles of Incorporation in coordination with the addition and amendment of the Company Act on May 20<sup>th</sup>, 2015.
- (2) Article 235 of the Company Act was amended for that fact that profit distribution is the right of shareholders, i.e. shareholders are the only recipient. As employees are not a recipient of profit distribution, regulations regarding employee bonus are thus removed, and employee bonus will no more an item under profit distribution. This shall also apply to the remuneration for directors and supervisors.
- (3) Furthermore, referring to Article 235-1 of the Company Act, the newly added article, "A fixed amount or ratio of profit of the current year distributable as employee compensations shall be definitely specified in the Articles of Incorporation." According to the explanation of the Ministry of Economic Affairs, "profit of the current year" described above refers to the balance after deducting the compensations for employees and remuneration for directors and supervisors from the income before tax. However, the company's accumulated losses, if any, shall have been covered.
- (4) Hence, Articles 38-43 of the Articles of Incorporation of this Company should be amended. Please refer to the Manual of 2016 Annual General Shareholders Meeting for the cross-reference before and after amendments.

2. Adoptions

**Proposal 1:** Adoption of the 2015 Business Report and Financial Statements  
(proposed by the Board of Directors)

Explanation

- (1) The 2015 financial statements, including the Statement of Financial Position, Statement of Operations and Comprehensive Income, Statement of Changes in Shareholder's Equity, and Statement of Cash Flows, have been audited and certified by CPA Rui-xuan He and CPA Jian-xin Xie of Deloitte Taiwan with an audit report.
- (2) Please refer to the Manual of 2016 Annual General Shareholders Meeting for the business report, financial statements, and CPA audit report.

Resolution:

**Proposal 2: Adoption of the Proposal for Profit Distribution of 2015 (proposed by the Board of Directors)**

**Explanation**

- (1) Unappropriated profit at the beginning of 2015 was NT\$170,655,539. After setting off the recognized retained earnings at NT\$13,687,945 adopted from the re-measurement of defined benefit plan, unappropriated profit after adjustment is NT\$ 156,967,594.
- (2) According to the Articles of Incorporation of this Company, after adding up the above adjusted unappropriated profit at NT\$156,967,594 and 2015 net profit at NT\$1,061,901,089, 10% is setting aside as the legal reserve at NT\$106,190,109. Then, the special reserve at NT\$202,479,211 (10% legal reserve has been deducted, see note) is adopted based on the effects of IFRS adjustment at NT\$224,976,901 of IPP companies. The amount of distributable profit is thus NT\$910,199,363.
- (3) Appropriate cash dividend totaling NT\$765,763,174, at NT\$1.3 per share.
- (4) Upon the approval of the Shareholders Meeting, it is proposed that the Board of Directors be authorized to resolve the basic 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 (add amount) by specific personnel (Employee Welfare Committee of this Company).
- (6) The profit distribution table is shown below:  
(Note: As there is no cash inflow from the effects of IFRS adjustment by IPPs, the sum is first adopted as the special reserve. When there is actual cash inflow, the amount will be reverted for distribution according to the capital status at that time.)

**Resolution:**

**TAIWAN COGENERATION CORPORATION**  
**PROFIT DISTRIBUTION TABLE**  
**Year 2015**

Unit: NT\$

Item	Amount	Remarks
Beginning retained earnings	170,655,539	Note 1
Less: Recognized retained earnings adopted from the re-measurement of defined benefit plan	(13,687,945)	
Unappropriated profit after adjustment	156,967,594	
Add: Current net profit	1,061,901,089	
Less: Legal reserve (10%)	(106,190,109)	Note 2
Self-adopted special reserve	(202,479,211)	Note 3
Total of distributable profit	910,199,363	
Distribution item:		
Cash dividend (NT\$1.3/share)	(765,763,174)	Note 4
Year-end unappropriated profit	144,436,189	

Note

1. Implemented according to Article 39 of the amended Articles of Incorporation of the Company.
2. 10% of 2015 net profit is appropriated as the legal reserved according to Article 237 of the Company Act.
3. A special reserve at NT\$202,479,211 is self-adopted by this Company according to Article 237 of the Company Act (unappropriated profit after adjustment at NT\$156,967,594 and current net profit NT\$45,511,617 are appropriated).
4. Cash dividend amounted to NT\$765,763,174 comes from 2015 profit.
5. Upon the approval of the Annual General Shareholders Meeting, it is proposed that the Board of Directors be authorized to resolve the basic ex-dividend date and distribute dividends to shareholders registered in the list of shareholders by the basic ex-dividend date according to the shares each shareholder actually holds.

Chairman: Hong-zhou Li

Manager: Chuan-xian Huang

CAO: Zi-jie Hsu

### 3. Other Matters

Proposal: Relief of the non-compete clause on directors of this Company

Explanation

- (1) According to paragraph 1 of Article 209 of the Company Act: A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) When a director of this Company is concurrently a director representing another company, or invests in or runs a company with the scope of business similar to that of this Company as the chairperson of that company, it is proposed that Annual General Shareholders Meeting should relieve their non-compete restriction. As such situations happen to the new directors of this Company, please relieve the non-compete restriction on these directors and their representatives.
- (3) List of directors needed the relief of the non-compete clause by the 2016 Annual General Shareholders Meeting:

Title	Name	Relief of Non-Compete Clause
Director	Yao-ting Wang	Manager of Taiwan Power Co., Ltd.
Director	Sheng-ren Shao	Manager of Taiwan Power Co., Ltd.

Resolution

### 4. Questions and Motions

### 5. Adjournment