

TWSE: 8926



TAIWAN COGENERATION CORP.

**Handbook for the
2021 Annual General Meeting of Shareholders**

June 24, 2021

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I. Meeting Procedure

Taiwan Cogeneration Corporation Procedure of 2021 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. Extemporary motions
7. Adjournment

II. Agenda of 2021 Annual General Meeting of Shareholders

Taiwan Cogeneration Corporation Agenda of 2021 Annual General Meeting of Shareholders

Time: 9:00 a.m., Thursday, June 24, 2021

Venue: International Convention Hall

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

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) 2020 Business Report
 - (2) Audit Committee's report on the 2020 Financial Statements
 - (3) Status report of the Company's endorsements and/or guarantees for others
 - (4) Status report on the compensations for employees and remunerations for directors of 2020
 - (5) To report 2020 corporate bond issuance.
5. Adoption of proposals
 - (1) Adoption of 2020 Business Report and Financial Statements
 - (2) Adoption of the proposal of 2020 Dividend Distribution
 - (3) Adoption of the proposal for changing 2008 cash capital increase plan
6. Extemporaneous motions
7. 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) 2020 Business Report.

Explanation: Please refer to the 2020 Business Report in Annex 1 of the AGM Handbook.

(2) Audit Committee's report on the 2020 Financial Statements.

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

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

Explanation: The endorsements and/or guarantees offered for others by this Company by 31 December 2020 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 this Company to be the joint guarantor based on our stake of 51%. The guarantee has been drawdown after contract execution in October 2019.
- 2) TCIC, a subsidiary of this Company, has agreed to offer guarantees as follows for RPE, a re-invested enterprise in the Philippines, based on its 25% shares of RPE:
 - a. Effectuate a guarantee at a maximum of NT\$473 million prior to obtaining the PSA² approved by ERC¹ during the first-time appropriation of the project loan.
 - b. Effectuate a guarantee at a maximum of NT\$580 million for RPE's stock loan quasi-mortgage prior to the first-time appropriation of the project loan when RPE signs the project secured loan agreement.

¹ERC: Energy Regulatory Commission

²PSA: Power Supply Agreement

(4) Status report on the compensations for employees and remunerations for directors of 2020.
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 2020 income was NT\$1,135,178,470 (net income before tax after deducting the remuneration for employees and remuneration for directors). NT\$30,852,280 and NT\$10,284,093 were appropriated in cash as the remuneration for employees and remuneration for directors respectively. These amounts accounted for 2.72% and 0.91% of the 2020 profit respectively, comply with the Company's Articles of Incorporation. If elimination of the effects on net income after tax of IPP_IFRS with respect to the dividend distribution to adjust the balance of legal and special reserves at NT\$1,028,409,325 the appropriation rate was about 3% and 1% respectively.
- 3) The amount of distribution resolved above is the same as recognized in the 2020 expenses.

(5) To report 2020 corporate bond issuance.

The issuance of corporate bond in 2020 is reported as follows, please check.

Explanation:

- 1) First-time issuance of common unsecured corporate bond in 2020 according to the board resolutions.
- 2) Major conditions of issuance:

Total amount issued	New Taiwan Dollar Two Billion Five Hundred Million (NT\$2.5 billion)	
Order of bonds	Bond A	Bond B
Duration	5 years	10 years
Amount	New Taiwan Dollar One Billion Nine Hundred Million (NT\$1.9 billion)	New Taiwan Dollar Six Hundred Million (NT\$600 million)
Face interest rate	0.75%	1.00%
Method of principal payback	One-time payback upon maturity date from the date of issuance	
Method of interest calculation and payment	Single interest calculated and paid once a year at the face interest rate from the date of issuance.	
Date of issuance	14 August 2020	
Face amount	New Taiwan Dollar One Million (NT\$1 million)	
Issuance price	Issued as net according to the face amount	
Fund application	Loan repayment	

- 3) A total of NT\$2.5 billion was raised as net on August 14, 2020. The sum was used to repay the loan at NT\$2.5 billion during August 17-20, 2020.

5. Adoptions of proposals

Proposal 1 Adoption of 2020 Business Report and Financial Statements. (proposed by the BOD)

Explanation:

- (1) The 2020 financial statements, including the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows, have been audited and certified by CPA Rui-xuan He and CPA Zhao-Mei Chen of Deloitte Taiwan with an audit report.
- (2) Please refer to the Business Report, Financial Statements, and CPA Audit Report in Annex 1 and Annex 3 of the AGM Handbook.

Resolutions:

Proposal 2 Adoption of the proposal of 2020 Dividend Distribution.

Explanation:

- (1) Beginning unappropriated retained earnings of 2020 was NT\$127,819,152. After setting off the retained earnings and adopted from the re-measurement of defined benefit plan and less unappropriated retained earnings at NT\$497,948, unappropriated earnings after adjustment is NT\$128,317,100.
 - (2) With respect to the Company's Articles of Incorporation, the said adjusted undistributed earnings was NT\$128,317,100. By adding the 2020 net income of NT\$1,068,547,170, an amount of NT\$106,904,512 was appropriated as the legal reserve, and reverting the special reserve of NT\$66,766,667(after deducting 10% legal reserve) (note) based on the effects adjusted according to the IPP_IFRS, the total amount of distributable earnings was NT\$1,156,726,425.
 - (3) Appropriate cash dividend totaling NT\$1,119,192,331, at NT\$1.9 per share.
 - (4) Upon the approval of the Annual General Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date and distribute dividends to shareholders registered in the list of shareholders by the ex-dividend date according to the shares each shareholder actually holds.
 - (5) The chairman will be authorized to adjust cash dividends less than NT\$1 (odd amount) by specific personnel (Employee Welfare Committee of this Company).
 - (6) Please refer to Annex 4 of the AGM Handbook.
- (Note: As the effects adjusted according to IPP_IFRS in 2020 were a negative value, the amount was reversed and distributed according to the special reserve appropriated independently in one year before last year.)

Resolution:

Proposal 3 Adoption of the proposal for changing 2008 cash capital increase plan.

Explanation:

1. In 2008 we issued 50 million common shares, each NT\$10, for cash to reinvest in the RP Energy Project in the Philippines. Shares were issued at premium at NT\$13.2 per share to raise a total of NT\$660 million.
2. Due to the delay in the progress of plant construction of the RP Energy Project, it is recommended to use the undisbursed cash as operating fund to enhance fund use efficiency for the flexible use of capital and optimization of the financial structure.
3. Please refer to Annex 5 of the AGM Handbook for details regarding the changes in the 2008 cash capital increase plan

Resolution:

6. Extemporary motions

7. Adjournment

III. Annexes

Annex 1

2020 Business Report

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

2020 Business Report

1. Results of implementation of the business plan

The 2020 consolidated net income after tax reduced by NT\$25,752,000 to NT\$1,070,583,000 over NT\$1,096,335,000 in 2019. This is mainly because the profit from the four re-invested IPPs reduced as the electricity price reduced significantly alongside the gas price in the last year. Together with the gross profit from undertaking the Yantian PV Project in Tainan, the Ørsted Project, and Chenya Energy Project by Star Energy Corporation; the profit increase due to the acquisition of the Miaoli Wind Farm on June 29, 2020 and the beginning of sales of renewable energy on October 30, 2020; the coal price reduction of Guantian Plant, and the deduction of the discount for steam users during the bailout for COVID-19 pandemic and net impact of electricity sales year-over-year. Based on 589,049,000 shares at the end of the year, the 2020 EPS is NT\$1.81.

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

Unit: NT\$1,000		
Item	2020	2019
Operating revenue	9,313,724	7,186,086
Profit from operations	469,285	302,941
Non-operating income and expenses	651,839	799,697
Net profit before tax	1,121,124	1,102,638
Income tax expense	50,541	6,303
Net profit	1,070,583	1,096,335
Net profit attributable to owners of the corporation	1,068,547	1,098,048
EPS	1.81	1.86

2. Status of budget execution

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, this Company did not have to publish any financial forecast in 2020.

3. Financial structure and profitability analysis

By the end of 2020, in addition to the profit reduction from the re-invested IPPs, the overall profit reduced slightly over 2019 due to the net impact from the gain from Star Energy, Miaoli Wind Farm, and sales of renewable energy. 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		2020	2019
Financial structure analysis	Debt to total assets (%)	47	41
	Long-term capital to property & equipment (%)	644	1,064
Solvency	Current ratio (%)	129	130
	Quick ratio (%)	46	35
Profitability analysis	Return on assets (%)	5	6
	Return on equity (%)	9	9
	Profit margin (%)	11	15

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

Chairman: Min-Chieh Chang

CEO: Guang-Shun Yu

CAO: Chih-Chieh Hsu

Annex 2

Taiwan Cogeneration Corporation Audit Report of the Audit Committee

Date: 19 March 2021

After auditing the 2020 financial statements, 2020 Business Report (including individual and the profit distribution table produced by the Board of Directors, where the financial statements audited and certified by CPA Rui-xuan He and CPA Zhao-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

To

Taiwan Cogeneration Corporation 2021 Annual General Meeting of Shareholders

Han-shen Li
Convener
Audit Committee

Annex 3

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Taiwan Cogeneration Corporation

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Cogeneration Corporation (the “Corporation”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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, 2020 are described as follows:

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

Refer to Note 35.e. and f. for details of the FTC ruling, appeal by associates and litigation against associates; Note 4 for the accounting policy on provisions; and Note 5.a. for critical accounting judgments and key sources of estimation uncertainty.

The FTC concluded that the Group's associates, Sun Ba Power Corporation, Star Energy Power Corporation, Star Buck Power Corporation, and Kuo Kuang Power Company Ltd., had violated the Fair Trade Act by jointly refusing to lower power purchase electricity rates, and as a result, levied fines against these companies on which the companies filed an appeal against. As of December 31, 2020, the total levied fines amounted to NT\$1,352 million.

Taiwan Power Company (TPC) concluded it suffered losses due to such violations of the Fair Trade Act and filed a civil action against these associates. As of December 31, 2020, 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 engaged attorneys, these associates believed they neither violated the Fair Trade Act, nor caused a loss to TPC. Therefore, provisions for the above rulings and litigations were not recognized, and the Group's investments in these associates and share of profit or loss of these associates accounted for using the equity method were not affected. These associates have engaged attorneys for the appeal, administrative proceedings and civil action. As the above claims, appeal and litigation are still pending, and the amounts of the fines and claims are material to the Group's consolidated financial statements, and the outcome of these cases may be affected by changes in the circumstances and the provisions involve the application of critical accounting judgments by the management, the FTC ruling, appeal by associates and litigation against the associates are considered key audit matters.

In our audit, we obtained copies of the ruling decision letter and appeal letter for the above cases, and we discussed with the Group's management regarding their communications with the attorneys and their evaluation of the above appeal and litigation. We sent confirmation requests to the attorneys and reviewed the descriptions 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 25 for 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 solar power generation in southern Taiwan. The construction service revenue and construction service cost of the aforementioned contract recognized for the years ended December 31, 2020 were NT\$3,237,665 thousand and NT\$3,036,853 thousand, respectively, representing 35% and 35% of the Group's consolidated operating revenues and consolidated operating costs, respectively. The percentage of completion and related profit from the construction contract were anticipated and determined by the Group's management based on the nature of activities, expected sub-contracting charges,

construction periods, progress, methods, etc., and involve critical accounting judgments made by the management; thus, 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; we obtained the construction contract, construction project schedules, expected total construction cost, and construction acceptance reports; we verified the construction cost, the estimated remaining cost before completion, and related supporting documents on a sampling basis to evaluate the reasonableness of the method and assumptions used by the management to calculate the percentage of completion; we recalculated the percentage of completion, construction service revenue, construction service cost, profit or loss of the construction contract, contract assets and contract liabilities for accuracy; and we estimated the appropriateness of provisions.

Acquisition of Miaoli Wind Co., Ltd.

Refer to Note 4 for the accounting policies on business combinations and Note 29 for the details on business combinations.

On June 29, 2020, the Group acquired a 100% equity interest in Miaoli Wind Co., Ltd. (MWC) for \$733,608 thousand.

The Group's management entrusted an external independent appraiser to issue the acquisition price allocation report and recognized and adjusted the relevant fair value of identifiable net assets, relevant fair value of intangible assets and goodwill based on the appraisal results of the report in accordance with IFRS 3 "Business Combinations". Because the allocation of the acquisition price involves assumptions of accounting estimates, including the valuation model, key parameter settings, future cash flows and the use of discount rates, thus, the assessment of the price allocation report on the acquisition of MWC was considered as one of the key audit matters.

We evaluated the competence, objectivity and professional qualifications of the external independent appraiser entrusted by the management, and discussed with the management and reviewed the scope and content of the external independent appraiser's work to ensure that there were no matters affecting its objectivity or limiting its scope. We also entrusted our internal expert to perform relevant procedures to evaluate the reasonableness of the major assumptions and valuation method used by the external independent appraiser.

Other Matter

We have also audited the standalone financial statements of Taiwan Cogeneration Corporation as of and for the years ended December 31, 2020 and 2019, 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 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 2020 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 19, 2021

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,603,210	7	\$ 962,019	5
Contract assets (Notes 4, 5, 23, 25 and 33)	3,926,607	17	3,566,984	17
Notes receivable (Notes 4, 7, 25 and 33)	293	-	93,242	-
Accounts receivable (Notes 4, 7 and 25)	315,045	1	316,647	2
Accounts receivable from related parties (Notes 4, 25 and 33)	101,513	1	111,974	1
Finance lease receivables (Notes 4, 8 and 33)	9,367	-	715	-
Other receivables (Notes 27 and 33)	129,910	1	2,658	-
Inventories (Notes 4 and 9)	7,485	-	6,175	-
Prepaid construction costs	18,980	-	396,014	2
Prepaid value-added tax	76,756	-	69,314	-
Non-current assets held for sale (Notes 4, 11 and 16)	4,980	-	-	-
Other financial assets (Note 34)	20,633	-	25,049	-
Other current assets	19,233	-	47,851	-
Total current assets	6,234,012	27	5,598,642	27
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 5, 10 and 32)	249,200	1	267,600	1
Investments accounted for using the equity method (Notes 4 and 12)	12,578,430	55	12,671,996	62
Property, plant and equipment (Notes 4, 13 and 34)	2,817,061	12	1,516,774	8
Right-of-use assets (Notes 4 and 14)	196,654	1	126,813	1
Goodwill (Notes 4 and 29)	96,370	-	-	-
Other intangible assets (Notes 4 and 15)	400,712	2	6,643	-
Deferred income tax assets (Notes 4, 5 and 27)	209,551	1	138,281	1
Finance lease receivables (Notes 4, 8 and 33)	29,482	-	-	-
Prepayments for equipment	-	-	2,310	-
Refundable deposits	103,457	1	64,355	-
Other financial assets (Note 34)	42,549	-	36,049	-
Other non-current assets	22,212	-	-	-
Total non-current assets	16,745,678	73	14,830,821	73
TOTAL	\$ 22,979,690	100	\$ 20,429,463	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 35,000	-	\$ 875,000	4
Contract liabilities (Notes 4, 5, 23, 25 and 33)	202,706	1	621,340	3
Notes payable	112,472	1	12,971	-
Accounts payable	59,966	-	68,607	-
Construction costs payable	3,436,601	15	2,404,734	12
Accounts payable to related parties (Note 33)	58,070	-	1,158	-
Other payables (Notes 19 and 33)	424,308	2	157,653	1
Current income tax liabilities (Notes 4 and 27)	95,563	1	1,617	-
Provisions (Notes 4, 21 and 23)	308,985	1	100,771	1
Lease liabilities (Notes 4 and 14)	48,174	-	25,808	-
Current portion of long-term borrowings (Notes 17 and 34)	54,548	-	25,517	-
Other current liabilities	8,787	-	3,388	-
Total current liabilities	4,845,180	21	4,298,564	21
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 34)	2,991,543	13	3,714,938	18
Contract liabilities (Notes 4, 5, 23 and 25)	12,079	-	-	-
Lease liabilities (Notes 4 and 14)	182,636	1	105,209	1
Bonds payable (Note 18)	2,496,630	11	-	-
Provisions (Notes 4 and 21)	13,682	-	-	-
Deferred income tax liabilities (Notes 4, 27 and 29)	78,564	-	-	-
Net defined benefit liabilities (Notes 4 and 22)	126,425	1	123,593	1
Guarantee deposits received	38,419	-	85,000	-
Other liabilities (Notes 4 and 20)	4,864	-	-	-
Total non-current liabilities	5,944,842	26	4,028,740	20
Total liabilities	10,790,022	47	8,327,304	41
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 24)				
Share capital				
Common stock	5,890,486	26	5,890,486	29
Capital surplus	499,694	2	499,694	2
Retained earnings				
Legal reserve	1,537,858	7	1,428,312	7
Special reserve	2,890,684	12	2,947,108	14
Unappropriated earnings	1,196,864	5	1,182,324	6
Total retained earnings	5,625,406	24	5,557,744	27
Other equity	34,997	-	17,186	-
Total equity attributable to owners of the Corporation	12,050,583	52	11,965,110	58
NON-CONTROLLING INTERESTS	139,085	1	137,049	1
Total equity	12,189,668	53	12,102,159	59
TOTAL	\$ 22,979,690	100	\$ 20,429,463	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, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 25 and 33)				
Sales	\$ 1,047,141	11	\$ 970,601	13
Construction service	8,090,531	87	6,152,879	86
Operations, maintenance and consulting services	<u>176,052</u>	<u>2</u>	<u>62,606</u>	<u>1</u>
Total operating revenues	<u>9,313,724</u>	<u>100</u>	<u>7,186,086</u>	<u>100</u>
OPERATING COSTS (Notes 26 and 33)				
Cost of sales	728,741	8	713,003	10
Construction service	7,697,106	82	5,907,924	82
Operations, maintenance and consulting services	<u>166,890</u>	<u>2</u>	<u>50,429</u>	<u>1</u>
Total operating costs	<u>8,592,737</u>	<u>92</u>	<u>6,671,356</u>	<u>93</u>
GROSS PROFIT	720,987	8	514,730	7
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>30,856</u>	<u>-</u>	<u>28,389</u>	<u>-</u>
REALIZED GROSS PROFIT	751,843	8	543,119	7
OPERATING EXPENSES (Note 26)	<u>282,558</u>	<u>3</u>	<u>240,178</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>469,285</u>	<u>5</u>	<u>302,941</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	3,217	-	5,252	-
Other income (Notes 26 and 33)	38,655	-	19,630	-
Other gains and losses (Note 26)	(4)	-	(10,466)	-
Finance costs (Note 26)	(48,945)	-	(37,661)	-
Share of profit or loss of associates accounted for using the equity method (Note 12)	<u>658,916</u>	<u>7</u>	<u>822,942</u>	<u>11</u>
Total non-operating income and expenses	<u>651,839</u>	<u>7</u>	<u>799,697</u>	<u>11</u>
PROFIT BEFORE INCOME TAX	1,121,124	12	1,102,638	15
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(50,541)</u>	<u>-</u>	<u>(6,303)</u>	<u>-</u>
NET PROFIT	<u>1,070,583</u>	<u>12</u>	<u>1,096,335</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME				

(Continued)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	\$ (905)	-	\$ (2,675)	-
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	(18,400)	-	20,600	1
Share of unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income of associates accounted for using the equity method	35,323	-	(4,357)	-
Share of remeasurement of defined benefit plans of associates accounted for using the equity method	1,602	-	(478)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 27)	<u>(199)</u>	<u>-</u>	<u>565</u>	<u>-</u>
	17,421	-	13,655	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>888</u>	<u>-</u>	<u>5,176</u>	<u>-</u>
Other comprehensive income, net of income tax	<u>18,309</u>	<u>-</u>	<u>18,831</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,088,892</u>	<u>12</u>	<u>\$ 1,115,166</u>	<u>16</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,068,547	11	\$ 1,098,048	15
Non-controlling interests	<u>2,036</u>	<u>-</u>	<u>(1,713)</u>	<u>-</u>
	<u>\$ 1,070,583</u>	<u>11</u>	<u>\$ 1,096,335</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,086,856	12	\$ 1,116,879	16
Non-controlling interests	<u>2,036</u>	<u>-</u>	<u>(1,713)</u>	<u>-</u>
	<u>\$ 1,088,892</u>	<u>12</u>	<u>\$ 1,115,166</u>	<u>16</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 1.81</u>		<u>\$ 1.86</u>	
Diluted	<u>\$ 1.81</u>		<u>\$ 1.86</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Equity Attributable to Owners of the Corporation					Other Equity		Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income		
			Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE, JANUARY 1, 2019	\$ 5,890,486	\$ 499,694	\$ 1,361,083	\$ 3,200,533	\$ 784,241	\$ (60,989)	\$ 56,756	\$ 138,762	\$ 11,870,566
Appropriation of 2018 earnings									
Legal reserve	-	-	67,229	-	(67,229)	-	-	-	-
Special reserve	-	-	-	4,233	(4,233)	-	-	-	-
Reversal of special reserve	-	-	-	(257,658)	257,658	-	-	-	-
Cash dividends - NT\$1.5 per share	-	-	-	-	(883,573)	-	-	-	(883,573)
	-	-	67,229	(253,425)	(697,377)	-	-	-	(883,573)
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	1,098,048	-	-	(1,713)	1,096,335
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(2,588)	5,176	16,243	-	18,831
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,095,460	5,176	16,243	(1,713)	1,115,166
BALANCE, DECEMBER 31, 2019	5,890,486	499,694	1,428,312	2,947,108	1,182,324	(55,813)	72,999	137,049	12,102,159
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, 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

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,121,124	\$ 1,102,638
Adjustments for:		
Depreciation expense	192,598	93,634
Amortization expense	15,414	1,986
Interest expense	48,741	37,499
Interest income	(3,217)	(5,252)
Dividend income	(8,000)	(8,000)
Share of profit of associates accounted for using the equity method	(658,916)	(822,942)
Impairment loss	-	952
Unrealized (gain) loss on foreign currency exchange	(3,894)	2,157
Gain on reversal of warranty cost on construction	(564)	(2,065)
Loss on fair value changes of financial assets and liabilities at fair value through profit or loss	54	-
Realized gain on transactions with associates	(30,856)	(28,389)
Construction service costs	10,294	5,409
Loss on disposal of property, plant and equipment	867	1,459
Other losses	72	-
Changes in operating assets and liabilities		
Contract assets	(359,623)	(2,304,273)
Notes receivable	92,949	(92,463)
Accounts receivable	1,602	(9,364)
Accounts receivable from related parties	30,165	(51,457)
Other receivables	(127,672)	(376)
Inventories	(1,310)	2,369
Prepaid construction costs	377,034	(316,455)
Other current assets	32,302	(40,514)
Prepaid value-added tax	(7,442)	5,209
Financial liabilities held for trading	(1,200)	-
Contract liabilities	(406,555)	521,978
Notes payable	99,501	(2,258)
Accounts payable	(8,641)	(9,787)
Construction costs payable	1,032,880	1,605,605
Accounts payable to related parties	56,912	-
Other payables	20,751	19,474
Provisions	208,929	61,282
Other current liabilities	4,214	412
Net defined benefit liabilities	1,927	2,397
Cash generated from (used in) operations	1,730,440	(229,135)
Interest received	3,457	5,708
Dividends received	824,072	731,401
Interest paid	(83,690)	(41,524)
Income tax paid	(9,274)	(52,917)
Net cash generated from operating activities	<u>2,465,005</u>	<u>413,533</u>

(Continued)

TAIWAN COGENERATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment (Note 30)	\$ (503,390)	\$ (702,340)
Proceeds from disposal of property, plant and equipment	45	3,165
Increase in refundable deposits	(37,736)	(40,961)
Decrease (increase) in other financial assets	52,068	(31,033)
Payments for computer software	(7,483)	(1,865)
Payments for right-of-use assets	(1,297)	(225)
Decrease in finance lease receivables	9,773	8,535
Increase in other non-current assets	(22,212)	-
Net cash outflow on acquisition of subsidiaries (Note 29)	(733,583)	-
Increase in prepayments for equipment	<u>-</u>	<u>(2,310)</u>
Net cash used in investing activities	<u>(1,243,815)</u>	<u>(767,034)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(1,174,747)	175,000
Proceeds from issuance of bonds	2,496,394	-
Proceeds from long-term borrowings	11,175,800	5,643,500
Repayments of long-term borrowings	(11,977,562)	(4,730,025)
(Decrease) increase in guarantee deposits received	(46,581)	57,547
Repayments of the principal portion of lease liabilities	(54,900)	(41,371)
Dividends paid to owners of the Corporation	<u>(1,001,383)</u>	<u>(883,573)</u>
Net cash (used in) generated from financing activities	<u>(582,979)</u>	<u>221,078</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>2,980</u>	<u>(2,278)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	641,191	(134,701)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>962,019</u>	<u>1,096,720</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,603,210</u>	<u>\$ 962,019</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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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, 2020 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 for the accounting policy on provisions; and Note 5.a. for critical accounting judgments and key sources of estimation uncertainty.

The FTC concluded that the Corporation's associates, Sun Ba Power Corporation, Star Energy Power Corporation, Star Buck Power Corporation, and Kuo Kuang Power Company Ltd., had violated the Fair Trade Act by jointly refusing to lower power purchase electricity rates, and as a result, levied fines against these companies on which the companies filed an appeal against. As of December 31, 2020, the total levied fines amounted to NT\$1,352 million.

Taiwan Power Company (TPC) concluded it suffered losses due to such violations of the Fair Trade Act and filed a civil action against these associates. As of December 31, 2020, 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 engaged attorneys, these associates believed they neither violated the Fair Trade Act, nor caused a loss to TPC. Therefore, provisions for the above rulings and litigations were not recognized, and the Corporation's investments in these associates and share of profit or loss of these associates accounted for using the equity method were not affected. These associates have engaged attorneys for the appeal, administrative proceedings and civil action. As the above claims, appeal and litigation are still pending, and the amounts of the fines and claims are material to the Corporation's separate financial statements, and the outcome of these cases may be affected by changes in the circumstances and the provisions involve the application of critical accounting judgments by the management, the FTC ruling, appeal by associates and litigation against the associates are considered key audit matters.

In our audit, we obtained copies of the ruling decision letter and appeal letter for the above cases, and we discussed with the Corporation's management regarding their communications with the attorneys and their evaluation of the above appeal and litigation. We sent confirmation requests to the attorneys and reviewed the descriptions 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 on the Construction Contracts of the Subsidiary, Star Energy Corporation

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

Star Energy Corporation has entered into a construction contract related to large-scale solar power generation in southern Taiwan. The construction service revenue and construction service cost of the aforementioned contract recognized for the year ended December 31, 2020 were NT\$3,237,665 thousand and NT\$3,036,853 thousand, respectively, representing 35% and 35% of the Corporation's consolidated operating revenues and consolidated operating costs, respectively. The percentage of completion and related profit from the construction contract were anticipated and determined by the management of Star Energy Corporation based on the nature of activities, expected sub-contracting charges, construction periods, progress, methods, etc., and involve critical accounting judgments made by the management, and have a further effect on the Corporation's investments accounted for using the equity method and share of profit and loss of subsidiaries accounted for using the equity method; thus, evaluation of profit and loss of construction contracts of the subsidiary, Star Energy Corporation is considered as one of the key audit matters.

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

Acquisition of Miaoli Wind Co., Ltd.

Refer to Note 4 for the accounting policies on investments in subsidiaries and Note 11 for the related information.

On June 29, 2020, the Corporation acquired a 100% equity interest in Miaoli Wind Co., Ltd. (MWC) for \$733,608 thousand.

The Corporation's management entrusted an external independent appraiser to issue the acquisition price allocation report and recognized and adjusted the relevant fair value of identifiable net assets, relevant fair value of intangible assets and goodwill based on the appraisal results of the report in accordance with IFRS 3 "Business Combinations". Because the allocation of the acquisition price involves assumptions of accounting estimates, including the evaluation model, key parameter setting, future cash flows and the use of discount rates, and have a further effect on the Corporation's investments accounted for using the equity method and share of profit and loss of subsidiaries accounted for using the equity method; thus, the assessment of the price allocation report on the acquisition of MWC was considered as one of the key audit matters.

We evaluated the competence, objectivity and professional qualifications of the external independent appraiser entrusted by the management, and discussed with the management and reviewed the scope and content of the external independent appraiser's work to ensure that there were no matters affecting its objectivity or limiting its scope. We also entrusted our internal expert to perform relevant procedures to evaluate the reasonableness of the major assumptions and valuation method used by the external independent appraiser.

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 2020 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 19, 2021

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 828,727	4	\$ 358,825	2
Contract assets (Notes 4, 18 and 20)	1,082,900	6	-	-
Notes receivable (Notes 4, 7 and 20)	-	-	92,122	1
Notes receivable from related parties (Notes 4, 20 and 27)	293	-	1,120	-
Accounts receivable (Notes 4, 7 and 20)	302,403	2	152,889	1
Accounts receivable from related parties (Notes 4, 20 and 27)	36,249	-	39,045	-
Finance lease receivables (Notes 4, 8 and 27)	10,017	-	1,140	-
Other receivables (Notes 4 and 27)	60,920	-	5,363	-
Current income tax assets (Note 22)	1,473	-	1,477	-
Inventories (Notes 4 and 9)	7,485	-	6,175	-
Prepaid construction costs (Note 27)	-	-	463,528	3
Other current assets	2,544	-	1,806	-
Total current assets	2,333,011	12	1,123,490	7
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 5, 10 and 26)	249,200	1	267,600	2
Investments accounted for using the equity method (Notes 4, 11 and 28)	15,550,070	83	14,237,581	88
Property, plant and equipment (Notes 4 and 12)	396,458	2	406,813	2
Right-of-use assets (Notes 4 and 13)	63,759	1	4,611	-
Computer software cost (Note 4)	2,452	-	2,793	-
Deferred income tax assets (Notes 4 and 22)	89,129	1	101,410	1
Long-term finance lease receivable (Notes 4, 8 and 27)	31,528	-	-	-
Prepayments for equipment	-	-	2,310	-
Refundable deposits	5,760	-	5,727	-
Total non-current assets	16,388,356	88	15,028,845	93
TOTAL	\$ 18,721,367	100	\$ 16,152,335	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Notes 4, 18 and 20)	\$ 201,814	1	\$ 449,555	3
Notes payable	5,588	-	12,046	-
Accounts payable	56,813	-	67,306	-
Construction costs payable to related parties (Note 27)	1,582,931	9	148,417	1
Accounts payable to related parties (Note 27)	1,158	-	1,158	-
Other payables (Notes 16 and 27)	100,457	1	92,436	1
Current income tax liabilities (Notes 4 and 22)	6,128	-	-	-
Lease liabilities (Notes 4 and 13)	26,252	-	4,427	-
Other current liabilities	668	-	596	-
Total current liabilities	1,981,809	11	775,941	5
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 14)	2,005,000	11	3,300,000	20
Bonds payable (Note 15)	2,496,630	13	-	-
Lease liabilities (Notes 4 and 13)	79,371	-	1,367	-
Net defined benefit liabilities (Notes 4 and 17)	101,822	1	101,210	1
Guarantee deposits received	6,152	-	8,707	-
Total non-current liabilities	4,688,975	25	3,411,284	21
Total liabilities	6,670,784	36	4,187,225	26
EQUITY (Note 19)				
Share capital				
Common stock	5,890,486	31	5,890,486	37
Capital surplus	499,694	3	499,694	3
Retained earnings				
Legal reserve	1,537,858	8	1,428,312	9
Special reserve	2,890,684	16	2,947,108	18
Unappropriated earnings	1,196,864	6	1,182,324	7
Total retained earnings	5,625,406	30	5,557,744	34
Other equity	34,997	-	17,186	-
Total equity	12,050,583	64	11,965,110	74
TOTAL	\$ 18,721,367	100	\$ 16,152,335	100

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

TAIWAN COGENERATION CORPORATION

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 20 and 27)				
Sales	\$ 797,718	20	\$ 878,778	53
Construction services	3,101,678	79	744,534	45
Consulting services	<u>39,914</u>	<u>1</u>	<u>39,599</u>	<u>2</u>
Total operating revenues	<u>3,939,310</u>	<u>100</u>	<u>1,662,911</u>	<u>100</u>
OPERATING COSTS (Notes 21 and 27)				
Cost of sales	576,691	15	658,906	40
Construction services	3,083,561	78	740,764	44
Consulting services	<u>33,164</u>	<u>1</u>	<u>32,820</u>	<u>2</u>
Total operating costs	<u>3,693,416</u>	<u>94</u>	<u>1,432,490</u>	<u>86</u>
GROSS PROFIT	245,894	6	230,421	14
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>29,367</u>	<u>1</u>	<u>29,367</u>	<u>2</u>
REALIZED GROSS PROFIT	275,261	7	259,788	16
OPERATING EXPENSES (Notes 21 and 27)	<u>170,259</u>	<u>4</u>	<u>167,886</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>105,002</u>	<u>3</u>	<u>91,902</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 27)	1,961	-	2,410	-
Other income (Notes 21 and 27)	19,736	-	25,333	1
Other gains and losses (Note 21)	(1,258)	-	(1,683)	-
Finance costs (Note 21)	(36,625)	(1)	(30,936)	(2)
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 11)	<u>1,005,226</u>	<u>26</u>	<u>1,026,016</u>	<u>62</u>
Total non-operating income and expenses	<u>989,040</u>	<u>25</u>	<u>1,021,140</u>	<u>61</u>
PROFIT BEFORE INCOME TAX	1,094,042	28	1,113,042	67
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(25,495)</u>	<u>(1)</u>	<u>(14,994)</u>	<u>(1)</u>
NET PROFIT	<u>1,068,547</u>	<u>27</u>	<u>1,098,048</u>	<u>66</u>
OTHER COMPREHENSIVE INCOME				

(Continued)

TAIWAN COGENERATION CORPORATION

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 17)	\$ 993	-	\$ (2,824)	-
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	(18,400)	-	20,600	1
Share of remeasurement of defined benefit plans of subsidiaries and associates accounted for using the equity method	(296)	-	(329)	-
Share of unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income of associates accounted for using the equity method	35,323	1	(4,357)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 22)	(199)	-	565	-
	17,421	1	13,655	1
Items that may be reclassified subsequently to profit or loss:				
Share of exchange differences on translating foreign operations of subsidiaries accounted for using the equity method	888	-	5,176	-
Other comprehensive income, net of income tax	18,309	1	18,831	1
TOTAL COMPREHENSIVE INCOME	\$ 1,086,856	28	\$ 1,116,879	67
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$1.81</u>		<u>\$1.86</u>	
Diluted	<u>\$1.81</u>		<u>\$1.86</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriat ed Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensiv e Income	
BALANCE, JANUARY 1, 2019	\$ 5,890,486	\$ 499,694	\$ 1,361,083	\$ 3,200,533	\$ 784,241	\$ (60,989)	\$ 56,756	\$ 11,731,804
Appropriation of 2018 earnings								
Legal reserve	-	-	67,229	-	(67,229)	-	-	-
Special reserve	-	-	-	4,233	(4,233)	-	-	-
Reversal of special reserve	-	-	-	(257,658)	257,658	-	-	-
Cash dividends - NT\$1.5 per share	-	-	-	-	(883,573)	-	-	(883,573)
	-	-	67,229	(253,425)	(697,377)	-	-	(883,573)
Net profit for the year ended December 31, 2019	-	-	-	-	1,098,048	-	-	1,098,048
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(2,588)	5,176	16,243	18,831
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,095,460	5,176	16,243	1,116,879
BALANCE, DECEMBER 31, 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, DECEMBER 31, 2020	\$ 5,890,486	\$ 499,694	\$ 1,537,858	\$ 2,890,684	\$ 1,196,864	\$ (54,925)	\$ 89,922	\$ 12,050,583

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

TAIWAN COGENERATION CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,094,042	\$ 1,113,042
Adjustments for:		
Depreciation expense	45,393	40,189
Amortization expense	1,387	1,270
Interest expense	36,547	30,878
Interest income	(1,961)	(2,410)
Dividend income	(8,000)	(8,000)
Share of profit of subsidiaries and associates accounted for using the equity method	(1,005,226)	(1,026,016)
Unrealized (gain) loss on foreign currency exchange	(96)	1,174
Realized gain on transactions with associates	(29,367)	(29,367)
Changes in operating assets and liabilities		
Contract assets	(1,082,900)	-
Notes receivable from related parties	827	(341)
Notes receivable	92,122	(92,122)
Accounts receivable	(149,514)	(51,125)
Accounts receivable from related parties	2,796	(3,229)
Other receivables	4,425	(5,306)
Inventories	(1,310)	2,369
Prepaid construction costs	463,528	(463,528)
Other current assets	(738)	1,370
Contract liabilities	(247,741)	449,555
Notes payable	(6,458)	(2,866)
Accounts payable	(10,493)	(10,170)
Construction costs payable to related parties	1,434,514	148,417
Other payables	9,048	12,657
Other current liabilities	72	101
Net defined benefit liabilities	1,605	2,050
Cash generated from operations	642,502	108,592
Interest received	1,999	2,430
Dividends received	929,627	731,401
Interest paid	(29,778)	(29,439)
Income tax paid	(7,281)	(52,685)
Net cash generated from operating activities	<u>1,537,069</u>	<u>760,299</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(1,163,608)	(330,000)
Payments for property, plant and equipment (Note 24)	(23,014)	(37,279)
Proceeds from disposal of property, plant and equipment	-	74
Increase in refundable deposits	(33)	(97)
Increase in other receivables from related parties	(60,020)	-
Payments for computer software	(1,046)	(1,545)
Decrease in finance lease receivables	10,198	12,894

(Continued)

TAIWAN COGENERATION CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Increase in prepayments for equipment	\$ -	\$ (2,310)
Net cash used in investing activities	<u>(1,237,523)</u>	<u>(358,263)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds	2,496,394	-
Proceeds from long-term borrowings	10,830,000	5,250,000
Repayments of long-term borrowings	(12,125,000)	(4,720,000)
(Decrease) increase in guarantee deposits received	(2,555)	1,623
Repayments of the principal portion of lease liabilities	(27,196)	(27,706)
Dividends paid to owners of the Corporation	<u>(1,001,383)</u>	<u>(883,573)</u>
Net cash generated from (used in) financing activities	<u>170,260</u>	<u>(379,656)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>96</u>	<u>(1,174)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	469,902	21,206
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>358,825</u>	<u>337,619</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 828,727</u>	<u>\$ 358,825</u>

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

Annex 4

Taiwan Cogeneration Corporation
Profit Distribution Table
Accounting Year 2020

Unit: NT\$

Item	Amount	Remarks
Beginning unappropriated retained earnings	127,819,152	
Add: Recognized retained earnings adopted from the re-measurement of defined benefit plan	497,948	
Unappropriated earnings after adjustment	128,317,100	
Add: Net profit of current period	1,068,547,170	
Less: Legal reserve	(106,904,512)	
Add: special reserve (IFRS 90%)	66,766,667	
Sum of distributable profit	1,156,726,425	
Distribution items Cash dividends (NT\$1.9/share)	(1,119,192,331)	
Year-end unappropriated retained earnings	37,534,094	

Chairman: Min-Chieh Chang

CEO: Guang-Shun Yu

CAO: Chih-Chieh Hsu

Annex 5

Taiwan Cogeneration Corporation Description of Changing 2008 Cash Capital Increase Plan

1. Reasons for changes

This project involves a reinvestment in the coal-fired plant construction project of RP Energy in the Philippines. We began to invest capital in RP Energy in 2008. However: (1) To acquire long-term electricity sales contract and reduce investment risk, RP Energy allowed the participation of a local business MERALCO POWERGEN CORP in 2011Q3, and as the plant's scale was expanded from 300MW to 600MW after further negotiation, it is necessary for RP Energy to apply for new licenses, permits and re-investment relief and to re-negotiate the main contract with us, thus delaying project implementation. (2) A few Filipino environmental protection and local groups take legal actions against RP Energy over the plant construction project in the second half of 2012 to request for project suspension. Although the Filipino High Court has denied the request, it also invalidated the EIA permits and land lease that have been acquired for the project, thus blocking the project's advancement, and RP Energy, local environmental protection groups, and the land administrative authorities appealed to the Filipino Supreme Court, which already made a ruling in February 2015. (3) Although RP Energy signed an electricity sales contract in April 2016 and applied for approval to the Filipino competent authorities, Filipino consumer groups filed a petition to Filipino supreme court against the authorities' review procedure for being unfavorable to the public, and the Filipino supreme court made a ruling in May 2019 to invalidate the authorities' review procedure, and nearly 100 electricity sales contracts submitted by RP Energy to the competent authorities for approval were rejected as a result, and RP Energy was required to take the tender again. All these have severely delayed the project's advancement. To enhance capital use efficiency, except for the amount of NT\$569,655,000 (including NT\$488,142,000 raised by issuing new common stock for cash in 2008) already invested in RP Energy in the Philippines through Taiwan Cogeneration Corporation, we plan to use the undisbursed cash amounting to NT\$171,858,000 to enrich the Company's operating fund.

2. Contents of the cash capital increase plan before changes

- (1) Date and document of approval by the competent authorities: Letter Jin-Guan-Zeng-Yi-Zi No. 0970027319 on June 6, 2008
- (2) Total amount of required by the project: NT\$2,580,500,000.
- (3) Fund sources: Issuance of 50,000,000 common shares for cash, each at NT\$10 and issued at premium of NT\$13.2, to raise a total of NT\$660,000,000. The balance amounting to NT\$1,920,500,000 will be supported by either own capital or loan or fundraiser in the capital market in future years.
- (4) Project items, fund utilization progress, and projected benefits:
 - 1) Project items and fund utilization progress

Unit: NTD thousands

Item/Project	Project Date of Completion	Total Amount of Required Fund	Projected Fund Utilization Progress									
			2008			2009				2010		
			Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Re-investment: Re-investment in RP Energy Corporation in the Philippines through Taiwan Cogeneration Corporation	2010Q3	2,580,500	471,250	188,045	231,205	243,750	243,750	243,750	243,750	241,800	241,800	231,400

- 2) Projected benefits: It is estimated that after commercial operations of the RP Energy Power Plant in 2011Q2, investments will be annually placed in this company to gain profit. Based on the shareholding at 50% and the USD:TWD exchange rate at 1: 32.5, a gain from reinvestment at NT\$78,649,000 will be recognized in 2011; an annual average gain from reinvestment at NT\$510,948,000 can be recognized during 2012-2016; an annual average gain from reinvestment at NT\$523,865,000 can be recognized during 2017-2021; and an annual average gain from reinvestment at NT\$648,371,000 can be recognized during 2022-2024.

3. Plan, progress and efficiency of capital utilization after the project change approved by shareholders' meeting this time

(1) Project contents

- 1) Total amount of required funds: NT\$741,513,000
- 2) Project fund sources: Issuance of 50,000,000 common shares, each at NT\$10 and issued at premium of NT\$13.2, to raise a total of NT\$660,000,000, and the balance will be supported by own capital.
- 3) Project items and projected capital utilization progress:

Unit: NTD thousand

Item/Project	Anticipated Date of Completion	Total amount of required fund	2008Q2-2020Q3 Expenditure of Own Capital	2008Q2-2020Q3 Expenditure of Cash Capital Increase	2020Q4 Expenditure of Cash Capital Increase	Total Expenditure of Cash Capital Increase
Re-investment: Re-investment in RP Energy Corporation in the Philippines through Taiwan Cogeneration Corporation	2020Q3	569,655	81,513	488,142	—	488,142
Enriching operating funds	2020 Q4	171,858	—	—	171,858	171,858
Total		741,513	81,513	488,142	171,858	660,000

Source: Taiwan Cogeneration Corporation

- (2) The planned fund required for re-investment in RP Energy Corporation in the Philippines totals NT\$2,580,500,000. After deducting NT\$569,655,000 that has been placed in the project, the balance NT\$2,010,845,000 will be supported by own funds or bank loans.

(3) Projected benefits

- 1) Re-investment in RP Energy Corporation in the Philippines through Taiwan Cogeneration Corporation

After the current fundraiser change, the construction of the RP Energy coal-fired power plant was not started due to the project delay. Therefore, no actual benefit has been produced. Actual project benefits will only come in after the completion of construction and start of commercial operation of the coal-fired power plant.

- 2) Enriching operation funds

After the current fundraiser change, a sum of NT\$171,858,000 will be used to enrich operating funds for the company's routine operations. The fundraiser can replace bank financing. Besides enhancing long-term fund stability, strengthening short-term loan solvency, enriching fund dispatch flexibility, and optimizing corporate financial structure, based on that company's daily average loan interest at 0.82%, this can help save up to NT\$1,409,000 in interest expenditure.

4. Favorable/unfavorable impacts on the rights and interests of shareholders as a result of the project change

As the original re-investment project in RP Energy Corporation in the Philippines for building a coal-fired power plant is still under progress, we will seek new fund sources, thus making no unfavorable impacts on the rights and interests of shareholders.

IV. Appendices

Appendix 1

Taiwan Cogeneration Corporation

Rules of Procedure for Meetings of Shareholders

Approved by initiators meeting on April 14, 1992

1st amendment made on December 29, 1998

2nd amendment made on June 27, 2002

1. Except as otherwise specified by the law, this Company shall hold meetings of shareholders in accordance with this Rules of Procedure for Meetings of Shareholders.
2. This Company shall prepare an attendance register for shareholders to sign in, or shareholders present may hand in an attendance card in place of signing on the attendance register.
3. The presence of shareholders in a meeting of shareholders and their voting rights shall be calculated in accordance with the number of shares.
4. The place for convening the meeting of shareholders shall be held in this Company or any places convenient for the presence of shareholders and suitable for holding of a meeting of shareholders. The time for commencing the meeting of shareholders shall not be earlier than nine o'clock in the morning or later than three o'clock in the afternoon.
5. When a meeting of shareholders is convened by the Board of Directors, the chairman of the board shall preside on that meeting of shareholders. Where the chairman is unable to carry out his duty, he shall designate a director to act on his behalf. Where the chairman does not appoint an agent, directors shall elect one from amongst themselves to act on behalf of chairman.
6. This Company may assign the legal consul or certified public accountant it hires or other relevant persons to be the guest of the meeting of shareholders. Meeting service personnel shall wear an identity card or a badge.
7. This Company shall maintain a full record of the meeting of shareholders with audio or video tapes. Such video or audio tapes shall be retained for at least one year.
8. The chairman shall call the meeting to order at the appointed meeting time. However, when the shareholders present do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. Where the quorum is not met after two postponements but the shareholders present represent one third or more of the total number of issued shares, a tentative resolution may be made in accordance with paragraph 1 of Article 175 of the Company Act.

When, prior to conclusion of the meeting, the shareholders present represent a majority of the total number of issued shares, the chairman may re-submit the tentative resolution for a vote by the meeting of shareholders in accordance with Article 174 of the Company Act.

9. Where the meeting of shareholders is convened by the BOD, the BOD shall determine the agenda. The meeting of shareholders shall be proceeded according to the agenda. The agenda shall not be changed without the BOD's resolution. Where a meeting of shareholders is convened by a party with the power to convene that is not the board of directors, the agenda of the meeting shall be determined by this party.

The chairman shall not adjourn a meeting without resolution adopted by shareholders, where the motions (including extraordinary motions) covered in the proceedings arranged in the above two paragraphs are not resolved.

After the meeting is adjourned, shareholders shall not elect another chairperson to continue the meeting at the same or another place.

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

Appendix 2

Taiwan Cogeneration Corporation Articles of Incorporation

Chapter I General Provisions

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

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

Chapter II Shares

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

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

Chapter III Meetings of Shareholders

Article 16 Meetings of shareholders include the following two types:

1. the annual general shareholders meeting; and
2. the provisional meeting of shareholders.

The former shall be convened once a year within six (6) months after the end of each accounting year; and the latter shall be convened according to the law where necessary.

Article 17 Written notices shall be sent to all shareholders at the last known address registered at this Company at least thirty (30) days prior to the annual general shareholders meeting and at least fifteen (15) days prior to the provisional meeting of shareholders. The reasons for calling a meeting of shareholders shall be specified in the written notice.

Article 18 Except as otherwise a higher percentage is specified in the Company Act, a meeting of shareholders shall be called to order if attended by shareholders representing over half of the total issued shares, and resolutions shall be adopted by a majority of the votes held by shareholders present at the meeting.

Article 19 Each share of stock shall be entitled to one vote.

Article 20 Where a shareholder is unable to attend a meeting of shareholders, he/she may assign a proxy to attend the meeting and exercise, all rights at the meeting on his/her behalf in accordance with Article 177 of the Company Act. A proxy does not need to be a shareholder of this Company.

Article 21 When a meeting of shareholders is convened by the Board of Directors, the chairman of the board shall preside on that meeting of shareholders. Where the chairman is unable to carry out his duty, he shall designate a director to act on his behalf. Where the chairman does not appoint an agent, directors shall elect one from amongst themselves to act on behalf of chairman. Where a meeting of shareholders is convened by a party with the power to convene that is not the BOD, the meeting shall be chaired by this party. When there are two parties, elect one to be the chairperson.

Article 22 The resolutions made by the meeting of shareholders shall be recorded in the minutes. After the chairman of this Company or the chairman of the meeting of shareholders signs the minutes, such minutes shall be distributed to all shareholders. The distribution of the minutes may be replaced by public announcements. In addition, such minutes shall be retained permanently during the existence of this Company.

Chapter IV Directors and Audit Committee

Article 23 This Company shall have thirteen (13) directors, including a minimum of three independent directors and one fifth of all seats, elected by the meeting of shareholders among competent shareholders.

The candidate nomination system shall apply to the directorial election which includes both directors and independent directors, with separate calculation of seats.

Shareholders shall elect directors from among the nominees.

The total number of registered shares held by all directors shall not be lower than the ratio specified in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.

This Company shall establish an audit committee seated by all independent directors in accordance with the Securities and Exchange Act. The committee and committee members shall exercise their authority and implement relevant affairs in accordance

with the rules and regulations prescribed by the competent authorities governing securities and exchange.

- Article 24 The term of each director is three (3) years. They shall be elected by the meeting of shareholders by the law. The Board of Directors shall buy liability insurance for the directors of this Company.
- Article 25 Directors shall elect from amongst themselves a chairman with the consent of over half of directors at a board meeting attended by over two-third of all directors.
- Article 26 Externally, the chairman represents this Company, and internally, he presides on the meeting of shareholders and board meetings, and administers corporate business in accordance with the law, the articles of incorporation of this Company, and the resolutions made by the meeting of shareholders and board meetings.
- Article 27 Except for the first board meeting of every term of the newly established board of directors which shall be convened by the director with the majority votes in the election, board meetings shall be convened by the chairperson of the board. The convener shall also notify all directors of the date, place, and agenda of the board meeting by mail or email at least seven (7) days in advance. However, the board may convene a provisional board meeting at any time.
- Article 28 The chairman shall chair the board meeting. Where the chairman is unable to carry out his duty, he shall designate a director to act on his behalf. Where the chairman does not appoint an agent, directors shall elect one from amongst themselves to act on behalf of chairman.
- Article 29 The Board of Directors shall convene a board meeting at least once a quarter. Except as otherwise a higher percentage is specified by the Company Act or the Articles of Incorporation, the following board meetings shall be called to order with the attendance of over half of all directors, and resolutions shall be made by over half of the directors attended the meeting.
1. Proposal for dissolution and liquidation of the company or merger with other companies.
 2. Proposal for procurement of major assets of this Company.
 3. Appointment, discharge, and remunerations of managerial officers.
 4. Proposal for the amendment of the Articles of Incorporation.
 5. Proposal for profit distribution or covering up deficits.
 6. Production of the budget and final accounting of this Company.
 7. Approval for re-investments in other businesses.
 8. Establishment and withdrawal of branches.
 9. Application for the approval of public offering or listed at the OTC or stock market.
 10. Approval, revision, and termination of suggestions or expansion investment projects.
 11. The acquisition, transfer, and licensing of special technology and patent rights and the approval, revision, and termination of the technological cooperation contracts.
 12. Proposal for capital increase or reduction.
 13. Approval of contracts with a certain term or a certain credit or value.
 14. Approval of capital expenditures over a certain credit or value within the approved budget or over a certain amount outside of the credit or value outside of the approved budget. For expenditure of the same purpose, do not break down the cost and disburse without prior notice.
 15. Approval of the regulations for endorsements, guarantees, and lending of this Company.
 16. Approval of this Company's application to the bank for financing, guarantee, acceptance, and other lending and loans, and advances complying with Article 15 of the Company Act at a certain credit or value.
 17. Determination or revision of the term, credit, and value specified in items 13-16.

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

Chapter V Managerial Officers

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

Chapter VI Financial Statements

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

affiliates of which this Company holds 100% shares.

- Article 37 Each accounting year after the annual closing of books, after deducting accumulative deficits from the net profit, this Company shall first appropriate 10% of the balance as the legal reserve before reverting the balance to special reserves according to the laws and regulations or the rules of competent authorities. If there is still a balance, it shall be combined with the unappropriated retained earnings at the beginning of the year for the BOD to draw up the proposal of profit distribution at no less than 70% of distributable profit and submit the proposal to the annual general shareholders meeting for resolution. When drawing up the dividend policy, this Company shall determine the type and amount of profit allocation according to the potential of business growth, the need for sustainable development, the consideration of capital expenditures, the Company's medium- and long-term planning and financial stability. Shareholder dividends include stock dividends and cash dividends and shall be distributed based on the dividend equalization policy. This shall include cash dividends of no less than 20% of the total amount of dividends, and the remaining part shall be distributed in stock dividends. Where there are new major investment products valued NT\$300 million or higher and there is no other fund sources, this Company may report to the annual general shareholders meeting to reduce the ratio of distribution of cash dividends to 0-19% and distribute the remaining part in stock dividends. When the amount of legal reserve described above has reached the paid-in capital of this Company, no profit will be allocated anymore.
- Article 38 The board of directors is authorized to discuss and determine the remunerations for directors according to their involvement in this Company's operations, their contributions to this Company, and the general level in the same industry. Directors may claim travel allowance each month. The board of directors shall determine the amount of the travel allowance. Shareholders or directors of this Company who are concurrently a managerial officer or employee of this Company shall be paid according to general employees.

Chapter VII Addenda

- Article 39 Matters not provided for herein shall be subject to the law of the Republic of China.
- Article 40 This Articles of Incorporation was established by all initiators on April 14, 1992 and can be amended with the resolution made by the meeting of shareholders.
- Article 41
- 1st amendment was made on September 20, 1995.
 - 2nd amendment was made on January 28, 1997.
 - 3rd amendment was made on June 25, 1998.
 - 4th amendment was made on December 29, 1998.
 - 5th amendment was made on June 21, 2000.
 - 6th amendment was made on October 12, 2000.
 - 7th amendment was made on October 12, 2000.
 - 8th amendment was made on June 27, 2002.
 - 9th amendment was made on June 19, 2003.
 - 10th amendment was made on June 18, 2004.
 - 11th amendment was made on June 24, 2005.
 - 12th amendment was made on June 28, 2007.
 - 13th amendment was made on June 16, 2009.
 - 14th amendment was made on June 22, 2011.
 - 15th amendment was made on June 20, 2012.
 - 16th amendment was made on June 21, 2013.
 - 17th amendment was made on June 27, 2016.

18th amendment was made on June 21, 2017.
19th amendment was made on June 20, 2019.

Shun-i Huang
Chairman
Taiwan Cogeneration Corporation

Appendix 3

Taiwan Cogeneration Corporation Shareholdings of Directors

1. The paid-in capital of this Company is NT\$5,890,485,950 to issue a total of 589,048,595 shares.
2. According to Article 26 of the Securities and Exchange Act, all directors shall hold no less than 18,849,555 shares.
3. The table below shows the shares held by individual and all directors registered in the list of shareholders on the April 26, 2021, 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	Chien-Yih Chen	21 Jun 2020	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.	13,626,093 shares, representing Ta Ya Company Ltd.	2.31%
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	200,990,372 shares	34.11%

Note: Director Shun-I Huang was replaced by another corporate shareholder and became the chairperson on April 1, 2021.

Appendix 4

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. This Company accepts proposals made by shareholders for the present annual general shareholders meeting during April 16-April 26, 2021. All proposals have been published on the Market Observation Post System (MOPS) according to the law.
3. No shareholder proposal was received this year.