

Stock Code: 8931

Ta-Yuan Cogen Co., Ltd.  
Handbook for the 2022 Annual  
Shareholders' Meeting

June 16, 2022

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## **Chapter 1 Meeting Procedure**

Ta-Yuan Cogen Co., Ltd.

### Procedure for the 2022 Annual Shareholders' Meeting

- I. Announce Number of Shares in Attendance
- II. Call the Meeting to Order
- III. Meeting Chairperson Remarks
- IV. Company Reports
- V. Proposals
- VI. Discussions
- VII. Election Matters
- VIII. Questions and Motions
- IX. Adjournment

## **Chapter 2 Meeting Agenda**

### **Ta-Yuan Cogen Co., Ltd. Agenda of the 2022 Annual Shareholders' Meeting**

Meeting Time: 9:00 a.m. on Thursday, June 16, 2022

Venue: No. 276, Chaoyin N. Rd., Dayuan Dist., Taoyuan City

Attendants: All shareholders and equity representatives

Meeting Chairperson: Chung-Cheng Lee, Chairman

- I. Announce Number of Shares in Attendance
- II. Call the Meeting to Order
- III. Meeting Chairperson Remarks
- IV. Company Reports
  - (I) 2021 Business Report
  - (II) 2021 Audit Committee's Review Report
  - (III) Report on Distribution of the 2021 Remuneration for Employees
- V. Proposals
  - (I) Adoption of the Company's 2021 Business Report and Financial Statements
  - (II) Adoption of the proposal for distribution of the 2021 profits
- VI. Discussions
  - (I) Amendments to the Company's "Articles of Incorporation"
  - (II) Amendments to the Company's "Procedure for the Acquisition or Disposal of Assets"
- VII. Election Matters
  - By-election of one seat of independent director
- VIII. Questions and Motions
- IX. Adjournment

## **I Announce Number of Shares in Attendance**

## **II Call the Meeting to Order**

## **III Meeting Chairperson Remarks**

## **IV Company Reports**

### **(I) 2021 Business Report, please review and approve**

Explanation: Please refer to Attachment 1 on page 7 to 9 of this handbook for the 2021 Business Report.

### **(II) 2021 Audit Committee's Review Report, please review and approve**

Explanation: Please refer to Attachment 2 on page 10 of this handbook for the 2021 Audit Committee's Review Report.

### **(III) Report on Distribution of the 2021 Remuneration for Employees, please review and approve**

Explanation: Pursuant to the ratio of profit distribution as stipulated in the Company's Articles of Incorporation, the Board of Directors has approved the Company's proposal to distribute NT\$3,235,323 in cash as the employee remuneration for 2021. This accounts for 1.5% of the Company's 2021 profits (i.e. pre-tax profit minus distribution of employee remuneration), and complies with the Company's Articles of Incorporation of distributing employee remuneration of no less than 0.75%.

## V Proposals

Proposal (I) Proposed by the Board of Directors

Subject: Adoption of the Company's 2021 Business Report and Financial Statements.

Explanation: The Company's 2021 Financial Statements have been audited by CPAs Rich Jui-Chuan Chih and Li-Huang Lee of Deloitte Taiwan, and the review of the aforementioned Financial Statements and Business Report was completed by the Audit Committee. Please refer to Attachment 1 and 2 on page 7 to 10, and Attachment 3 on page 11 to 30 of this handbook for details.

Resolution:

Proposal (II) Proposed by the Board of Directors

Subject: Adoption of the proposal for distribution of 2021 profits

Explanation:

- I. The Company has a net profit of NT\$170,370,913 in 2021. After setting aside 10% of said net profit, amounting to NT\$27,448,663, and adding the undistributed retained earnings after cumulative adjustments, NT\$297,490,463, the distributable profit amounts to NT\$440,412,713.
- II. We propose to distribute cash dividend of NT\$1.5 per share.
- III. The current cash dividend is calculated according to the distribution ratio and rounded up to NT\$ 1. The total amount of the odd share less than NT\$1 is adjusted, from the higher to lower decimal point and from top down of the account number sequentially, till it is equal to the total cash dividend distributed.
- IV. Upon approval from the Shareholders' Meeting, the Board of Directors will be authorized to stipulate the ex-dividend date and other related matters.
- V. Please refer to Attachment 4 on page 31 of this handbook for the Profit Distribution Table.

Resolution:

## **VI Discussions**

Discussion Proposal (I) Proposed by the Board of Directors

Subject: Amendments of the Company's "Articles of Incorporation."

Explanation: To meet the actual needs and cope with amendments to laws and regulations, we propose to amend the Company's "Articles of Incorporation." Please refer to Attachment 5 on page 32 to 33 of this handbook for the amended articles.

Resolution:

Proposal (II) Proposed by the Board of Directors

Subject: Amendment of the Company's "Procedure for Acquisition or Disposal of Assets".

Explanation: To meet the actual needs and cope with amendments to laws and regulations, we propose to amend the Company's "Procedure for Acquisition or Disposal of Assets." Please refer to Attachment 6 on page 34 to 43 of this handbook for the amended articles.

Resolution:

**VII Election Matters**

Election Proposed by the Board of Directors

Subject: By-election of one seat of independent director

Explanation:

- I. The former independent director, Bao-Guang Chang, passed away on February 15, 2022. In accordance with the law, we proposed a by-election at the 2022 Annual Shareholders' Meeting.
- II. In accordance with the Company's Articles of Incorporation, one Independent Director is proposed to be elected under the candidate nomination system. The newly elected independent director will assume office from the date of the by-election until the expiration of the current term, which begins on June 16, 2022 and ends on July 31, 2023.
- III. The list of nominees for Independent Directors has been reviewed and approved by the Board of Directors. Below are relevant information for the candidates:

Name	Shareholding (shares)	Academic background	Experience	Current position
Guang-Yu LI	None	Department of Forestry, National Chung Hsing University	Industrial paper production and sales manager, Cheng Loong Corporation	None

Election Results:

**VIII Questions and Motions**

**IX Adjournment**



## Chapter 3 Attachments

### Attachment I

#### 2021 Business Report

##### 2021 Business Overview Report

The Company's revenue in 2021 was NT\$1,997,736 thousand, an increase of 8.42% from NT\$1,842,558 thousand in 2020, and net profit after tax was NT\$170,371 thousand, a decrease of 6.5% or NT\$11,842 thousand from NT\$182,213 thousand in 2020.

Operating performance for the past two years are listed in the following table:

Unit: NT\$1,000

Ledger Account	2021	2020
Operating revenue	1,997,736	1,842,558
Gross profit	363,756	383,888
Net profit before tax	212,453	213,815
Income tax expenses	42,082	31,602
Net profit for the period	170,371	182,213
Other comprehensive	54,955	120,362
Total comprehensive	225,326	302,575
Earnings per share (EPS)	1.39	1.49

#### 2022 Business Plan

##### I. Business Directions

1. Raise the level of corporate governance and gradually introduce ESG.
2. Make good use of the circular economy operation model to improve profitability.
3. Strengthen environmental protection and industrial safety system to comply with ISO standards.
4. Enhance the benefits of circular economy, reduce pollution, energy consumption, and emissions.
5. Cultivate talents, build up a pool of middle management, and implement education for junior employees.
6. Rooted in the business philosophy and corporate culture of "loyalty, honesty, trust and truthfulness".

## II. Operating Strategy

### Cogeneration:

1. Continue to develop G1 and G2 unit cleaning or reuse fuel solutions in response to carbon reduction targets.
2. Improve the G2 unit equipment, optimize the operation mode, and reduce the coal burning ratio.
3. Effective planning and utilization of plant space to enhance the capacity of waste transportation
4. The conversion of heavy oil engine units into natural gas-fired power generation is on schedule for trial run in March and for production in April, which is stable and profitable in line with the electricity market.
5. Continue to expand steam sales volume and lift up its sales price.

### Renewable energy:

1. Continue to develop waste solvent treatment customers to maintain utilization rate.
2. Achieved the target of Grade A in the annual assessment of waste treatment plants and passed the renewal of Grade A treatment permit.
3. The research and development of IPA solvent recycling process, to improve the variety of waste solvent treatment.
4. Solid Renewable Fuel SRF manufacturing was commercially operated.
5. Completed ISO-17025 laboratory quality management system certification and started the business of external inspection and certification.

## III. Production and Sales Plan

1. The Taiwan Power Company ("Taipower") will maintain the power purchase contract in 2022. Coal-fired power plant units supply gas and electricity on full load, while G2 units are mostly focused on supplying medium pressure steam and sludge treatment, natural gas-fired generating units are expected to supply electricity commercially in the second quarter, and the estimated production and sales for 2022 are as follows:

### (I) Coal-fired generators

	Unit	Production volume	Sales volume
Electricity	thousand kWh	261,587	234,676
Steam	Tons	502,745	502,745

(II) G2 generators

	Unit	Production volume	Sales volume
Electricity	thousand kWh	65,506	41,785
Steam	Tons	190,295	190,295

Note. Electricity sales = production volume + power purchase - internal power consumption

(III) Natural gas generators

	Unit	Production volume	Sales volume
Electricity	thousand kWh	76,058	74,748
Steam	Tons	22,283	22,283

Note. Electricity sales = production volume - internal power consumption

2. Operations were on average maintained at nearly full capacity throughout the duration of agency operations, with the annual processing capacity of 53,100 tons.
3. The G2 units are planned to treat 8,800 tons of sludge, 14,550 tons of TDF, 24,639 tons of SRF, reducing the coal usage ratio by < 50%.
4. Renewable Energy Plant is expected to treat 18,480 tons annually, which is 85.56% of the treatment capacity. The estimated treatment in 2022 is as follows:

	Unit	Receiving volume	Treatment volume
Waste solvent	tons	18,480	18,480

5. The trial run of SRF process in the renewable resources plant is expected to be commissioned in the first quarter of 2022, to obtain the treatment permit and complete the change of waste cleaning plan in the second quarter, and to be ready for official commercial operation in the second half of the year. It is estimated that the processing capacity of D-0299, D-0803, D-0899, and the like will reach 972 tons in the trial run stage, and 5,567 tons in the second half of the year after official commercial operation. The estimated treatment in 2022 is as follows:

	Q1	Q2	Q3	Q4	Total
SRF (tons)	486	486	2,060	3,507	6,540

Chairman: Chung-Cheng Lee

CEO: Jeff Chang

Chief Accounting Officer: Chiung-Ru Chiu

Attachment II

Audit Committee's Review Report, Ta-Yuan Cogen Co., Ltd.

The Board of Directors has prepared the Company's 2021 Financial Statements, including Business Report, Individual Financial Statements, Consolidated Financial Statements, and Appropriations of Net Income. The Audit Committee has reviewed the aforementioned reports and determined them to be correct and accurate. The Individual Financial Statements and Consolidated Financial Statements have also been audited by Certified Public Accounts Rich (Jui-Chuan) Chih and Li- Huang Li of Deloitte Taiwan. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit these reports along with the CPA Audit Report for Your Shareholders' review.

To Your Shareholders,  
The Company's 2022 Annual Shareholders' Meeting

Ta-Yuan Cogen Co., Ltd.

Convening Agent of the Audit Committee:

March 10, 2022

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Ta-Yuan Cogeneration Company Limited

### Opinion

We have audited the accompanying consolidated financial statements of Ta-Yuan Cogeneration Company Limited and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for 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 Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. The matter was 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 the matter.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

### Revenue Recognition

The Group's revenue from the sale of goods in 2021 accounted for approximately 82% of total revenue. In accordance with Statements on Auditing Standards, there is a presumption of significant risk in revenue recognition due to the impact of revenue recognized on the consolidated financial statements. Therefore, the occurrence of sales revenue from the specific customers was identified as a key audit matter.

Refer to Note 4(k) for the accounting policy related to revenue recognition and Note 18 for significant accounting policies of revenue.

Our main audit procedures performed in respect of the above key audit matter included the following:

1. We understood the design and implementation of internal controls over revenue recognition from the specific customers.
2. We sampled and performed test of details to verify the occurrence of sales transactions from the specific customers.

### **Other Matter**

We have also audited the parent company only financial statements of Ta-Yuan Cogeneration Company Limited as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 the 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 the 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 and appropriate audit evidence regarding the financial information of 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 group audit. We remain solely responsible for our audit

opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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-Chuan Chih and Li-Huang Lee.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 10, 2022

*Notice to Readers*

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



**TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2021 AND 2020**

**(In Thousands of New Taiwan Dollars)**

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 520,307	12	\$ 614,102	14
Accounts receivable from unrelated parties(Notes 8 and 18)	156,348	4	161,046	4
Accounts receivable from related parties (Notes 8, 18 and 25)	50,083	1	51,172	1
Inventories (Note 9)	324,491	7	104,704	3
Prepayments (Note 13)	96,976	2	103,002	2
Other current assets	112	-	800	-
Total current assets	<u>1,148,317</u>	<u>26</u>	<u>1,034,826</u>	<u>24</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 7 and 25)	181,795	4	368,805	9
Property, plant and equipment (Notes 11, 25 and 26)	2,788,418	63	2,287,668	53
Right-of-use assets (Note 12)	5,209	-	5,594	-
Intangible assets	1,155	-	1,210	-
Deferred tax assets (Note 20)	941	-	1,073	-
Prepayments for equipment (Notes 13 and 25)	263,947	6	607,036	14
Refundable deposits (Note 13)	7,686	-	8,791	-
Prepaid pension cost - non-current (Note 16)	12,937	1	14,595	-
Other non-current assets (Note 13)	5,480	-	6,355	-
Total non-current assets	<u>3,267,568</u>	<u>74</u>	<u>3,301,127</u>	<u>76</u>
<b>TOTAL</b>	<u>\$ 4,415,885</u>	<u>100</u>	<u>\$ 4,335,953</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities – current (Note 18)	\$ 5,633	-	\$ -	-
Notes payable	99	-	-	-
Accounts payable to unrelated parties	56,333	1	33,829	1
Accounts payable to related parties (Note 25)	495	-	119	-
Other payables (Notes 15 and 25)	151,688	4	151,423	3
Current tax liabilities (Note 20)	38,502	1	22,794	1
Lease liabilities - current (Notes 12 and 25)	2,226	-	2,163	-
Current portion of long-term borrowings (Notes 14 and 26)	131,667	3	1,600,000	37
Other current liabilities	1,768	-	2,802	-
Total current liabilities	<u>388,411</u>	<u>9</u>	<u>1,813,130</u>	<u>42</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 14 and 26)	1,968,333	45	500,000	12
Deferred tax liabilities (Note 20)	3,472	-	21,875	-
Lease liabilities - non-current (Notes 12 and 25)	3,025	-	3,473	-
Guarantee deposits received	8,700	-	7,700	-
Total non-current liabilities	<u>1,983,530</u>	<u>45</u>	<u>533,048</u>	<u>12</u>
Total liabilities	<u>2,371,941</u>	<u>54</u>	<u>2,346,178</u>	<u>54</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)</b>				
Share capital				
Ordinary shares	1,222,549	28	1,222,549	28
Retained earnings				
Legal reserve	265,453	6	247,078	6
Unappropriated earnings	467,861	10	382,907	9
Total retained earnings	733,314	16	629,985	15
Other equity	88,081	2	137,241	3
Total equity	<u>2,043,944</u>	<u>46</u>	<u>1,989,775</u>	<u>46</u>
<b>TOTAL</b>	<u>\$ 4,415,885</u>	<u>100</u>	<u>\$ 4,335,953</u>	<u>100</u>

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

## TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 18 and 25)				
Sales	\$ 1,635,967	82	\$ 1,266,548	69
Service revenue	<u>361,769</u>	<u>18</u>	<u>576,010</u>	<u>31</u>
Total operating revenue	<u>1,997,736</u>	<u>100</u>	<u>1,842,558</u>	<u>100</u>
OPERATING COSTS (Notes 9, 19 and 25)				
Cost of sales	(1,387,035)	(70)	(1,013,938)	(55)
Service costs	<u>(246,945)</u>	<u>(12)</u>	<u>(444,732)</u>	<u>(24)</u>
Total operating costs	<u>(1,633,980)</u>	<u>(82)</u>	<u>(1,458,670)</u>	<u>(79)</u>
GROSS PROFIT	<u>363,756</u>	<u>18</u>	<u>383,888</u>	<u>21</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	(21,260)	(1)	(23,104)	(1)
General and administrative expenses	(99,513)	(5)	(96,336)	(5)
Research and development expenses	(13,585)	(1)	(5,018)	(1)
Expected credit loss reversed	<u>-</u>	<u>-</u>	<u>1,687</u>	<u>-</u>
Total operating expenses	<u>(134,358)</u>	<u>(7)</u>	<u>(122,771)</u>	<u>(7)</u>
PROFIT FROM OPERATIONS	<u>229,398</u>	<u>11</u>	<u>261,117</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 25)				
Interest income	323	-	544	-
Other income	15,697	1	11,306	1
Other gains and losses	(16,044)	(1)	(51,591)	(3)
Finance costs	<u>(16,921)</u>	<u>(1)</u>	<u>(7,561)</u>	<u>-</u>
Total non-operating income and expenses	<u>(16,945)</u>	<u>(1)</u>	<u>(47,302)</u>	<u>(2)</u>
PROFIT BEFORE INCOME TAX	212,453	10	213,815	12
INCOME TAX EXPENSE (Note 20)	<u>(42,082)</u>	<u>(2)</u>	<u>(31,602)</u>	<u>(2)</u>
NET PROFIT	<u>170,371</u>	<u>8</u>	<u>182,213</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME				

(Continued)

## TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 16)	(1,915)	-	(188)	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income (Note 17)	43,391	2	135,873	7
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>13,479</u>	<u>1</u>	<u>(15,323)</u>	<u>(1)</u>
Other comprehensive income, net of income tax	<u>54,955</u>	<u>3</u>	<u>120,362</u>	<u>6</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>\$ 225,326</u>	<u>11</u>	<u>\$ 302,575</u>	<u>16</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 170,371	8	\$ 182,213	10
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 170,371</u>	<u>8</u>	<u>\$ 182,213</u>	<u>10</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 225,326	11	\$ 302,575	16
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 225,326</u>	<u>11</u>	<u>\$ 302,575</u>	<u>16</u>
<b>EARNINGS PER SHARE (Note 21)</b>				
Basic	<u>\$ 1.39</u>		<u>\$ 1.49</u>	
Diluted	<u>\$ 1.39</u>		<u>\$ 1.49</u>	

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

**TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Total	Total Equity
	Share Capital		Retained Earnings		Other Equity		
	Shares (In Thousands)	Amount	Legal Reserve	Unappropriated Earnings	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income		
BALANCE, JANUARY 1, 2020	122,255	\$ 1,222,549	\$ 232,300	\$ 348,414	\$ 18,418	\$ 1,821,681	\$ 1,821,681
Appropriation of 2019 earnings							
Legal reserve	-	-	14,778	(14,778)	-	-	-
Cash dividends distributed by the Company	-	-	-	(134,481)	-	(134,481)	(134,481)
Net profit for the year ended December 31, 2020	-	-	-	182,213	-	182,213	182,213
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(150)	120,512	120,362	120,362
Total comprehensive income for the year ended December 31, 2020	-	-	-	182,063	120,512	302,575	302,575
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	1,689	(1,689)	-	-
BALANCE, DECEMBER 31, 2020	122,255	1,222,549	247,078	382,907	137,241	1,989,775	1,989,775
Appropriation of 2020 earnings							
Legal reserve	-	-	18,375	(18,375)	-	-	-
Cash dividends distributed by the Company	-	-	-	(171,157)	-	(171,157)	(171,157)
Net profit for the year ended December 31, 2021	-	-	-	170,371	-	170,371	170,371
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(1,532)	56,487	54,955	54,955
Total comprehensive income for the year ended December 31, 2021	-	-	-	168,839	56,487	225,326	225,326
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	105,647	(105,647)	-	-
BALANCE, DECEMBER 31, 2021	122,255	\$ 1,222,549	\$ 265,453	\$ 467,861	\$ 88,081	\$ 2,043,944	\$ 2,043,944

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

**TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(In Thousands of New Taiwan Dollars)**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 212,453	\$ 213,815
Adjustments for:		
Depreciation expense	203,894	145,462
Amortization expense	1,999	1,986
Expected credit loss reversed	-	(1,687)
Finance costs	16,921	7,561
Interest income	(323)	(544)
Dividend income	(9,072)	(4,473)
Loss on disposal of property, plant and equipment	17,637	48,462
(Reversal) write-down of inventories	31	(1,962)
Changes in operating assets and liabilities		
Accounts receivable	5,787	7,614
Inventories	(219,818)	122,304
Prepaid pension cost	(257)	(1,079)
Prepayments	1,082	15,809
Other current assets	688	13
Contract liabilities	5,633	-
Notes payable	99	-
Accounts payable	22,880	(1,252)
Other payables	11,626	(3,828)
Other current liabilities	<u>(1,034)</u>	<u>(1,718)</u>
Cash generated from operations	270,226	546,483
Interest paid	(22,260)	(22,743)
Income tax paid	<u>(31,166)</u>	<u>(27,411)</u>
Net cash generated from operating activities	<u>216,800</u>	<u>496,329</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(21,628)	(30,223)
Proceeds from sale of financial assets at fair value through other comprehensive income	252,029	3,139
Net cash inflow on refund of capital reduction of financial assets at fair value through other comprehensive income	-	55,532
Payments for property, plant and equipment	(142,009)	(395,760)
Proceeds from disposal of property, plant and equipment	661	-
Decrease in refundable deposits	1,105	1,370
Payments for intangible assets	(1,069)	(1,730)
Increase in prepayments for equipment	(236,660)	(178,567)
Interest received	323	544
Dividend received	<u>9,072</u>	<u>4,473</u>
Net cash used in investing activities	<u>(138,176)</u>	<u>(541,222)</u>

(Continued)

# TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

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

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	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	1,350,000	750,000
Repayments of long-term borrowings	(1,350,000 )	(333,333)
Increase in guarantee deposits received	1,000	1,300
Repayment of the principal portion of lease liabilities	(2,262)	(2,178)
Dividends paid to owners of the Company	<u>(171,157)</u>	<u>(134,481)</u>
Net cash (used in) generated from financing activities	<u>(172,419)</u>	<u>281,308</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(93,795)	236,415
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>614,102</u>	<u>377,687</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 520,307</u>	<u>\$ 614,102</u>

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

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Ta-Yuan Cogeneration Company Limited

### **Opinion**

We have audited the accompanying financial statements of Ta-Yuan Cogeneration Company Limited (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for 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 Financial Statements section of our report. We are independent of the Company 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 Matter**

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2021. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter of the Company's financial statements for the year ended December 31, 2021 is stated as follows:

#### **Revenue Recognition**

The Company's revenue from the sale of goods in 2021 accounted for approximately 82% of total revenue. In accordance with Statements on Auditing Standards, there is a presumption of significant risk in revenue recognition due to the impact of revenue recognized on the financial statements. Therefore, the occurrence of sales revenue from the specific customers was identified as a key audit matter..

Refer to Note 4(k) for the accounting policy related to revenue recognition and Note 18 for

significant accounting policies of revenue.

Our main audit procedures performed in respect of the above key audit matter included the following:

1. We understood the design and implementation of internal controls over revenue recognition from the specific customers.
2. We sampled and performed test of details to verify the occurrence of sales transactions from the specific customers.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 the 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 financial statements.



As part of an audit in accordance with the 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 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-Chuan Chih and Li-Huang Lee.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 10, 2022

Notice to Readers

*The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.*

# TA-YUAN COGENERATION COMPANY LIMITED

## BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 520,307	12	\$ 614,074	14
Accounts receivable from unrelated parties (Notes 8 and 18)	156,348	4	161,046	4
Accounts receivable from related parties (Notes 8, 18 and 25)	50,083	1	51,172	1
Inventories (Note 9)	324,491	7	104,704	3
Prepayments (Note 13)	96,976	2	103,002	2
Other current assets	112	-	800	-
Total current assets	<u>1,148,317</u>	<u>26</u>	<u>1,034,798</u>	<u>24</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	181,795	4	156,944	4
Investments accounted for using the equity method (Note 10)	-	-	211,889	5
Property, plant and equipment (Notes 11, 25 and 26)	2,788,418	63	2,287,668	53
Right-of-use assets (Note 12)	5,209	-	5,594	-
Intangible assets	1,155	-	1,210	-
Deferred tax assets (Note 20)	941	-	1,073	-
Prepayments for equipment (Notes 13 and 25)	263,947	6	607,036	14
Refundable deposits (Note 13)	7,686	-	8,791	-
Prepaid pension cost - non-current (Note 16)	12,937	1	14,595	-
Other non-current assets (Note 13)	5,480	-	6,355	-
Total non-current assets	<u>3,267,568</u>	<u>74</u>	<u>3,301,155</u>	<u>76</u>
<b>TOTAL</b>	<u>\$ 4,415,885</u>	<u>100</u>	<u>\$ 4,335,953</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities – current (Note 18)	\$ 5,633	-	\$ -	-
Notes payable	99	-	-	-
Accounts payable to unrelated parties	56,333	1	33,829	1
Accounts payable to related parties (Note 25)	495	-	119	-
Other payables (Notes 15 and 25)	151,688	4	151,423	3
Current tax liabilities (Note 20)	38,502	1	22,794	1
Lease liabilities - current (Notes 12 and 25)	2,226	-	2,163	-
Current portion of long-term borrowings (Notes 14 and 26)	131,667	3	1,600,000	37
Other current liabilities	1,768	-	2,802	-
Total current liabilities	<u>388,411</u>	<u>9</u>	<u>1,813,130</u>	<u>42</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 14 and 26)	1,968,333	45	500,000	12
Deferred tax liabilities (Note 20)	3,472	-	21,875	-
Lease liabilities - non-current (Notes 12 and 25)	3,025	-	3,473	-
Guarantee deposits received	8,700	-	7,700	-
Total non-current liabilities	<u>1,983,530</u>	<u>45</u>	<u>533,048</u>	<u>12</u>
Total liabilities	<u>2,371,941</u>	<u>54</u>	<u>2,346,178</u>	<u>54</u>
<b>EQUITY (Note 17)</b>				
Share capital				
Ordinary shares	<u>1,222,549</u>	<u>28</u>	<u>1,222,549</u>	<u>28</u>
Retained earnings				
Legal reserve	265,453	6	247,078	6
Unappropriated earnings	467,861	10	382,907	9
Total retained earnings	<u>733,314</u>	<u>16</u>	<u>629,985</u>	<u>15</u>
Other equity	88,081	2	137,241	3
Total equity	<u>2,043,944</u>	<u>46</u>	<u>1,989,775</u>	<u>46</u>
<b>TOTAL</b>	<u>\$ 4,415,885</u>	<u>100</u>	<u>\$ 4,335,953</u>	<u>100</u>

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

**TA-YUAN COGENERATION COMPANY LIMITED**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 18 and 25)				
Sales	\$ 1,635,967	82	\$ 1,266,548	69
Service revenue	<u>361,769</u>	<u>18</u>	<u>576,010</u>	<u>31</u>
Total operating revenue	<u>1,997,736</u>	<u>100</u>	<u>1,842,558</u>	<u>100</u>
OPERATING COSTS (Notes 9, 19 and 25)				
Cost of sales	(1,387,035)	(70)	(1,013,938)	(55)
Service costs	<u>(246,945)</u>	<u>(12)</u>	<u>(444,732)</u>	<u>(24)</u>
Total operating costs	<u>(1,633,980)</u>	<u>(82)</u>	<u>(1,458,670)</u>	<u>(79)</u>
GROSS PROFIT	<u>363,756</u>	<u>18</u>	<u>383,888</u>	<u>21</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	(21,260)	(1)	(23,104)	(1)
General and administrative expenses	(99,512)	(5)	(96,336)	(5)
Research and development expenses	(13,585)	(1)	(5,018)	(1)
Expected credit loss reversed	<u>-</u>	<u>-</u>	<u>1,687</u>	<u>-</u>
Total operating expenses	<u>(134,357)</u>	<u>(7)</u>	<u>(122,771)</u>	<u>(7)</u>
PROFIT FROM OPERATIONS	<u>229,399</u>	<u>11</u>	<u>261,117</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 25)				
Interest income	310	-	542	-
Other income	15,697	1	11,306	1
Other gains and losses	(14,998)	(1)	(58,794)	(3)
Finance costs	(16,921)	(1)	(7,561)	-
Share of profit or loss of subsidiaries, associates and joint ventures	<u>(1,034)</u>	<u>-</u>	<u>7,205</u>	<u>-</u>
Total non-operating income and expenses	<u>(16,946)</u>	<u>(1)</u>	<u>(47,302)</u>	<u>(2)</u>
PROFIT BEFORE INCOME TAX	212,453	10	213,815	12
INCOME TAX EXPENSE (Note 20)	<u>(42,082)</u>	<u>(2)</u>	<u>(31,602)</u>	<u>(2)</u>
NET PROFIT	<u>170,371</u>	<u>8</u>	<u>182,213</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME				

(Continued)

# TA-YUAN COGENERATION COMPANY LIMITED

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

	2021		2020	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 16)	(1,915)	-	\$ (188)	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income (Note 17)	3,223	-	59,067	3
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	40,168	2	76,806	4
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>13,479</u>	<u>1</u>	<u>(15,323)</u>	<u>(1)</u>
Other comprehensive income, net of income tax	<u>54,955</u>	<u>3</u>	<u>120,362</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 225,326</u>	<u>11</u>	<u>\$ 302,575</u>	<u>16</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 1.39</u>		<u>\$ 1.49</u>	
Diluted	<u>\$ 1.39</u>		<u>\$ 1.49</u>	

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

(Concluded)

**TA-YUAN COGENERATION COMPANY LIMITED**

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

	Share Capital		Retained Earnings		Other Equity	Total Equity
	Shares (In Thousands)	Amount	Legal Reserve	Unappropriated Earnings	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE, JANUARY 1, 2020	122,255	\$ 1,222,549	\$ 232,300	\$ 348,414	\$ 18,418	\$ 1,821,681
Appropriation of 2019 earnings						
Legal reserve	-	-	14,778	(14,778)	-	-
Cash dividends	-	-	-	(134,481)	-	(134,481)
Net profit for the year ended December 31, 2020	-	-	-	182,213	-	182,213
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(150)	120,512	120,362
Total comprehensive income for the year ended December 31, 2020	-	-	-	182,063	120,512	302,575
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	1,689	(1,689)	-
BALANCE, DECEMBER 31, 2020	122,255	1,222,549	247,078	382,907	137,241	1,989,775
Appropriation of 2020 earnings						
Legal reserve	-	-	18,375	(18,375)	-	-
Cash dividends	-	-	-	(171,157)	-	(171,157)
Net profit for the year ended December 31, 2021	-	-	-	170,371	-	170,371
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(1,532)	56,487	54,955
Total comprehensive income for the year ended December 31, 2021	-	-	-	168,839	56,487	225,326
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	105,647	(105,647)	-
BALANCE, DECEMBER 31, 2021	122,255	\$ 1,222,549	\$ 265,453	\$ 467,861	\$ 88,081	\$ 2,043,944

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

**TA-YUAN COGENERATION COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(In Thousands of New Taiwan Dollars)**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 212,453	\$ 213,815
Adjustments for:		
Depreciation expense	203,894	145,462
Amortization expense	1,999	1,986
Expected credit loss reversed	-	(1,687)
Finance costs	16,921	7,561
Interest income	(310)	(542)
Dividend income	(9,072)	(4,473)
Share of profit of subsidiaries, associates and joint ventures	1,034	(7,205)
Loss on disposal of property, plant and equipment	17,637	48,462
(Reversal) write-down of inventories	31	(1,962)
Changes in operating assets and liabilities		
Accounts receivable	5,787	7,614
Inventories	(219,818)	122,304
Prepaid pension cost	(257)	(1,079)
Prepayments	1,082	15,809
Other current assets	688	13
Contract liability	5,633	-
Notes payable	99	-
Accounts payable	22,880	(1,252)
Other payables	11,626	(3,828)
Other current liabilities	(1,034)	(1,718)
Cash generated from operations	271,273	539,280
Interest paid	(22,260)	(22,743)
Income tax paid	(31,166)	(27,411)
Net cash generated from operating activities	<u>217,847</u>	<u>489,126</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(21,628)	(30,223)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	3,139
Net cash inflow on refund of capital reduction of investments accounted for using the equity method	-	62,735
Net cash inflow from liquidating subsidiaries	251,023	-
Payments for property, plant and equipment	(142,009)	(395,760)
Proceeds from disposal of property, plant and equipment	661	-
Decrease in refundable deposits	1,105	1,370
Payments for intangible assets	(1,069)	(1,730)
Increase in prepayments for equipment	(236,660)	(178,567)
Interest received	310	542
Dividend received	<u>9,072</u>	<u>4,473</u>

(Continued)

**TA-YUAN COGENERATION COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(In Thousands of New Taiwan Dollars)**

	<b>2021</b>	<b>2020</b>
Net cash used in investing activities	<u>(139,195)</u>	<u>(534,021)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	1,350,000	750,000
Repayments of long-term borrowings	(1,350,000 )	(333,333)
Increase in guarantee deposits received	1,000	1,300
Repayment of the principal portion of lease liabilities	(2,262)	(2,178)
Dividends paid to owners of the Company	<u>(171,157)</u>	<u>(134,481)</u>
Net cash (used in) generated from financing activities	<u>(172,419)</u>	<u>281,308</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(93,767)</b>	<b>236,413</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>614,074</u></b>	<b><u>377,661</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 520,307</u></b>	<b><u>\$ 614,074</u></b>

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

(Concluded)



## Attachment IV

## Ta-Yuan Cogen Co., Ltd.

## Profit Distribution Table

2021

Unit: NTD

Item	Amount	
	Sub-total	Total
Undistributed profits from the previous period		193,374,750
Less: Re-measurement of defined benefit plans recognized in retained profits	1,531,952	
Add: Disposal of equity instruments at fair value through comprehensive income (loss) transferred to retained profits.	105,647,665	
Adjusted undistributed profits		297,490,463
Add: Net profit of the term	170,370,913	
Less: 10% appropriated as legal reserve	27,448,663	
Distributable net profits		440,412,713
Distribution item		
Cash dividends paid: NT\$1.5/share	183,382,293	
Undistributed profits at the end of the period		257,030,420

The Company's profit distribution plan involves the distribution of profits in 2021, and adopts the last in, first out principle.

Chairman: Chung-Cheng Lee

CEO: Jeff Chang

Chief Accounting Officer: Chiung-Ru Chiu

## Ta-Yuan Cogen Co., Ltd.

## Table of Comparison between Original and Amendments to Articles of Incorporation

Amended Article	Current Article	Remarks
<p>Article 10</p> <p>The Company's Shareholders' Meetings are of two kinds listed below:</p> <p>I. Annual Shareholders' Meeting (ASM)</p> <p>II. Extraordinary General Meeting (EGM).</p> <p>The ASM shall be convened by the Board of Directors within 6 months after the closing of each fiscal year. The EGM shall be convened as regulated when necessary.</p> <p><u>The Shareholders' Meeting may be held by video conference or other means announced by the central competent authority.</u></p>	<p>Article 10</p> <p>The Company's Shareholders' Meetings are of two kinds listed below:</p> <p>I. Annual Shareholders' Meeting (ASM)</p> <p>II. Extraordinary General Meeting (EGM).</p> <p>The ASM shall be convened by the Board of Directors within 6 months after the closing of each fiscal year. The EGM shall be convened as regulated when necessary.</p>	<p>Amendments in accordance with the provisions of the Company Act.</p>
<p>Article 33</p> <p>The Articles of Incorporation were entered into on August 3, 1993.</p> <p>The first amendment was made on November 10, 1993.</p> <p>The second amendment was made on February 22, 1994.</p> <p>The third amendment was made on June 10, 1997.</p> <p>The fourth amendment was made on September 12, 1997.</p> <p>The fifth amendment was made on April 20, 1999.</p>	<p>Article 33</p> <p>The Articles of Incorporation were entered into on August 3, 1993.</p> <p>The first amendment was made on November 10, 1993.</p> <p>The second amendment was made on February 22, 1994.</p> <p>The third amendment was made on June 10, 1997.</p> <p>The fourth amendment was made on September 12, 1997.</p> <p>The fifth amendment was made on April 20, 1999.</p>	<p>Number of amendments added</p>

<p>The sixth amendment was made on June 15, 1999.</p> <p>The seventh amendment was made on June 20, 2000.</p> <p>The eighth amendment was made on June 26, 2002.</p> <p>The ninth amendment was made on June 20, 2003.</p> <p>The tenth amendment was made on June 8, 2004.</p> <p>The 11th amendment was made on June 27, 2005.</p> <p>The 12th amendment was made on June 15, 2007.</p> <p>The 13th amendment was made on June 19, 2009.</p> <p>The 14th amendment was made on June 20, 2012.</p> <p>The 15th amendment was made on June 21, 2013.</p> <p>The 16th amendment was made on June 26, 2014.</p> <p>The 17th amendment was made on June 23, 2015.</p> <p>The 18th amendment was made on June 23, 2016.</p> <p>The 19th amendment was made on June 22, 2017.</p> <p>The 20th amendment was made on June 13, 2019.</p> <p>The 21st amendment was made on July 27, 2021.</p> <p>The 22nd amendment was made on June XX, 2022.</p>	<p>The sixth amendment was made on June 15, 1999.</p> <p>The seventh amendment was made on June 20, 2000.</p> <p>The eighth amendment was made on June 26, 2002.</p> <p>The ninth amendment was made on June 20, 2003.</p> <p>The tenth amendment was made on June 8, 2004.</p> <p>The 11th amendment was made on June 27, 2005.</p> <p>The 12th amendment was made on June 15, 2007.</p> <p>The 13th amendment was made on June 19, 2009.</p> <p>The 14th amendment was made on June 20, 2012.</p> <p>The 15th amendment was made on June 21, 2013.</p> <p>The 16th amendment was made on June 26, 2014.</p> <p>The 17th amendment was made on June 23, 2015.</p> <p>The 18th amendment was made on June 23, 2016.</p> <p>The 19th amendment was made on June 22, 2017.</p> <p>The 20th amendment was made on June 13, 2019.</p> <p>The 21st amendment was made on July 27, 2021.</p>	
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## Ta-Yuan Cogen Co., Ltd.

## Table of Comparison between Original and Amendments to Procedures for the Acquisition or Disposal of Assets

Amended Article	Current Article	Description
<p>Article 5-1</p> <p>If the Company acquires or disposes of real estate or its right-to-use assets from a related party, or acquires or disposes of assets other than real estate or its right-to-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, or 10% of its total assets, or over NT\$300 million, except for the purchase or sale of domestic bonds, bonds with buy-back or sell-back conditions, or the application for or repurchase of money market funds issued by a domestic securities investment trust, the following information shall be approved by the Audit Committee and submitted to the Board of Directors for approval before the transaction contract is signed and payment is made:</p> <p>I. The purpose, necessity and anticipated benefits of acquiring or disposing of assets.</p> <p>II. The reasons for selecting the related parties as counterparties.</p> <p>III. When acquiring real estate or its right-to-use assets from related parties, the information related to the reasonableness of the predetermined transaction terms is evaluated in accordance with Articles 16 and 17 of the Regulations Governing the Acquisition or Disposal of Assets by Public Companies.</p>	<p>Article 5-1</p> <p>If the Company acquires or disposes of real estate or its right-to-use assets from a related party, or acquires or disposes of assets other than real estate or its right-to-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, or 10% of its total assets, or over NT\$300 million, except for the purchase or sale of domestic bonds, bonds with buy-back or sell-back conditions, or the application for or repurchase of money market funds issued by a domestic securities investment trust, the following information shall be approved by the Audit Committee and submitted to the Board of Directors for approval before the transaction contract is signed and payment is made:</p> <p>I. The purpose, necessity and anticipated benefits of acquiring or disposing of assets.</p> <p>II. The reasons for selecting the related parties as counterparties.</p> <p>III. When acquiring real estate or its right-to-use assets from related parties, the information related to the reasonableness of the predetermined transaction terms is evaluated in accordance with Articles 16 and 17 of the Regulations Governing the</p>	<p>Amendment in accordance with the law</p>

<p>IV. The original acquisition date and price of the related party, the counterparty and its relationship with the Company and related parties, etc.</p> <p>V. The Company estimates the cash flow forecast for each month of the coming year starting from the month of the start of the contract, and evaluates the necessity of the transaction and the reasonableness of the use of funds.</p> <p>VI. The appraisal report issued by the professional appraiser obtained in accordance with Article 8, or the opinion of the accountant.</p> <p>VII. Restrictions and other material agreements of the transaction.</p> <p>When the Company conducts the following transactions with its subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the outstanding shares or capital stock, the Board of Directors shall authorize the Chairman to first make decision within the NT\$500 million limit and the matter shall subsequently be submitted to the most recent Board of Directors for ratification.</p> <p>I. Acquisition or disposal of equipment or right-to-use assets for business use.</p> <p>II. Acquisition or disposal of real estate right-of-use assets for business use.</p> <p><u>If the Company or its subsidiaries that are not domestic public companies conduct the first transaction, and the</u></p>	<p>Acquisition or Disposal of Assets by Public Companies.</p> <p>IV. The original acquisition date and price of the related party, the counterparty and its relationship with the Company and related parties, etc.</p> <p>V. The Company estimates the cash flow forecast for each month of the coming year starting from the month of the start of the contract, and evaluates the necessity of the transaction and the reasonableness of the use of funds.</p> <p>VI. The appraisal report issued by the professional appraiser obtained in accordance with Article 8, or the opinion of the accountant.</p> <p>VII. Restrictions and other material agreements of the transaction.</p> <p>The calculation of the aforementioned transaction amount shall be made in accordance with the provisions of Article 6, Paragraph 2, and the said one-year period shall be calculated retroactively for one year from the date of occurrence of the transaction, and the part that has been approved by the Audit Committee and submitted to the Board of Directors for approval in accordance with the provisions of these procedures shall be exempted from further calculation.</p> <p>When the Company conducts the following transactions with its subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the outstanding shares or capital stock, the Board of</p>	
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<p><u>transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in the first paragraph to the Shareholders' Meeting for approval before signing the transaction contract and making the payment. However, transactions between the Company and its subsidiaries, or between its subsidiaries and each other, are not subject to this limitation.</u></p> <p>The calculation of the amount of <u>the first</u> and preceding transactions shall be in accordance with the provisions of Article 6, Paragraph 2, and the reference to within one year is based on the date of occurrence of the transaction and extrapolated forward one year, which has been approved by the Audit Committee and submitted to the Board of Directors and the Shareholders' Meeting for approval in accordance with the provisions of these procedures shall be exempted from further calculation.</p>	<p>Directors shall authorize the Chairman to first make decision within the NT\$500 million limit and the matter shall subsequently be submitted to the most recent Board of Directors for ratification.</p> <p>I. Acquisition or disposal of equipment or right-to-use assets for business use.</p> <p>II. Acquisition or disposal of real estate right-of-use assets for business use.</p>	
<p>Article 6 Scope of application for Announcement and Reporting</p> <p>If the Company's acquisition or disposal of assets is under the following circumstances, the Company shall make an announcement and report to the designated website of the FSC according to the nature and in the prescribed format:</p> <p>I. The acquisition or disposal of real estate or right-to-use assets from a related party, or the acquisition or disposal of assets other than real estate or right-to-use assets with a related party for a transaction</p>	<p>Article 6 Scope of application for Announcement and Reporting</p> <p>If the Company's acquisition or disposal of assets is under the following circumstances, the Company shall make an announcement and report to the designated website of the FSC according to the nature and in the prescribed format:</p> <p>I. The acquisition or disposal of real estate or right-to-use assets from a related party, or the acquisition or disposal of assets other than real estate or right-to-use assets with a related party for a transaction</p>	<p>Amendment in accordance with the law</p>

<p>amounting to 20% of the Company's paid-in capital, or 10% of its total assets, or over NT\$300 million. However, there are no such restrictions on the purchase or sale of domestic bonds, bonds with buy-back or sell-back conditions, or the application for or repurchase of money market funds issued by a domestic securities investment trust</p> <p>II. Merger, demerger, acquisition or transfer of shares.</p> <p>III. Losses from derivative transactions amounting to the maximum amount of all or individual contract losses specified in this procedure.</p> <p>IV. Where the type of assets acquired or disposed of is equipment for business use or its right-to-use assets, and the counterparty is not a related party, and the transaction amount reaches above NT\$500 million.</p> <p>V. The acquisition or disposal of real estate or its right-to-use assets for construction use, where the transaction is not with a related party, and the transaction amount reaches above NT\$500 million</p> <p>VI. Where real property is acquired under an arrangement engaging others to build on the Company's own land, engaging others to build on rented land, or involving joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction</p>	<p>amounting to 20% of the Company's paid-in capital, or 10% of its total assets, or over NT\$300 million. However, there are no such restrictions on the purchase or sale of domestic bonds, bonds with buy-back or sell-back conditions, or the application for or repurchase of money market funds issued by a domestic securities investment trust</p> <p>II. Merger, demerger, acquisition or transfer of shares.</p> <p>III. Losses from derivative transactions amounting to the maximum amount of all or individual contract losses specified in this procedure.</p> <p>IV. Where the type of assets acquired or disposed of is equipment for business use or its right-to-use assets, and the counterparty is not a related party, and the transaction amount reaches above NT\$500 million.</p> <p>V. The acquisition or disposal of real estate or its right-to-use assets for construction use, where the transaction is not with a related party, and the transaction amount reaches above NT\$500 million</p> <p>VI. Where real property is acquired under an arrangement engaging others to build on the Company's own land, engaging others to build on rented land, or involving joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction</p>	
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<p>and separate sale, and the amount the Company expects to invest in the transaction is more than NT\$500 million.</p> <p>VII. Where asset transactions or investments in Mainland China other than those in the preceding six paragraphs, the transaction amount reaches 20% of the Company's paid-in capital or over NT\$300 million. However, the followings are not subject to this limitation:</p> <p>(I) Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>(II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The following is omitted.</p>	<p>and separate sale, and the amount the Company expects to invest in the transaction is more than NT\$500 million.</p> <p>VII. Where asset transactions or investments in Mainland China other than those in the preceding six paragraphs, the transaction amount reaches 20% of the Company's paid-in capital or over NT\$300 million. However, the followings are not subject to this limitation:</p> <p>(I) Trading of domestic government bonds</p> <p>(II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The following is omitted.</p>	
<p>Article 8</p> <p>When acquiring or disposing of assets, the Company shall appoint an expert to issue an opinion according to the type of assets in accordance with the following regulations:</p> <p>I. Acquisition or disposal of marketable securities:</p> <p>When acquiring or disposing of marketable securities, the Company shall obtain the most recent financial statements of the subject company, which have been audited or reviewed by a certified public accountant, as a reference for evaluating the transaction price prior</p>	<p>Article 8</p> <p>When acquiring or disposing of assets, the Company shall appoint an expert to issue an opinion according to the type of assets in accordance with the following regulations:</p> <p>I. Acquisition or disposal of marketable securities:</p> <p>When acquiring or disposing of marketable securities, the Company shall obtain the most recent financial statements of the subject company, which have been audited or reviewed by a certified public accountant, as a reference for evaluating the transaction price prior</p>	<p>Amendment in accordance with the law</p>



<p>to the date of occurrence. If the transaction amount reaches 20% of the Company's paid-in capital or over NT\$300 million, the Company shall obtain an opinion from a certified public accountant on the reasonableness of the transaction price prior to the date of occurrence. However, there is no such limitation if the marketable securities are publicly quoted in an active market or as otherwise specified by the FSC.</p> <p>II. Acquisition or disposal of real estate, equipment, or their rights to use assets:</p> <p>The Company shall obtain an appraisal report issued by a professional appraiser prior to the date of occurrence of the fact, except for transactions with domestic government agencies, engaging others to build on the Company's own land, or the acquisition or disposal of equipment or its right-to-use assets for business use, where the transaction amount reaches over NT\$300 million or 20% of the Company's paid-in capital, and shall comply with the following requirements:</p> <p>(I) If, for special reasons, a limited price, a specific price or a special price is used as a reference for the transaction price, the transaction shall be submitted to the Board of Directors for approval, and the same applies to any subsequent changes in the transaction terms.</p> <p>(II) If the transaction amount reaches over NT\$1 billion, two or more professional appraisers shall be engaged to appraise the transaction.</p> <p>(III) If the appraisal result of a professional appraiser is one of the following, except when</p>	<p>to the date of occurrence. If the transaction amount reaches 20% of the Company's paid-in capital or over NT\$300 million, the Company shall obtain an opinion from a certified public accountant on the reasonableness of the transaction price prior to the date of occurrence. <u>If the accountant is required to use an expert report, he or she should follow the provisions of Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.</u> However, there is no such limitation if the marketable securities are publicly quoted in an active market or as otherwise specified by the FSC.</p> <p>II. Acquisition or disposal of real estate, equipment, or their rights to use assets:</p> <p>The Company shall obtain an appraisal report issued by a professional appraiser prior to the date of occurrence of the fact, except for transactions with domestic government agencies, engaging others to build on the Company's own land, or the acquisition or disposal of equipment or its right-to-use assets for business use, where the transaction amount reaches over NT\$300 million or 20% of the Company's paid-in capital, and shall comply with the following requirements:</p> <p>(I) If, for special reasons, a limited price, a specific price or a special price is used as a reference for the transaction price, the transaction shall be submitted to the Board of Directors for approval, and the same applies to any subsequent changes in the transaction terms.</p> <p>(II) If the transaction amount reaches over NT\$1 billion, two or more professional appraisers shall be engaged to</p>	
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<p>the appraisal result of an acquired asset is higher than the transaction amount or the appraisal result of a disposed asset is lower than the transaction amount, the accountant shall be requested to express a specific opinion on the reason for the difference and the fairness of the transaction price.</p> <ol style="list-style-type: none"> <li>1. If the difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</li> <li>2. If the difference between the appraisal results of two or more professional appraisers reaches more than 10% of the transaction amount.</li> </ol> <p>(IV) The date of the professional appraiser's report shall not exceed three months from the date of the contract; provided, however, that if the professional appraiser's report applies to the same period of publication of the current value and does not exceed six months, an opinion may be issued by the original professional appraiser.</p> <p>3-6 omitted.</p> <p>VII. If the Company obtains an appraisal report or an opinion from an</p>	<p>appraise the transaction.</p> <p>(III) If the appraisal result of a professional appraiser is one of the following, except when the appraisal result of the acquired assets is higher than the transaction amount or the appraisal result of the disposed assets is lower than the transaction amount, the accountant shall be requested <u>to comply with the provisions of Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (ARDF)</u> and express a specific opinion on the reasons for the difference and the fairness of the transaction price.</p> <ol style="list-style-type: none"> <li>1. If the difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</li> <li>2. If the difference between the appraisal results of two or more professional appraisers reaches more than 10% of the transaction amount.</li> </ol> <p>(IV) The date of the professional appraiser's report shall not exceed three months from the date of the contract; provided, however, that if the</p>	
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<p>accountant, attorney or securities underwriter, such professional appraiser and its appraisers, accountants, attorneys or securities underwriters shall comply with the following requirements.</p> <p>(I) Have not been convicted of violating this Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Accounting Act, or having committed fraud, breach of trust, embezzlement, or forgery, or having been convicted of a business-related crime, and have been sentenced to more than one year or prison term. However, this limitation does not apply to those who have completed their sentence, or whose sentence has been suspended or pardoned for over three years.</p> <p>(II) The parties to the transaction shall not be substantively related parties.</p> <p>(III) If the Company shall obtain appraisal reports from more than two professional appraisers, the different professional appraisers shall not be substantively related to each other. In issuing appraisal reports or opinions, the aforesaid personnel shall comply with <u>the self-regulatory rules of their respective trade associations</u></p>	<p>professional appraiser's report applies to the same period of publication of the current value and does not exceed six months, an opinion may be issued by the original professional appraiser.</p> <p>3-6 omitted.</p> <p>VII. If the Company obtains an appraisal report or an opinion from an accountant, attorney or securities underwriter, such professional appraiser and its appraisers, accountants, attorneys or securities underwriters shall comply with the following requirements.</p> <p>(I) Have not been convicted of violating this Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Accounting Act, or having committed fraud, breach of trust, embezzlement, or forgery, or having been convicted of a business-related crime, and have been sentenced to more than one year or prison term. However, this limitation does not apply to those who have completed their sentence, or whose sentence has been suspended or pardoned for over three years.</p> <p>(II) The parties to the transaction shall not be substantively related parties.</p> <p>(III) If the Company shall obtain appraisal reports from more</p>	
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<p>and the following matters:</p> <ol style="list-style-type: none"> <li>1. Carefully assess their professional competence, practical experience, and independence before taking on a case.</li> <li>2. Properly plan and execute the appropriate workflow to form a conclusion and issue a report or opinion when <u>working</u> on a case, and shall record the details of the procedures, information collected, and conclusions in the working papers of the case.</li> <li>3. Evaluate the appropriateness and reasonableness of the data sources, parameters and information used on a case-by-case basis to form the basis for issuing an appraisal report or opinion.</li> <li>4. The statement should include that the relevant personnel are professional and independent, that the information used has been assessed to be appropriate and reasonable, and that it complies with relevant</li> </ol>	<p>than two professional appraisers, the different professional appraisers shall not be substantively related to each other. When issuing an appraisal report or opinion, the aforesaid personnel shall comply with the following:</p> <ol style="list-style-type: none"> <li>1. Carefully assess their professional competence, practical experience, and independence before taking on a case.</li> <li>2. Properly plan and execute the appropriate workflow to form a conclusion and issue a report or opinion when investigating a case, and shall record the details of the procedures, information collected, and conclusions in the working papers of the case.</li> <li>3. Evaluate the <u>completeness, accuracy,</u> and reasonableness of the data sources, parameters and information used on a case-by-case basis to form the basis for issuing an appraisal report or opinion.</li> <li>4. The statement should include that the relevant personnel are</li> </ol>	
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laws and regulations.	professional and independent, that the information used has been assessed to be reasonable <u>and correct</u> , and that it complies with relevant laws and regulations.	
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## Chapter 4 Appendices

### Appendix I

#### Ta-Yuan Cogen Co., Ltd.

##### Rules of Procedure for Shareholders' Meetings

- Article 1 The Company's Shareholders' Meetings shall be conducted in accordance with the "Rules" herein.
- Article 2 Shareholder present (or proxy) may hand in an attendance card in lieu of signing on the attendance sheet.  
The amount of attending shares is calculated based on the submitted attendance cards.  
The Company shall specify in its Shareholders' Meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.  
The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.  
Shareholders and their proxies (collectively, "shareholders") shall attend the Shareholders' Meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- Article 3 The participation and voting by shareholders shall be duly calculated based on the number of shares they hold.
- Article 4 The Shareholders' Meeting shall be held in the city or county where the Company is located or at any other place that is convenient for the shareholders to attend and appropriate to convene such meeting, and shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m.
- Article 5 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Shareholders' Meeting, and the voting and vote counting procedures.  
The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- Article 6 If the aforementioned Chairperson is represented by a Director, he/she must be someone who has served for at least six months and has knowledge of the

Company's financial operations shall serve as the Chairperson. The same shall be true for a representative of a juristic person Director that serves as the meeting Chairperson.

If a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson of the Board. When the Chairperson of the Board is on leave or for any reason unable to exercise the powers of the Chairperson, the Vice Chairperson shall act in place of the Chairperson; if there is no Vice Chairperson or the Vice Chairperson also is on leave or for any reason unable to exercise the powers of the Vice Chairperson, the Chairperson shall appoint one of the Directors to act as Chairperson. Where the Chairperson does not make such a designation, the Directors shall select from among themselves one person to serve as Chairperson.

If a Shareholders' Meeting is convened by a person other than the Board of Directors with the right to convene, said person shall serve as the meeting Chairperson.

Article 7 At the time scheduled for the Shareholders' Meeting, the meeting Chairperson shall immediately call the meeting to order, and at the same time announce the relevant information such as the number of non-voting rights and the number of shares present. However, in the event that the meeting is attended by shareholders representing less than half of the total issued shares, the meeting Chairperson may announce a postponement of the meeting, but there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. In the event that the meeting is attended by shareholders not up to the specified quorum but representing more than one-third of the total issued shares after two postponements, a tentative resolution may be passed in accordance with Article 175, Paragraph 1 of the Taiwan Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the meeting Chairperson may re-submit the tentative resolution for a vote by the Shareholders' Meeting pursuant to Article 174 of the Taiwan Company Act.

Article 8 If a Shareholders' Meeting is convened by the Board of Director, the agenda shall be determined by the Board of Directors. The relevant proposals (including extraordinary motions and amendment to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors.

The meeting Chairperson shall not adjourn a meeting without resolution adopted by shareholders if the motions (including extraordinary motions) covered in the proceedings so arranged in the preceding two Paragraphs shall not have been resolved.

After the adjournment of the said meeting, shareholders shall not elect another meeting Chairperson to hold another meeting at the same place or at any other place. If the meeting Chairperson declares the meeting adjourned in violation of the "Rules of Procedure," the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new meeting Chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 9 During the proceeding of the meeting, the meeting Chairperson may announce a recess at an appropriate time.

Article 10 The Company may designate attorney at law, certified public accountants, and other relevant personnel to attend and observe the Shareholders' Meeting.

Article 11 Prior to speaking at the meeting, an attending shareholder shall submit a slip of paper summarizing his/her/its comments and/or questions and specifying his/her/its shareholder account number (or the attendance ID number) and the account name of the shareholder, in order for the chairman to determine the speaking order. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chairperson and the shareholder that has the floor; the meeting Chairperson shall stop any violation.

Article 12 Unless otherwise permitted by the meeting Chairperson, a shareholder may only speak, up to two times, on a single proposal, each time no more than five minutes in length.

The meeting Chairperson may stop any shareholder speaking in contravention of the preceding provision or outside the scope of the agenda items.

Article 13 If a juristic person is entrusted to attend the Shareholders' Meeting, such juristic person may only appoint one person to be its representative at the meeting. When a institutional shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal.

Article 14 After the speech is given by an attending shareholder, the meeting Chairperson may personally respond or designate relevant personnel to respond.

Article 15 The meeting Chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the meeting Chairperson considers that a proposal has been discussed sufficiently to put it to a vote, the meeting



Chairperson may announce the discussion closed and call for a vote and allocate sufficient time for voting.

- Article 16 The person(s) supervising the casting of the ballots and the person(s) counting the ballots are designated by the meeting Chairperson, provided that the person(s) supervising the casting of the ballots shall be a shareholder. The counting of votes shall be conducted in public at the place of the Shareholders' Meeting, and the results of the voting, including the number of voting rights counted, shall be announced and recorded on the spot after the completion of the counting.
- Article 17 Except as otherwise provided under the Taiwan Company Act and/or the Company's Articles of Incorporation, a resolution shall be adopted with the approval of more than one-half of the votes of the shareholders present. A vote taken without objection is deemed as passed upon the meeting Chairperson's inquiry of the opinions of the shareholders present, and shall have the same effect as a poll.
- Each shareholder shall have one voting right per share. When one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- Article 18 In the event that an amendment or a substitute comes out of the same issue, the meeting Chairperson shall fix the order of balloting in consolidation with the original issue. When any one of the above is resolved, the others shall be considered as rejected, upon which no further resolution shall be required.
- Article 19 Except for the motions originally listed on the agenda, other motions such as amendment to the original motions, alternative to the original motions, or extraordinary motions that are raised by a shareholder (or proxy) shall be seconded by another shareholder (or proxy). The same shall apply to motions to change the agenda or dismiss the meeting.
- Article 20 The meeting Chairperson may direct patrol personnel (or security personnel) to assist in maintaining the order of the meeting. When patrol personnel (or security personnel) help maintain order at the meeting place, they shall wear arm badges marked "Patrol Personnel."
- Article 21 Matters not specified in the "Rules of Procedure," shall be governed by the Taiwan Company Act, the Company's Articles of Incorporation and any other relevant laws and regulations.
- Article 22 The "Rules of Procedure" and any amendments thereafter shall become effective upon approval by the Shareholders' Meeting.

Appendix II

## Ta-Yuan Cogen Co., Ltd. Articles of Incorporation

### Chapter 1 General Provisions

Article 1 The Company shall be incorporated, as a company limited by shares, under the Taiwan Company Act, and its official Chinese name is 大園汽電共生股份有限公司, and official English name is Ta-Yuan Cogeneration Company, Limited.

Article 2 The Company's scope of business operations are as follows:

- (I) D101050 Steam and Electricity Paragenesis
- (II) F113990 Wholesale of Other Machinery and Equipment
- (III) F213990 Retail Sale of Other Machinery and Equipment
- (IV) I199990 Other Consultancy
- (V) E604010 Machinery Installation
- (VI) I599990 Other Designing
- (VII) J101030 Waste Clearing
- (VIII) J101040 Waste Disposing
- (IX) C801020 Petrochemical Materials Manufacturing
- (X) C801030 Precision Chemical Material Manufacturing
- (XI) C801990 Other Chemical Materials Manufacturing
- (XII) C803990 Other Petroleum and Charcoal Manufacturing
- (XIII) C901990 Other Non-Metallic Mineral Products Manufacturing
- (XIV) F401010 International Trade
- (XV) C803021 Reprocessed Energy Resources Production.
- (XVI) EZ99990 Other Engineering

(XVII) JA02990 Other Repair Businesses

(XVIII) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company shall have its head office in Taoyuan City, Taiwan, R.O.C., and may establish or close branches or representative offices at proper locations domestically and abroad according to business needs and resolved by the Board of Directors.

Article 4 Public announcements of the Company shall be duly made in accordance with the provisions of the Taiwan Company Act and securities-related laws and regulations.

Article 5 The Company's total investment in other businesses is not subject to the limitation of 40% of the Company's paid-in capital under Article 13 of the Taiwan Company Act, but shall not exceed the total amount of the Company's paid-in capital. Investments in other businesses and related matters will be resolved by the Board of Directors.

## Chapter 2 Shareholding

Article 6 The total capital amount of the Company is one point five billion New Taiwan Dollars (NT\$1,500,000,000), which is divided into one hundred and fifty million (150,000,000) shares with a par value of ten New Taiwan Dollars (NT\$10) each and will be issued in installments by the Board of Directors.

Article 7 The Company may issue shares without certificates, and such shares shall be registered with a central securities depository.

Article 8 No registration of transfer of shares shall be made within sixty days (60) prior to an Annual Shareholders' Meeting, nor within thirty days (30) prior to a special (extraordinary) shareholder meeting, nor within five (5) days prior to the day on which dividend, bonus or other benefits is scheduled to be paid by the Company.

Article 9 The Company's shares shall be handled according to the "Regulations Governing the Administration of Shareholder Service of Public Companies" prescribed by the competent authority.

### Chapter 3 Shareholders' Meeting

Article 10 The Company's Shareholders' Meetings are of two kinds listed below:

- I. Annual Shareholders' Meeting (ASM); and
- II. Extraordinary General Meeting (EGM).

The ASM shall be convened by the Board of Directors within 6 months after the closing of each fiscal year.

The EGM shall be convened as regulated when necessary.

Article 11 The notices for Shareholders' Meetings shall set out the discussion items at the meeting and be served to all shareholders through their addresses shown in the shareholder register thirty (30) days in advance of an Annual Shareholders' Meeting and fifteen (15) days in advance of a special shareholder meeting.

The aforesaid notice in the preceding paragraph may be given to shareholders electronically, subject to consent by the recipient thereof.

Article 12 Except as otherwise provided by applicable laws and regulations, the shareholders' resolutions shall be adopted upon the approval of a majority of the voting shares present at the meeting, which is attended by holders of a majority of the total issued and outstanding shares of the Company.

Article 13 Each shareholder of the Company shall have one voting right per share, except as otherwise provided by laws and regulations.

Article 14 A shareholder who is unable to attend the Shareholders' Meeting may authorize another person to attend as proxy using the form provided by the Company affixed with said shareholder's seal or signature, which sets forth the scope of the authorization. The handling method of the proxy form shall be carried out in accordance with the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies from the Financial Supervisory Commission, the Executive Yuan.

Article 15 If a Shareholders' Meeting is convened by the Board of Directors, the Company's Chairperson of the Board shall be the meeting's Chairperson; if the Chairperson of the Board is unable to exercise his or her duties and responsibilities for any reason, his or her proxy shall act on behalf in accordance with the provisions of Article 208 of the Taiwan Company Act. If a Shareholders' Meeting is convened by a eligible person other than the Board of Directors, said person shall preside over said meeting, and if there are two or more persons eligible to do so, one shall be elected from among themselves to preside over said meeting.

Article 16 The resolutions adopted at the Shareholders' Meeting shall be recorded in a meeting

minutes, which shall be signed by or affixed with the seal of the Chairperson of the meeting and distributed to all shareholders within 20 days after the meeting. The distribution of the meeting minutes shall comply with Article 183 of the Taiwan Company Act.

The minutes in the preceding paragraph along with the shareholder attendance sheet and proxy forms shall be kept at the Company.

#### Chapter 4      Directors

Article 17    The Company shall have seven Directors, with adoption of a candidates nomination system, the Directors shall be elected from the nominees listed in the roster of Director candidates at the Shareholders' Meeting and hold office for three years; re-elected Directors may serve consecutive terms. The total number of registered shares and shareholding ratios held by all directors of the Company shall not be less than the amount specified in the standards set out by the Financial Supervisory Commission, Executive Yuan.

In the aforesaid quota of the Company's directors, independent directors shall be at least 3, representing one fifth or more of all directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters for compliance with respect to independent directors shall be prescribed by the Financial Supervisory Commission, Executive Yuan. The election of Independent Directors and Non-independent Directors shall be held concurrently, and the number of Independent Directors and Non-independent Directors elected are calculated separately.

Article 17-1    The Board of Directors may set up Remuneration, Audit, Nomination, or other

functional committees based on business and operating needs.

The Audit Committee shall consist of all Independent Directors, one of whom shall be the convener, and at least one of whom shall have financial or accounting expertise. The Audit Committee shall be responsible for carrying out the duties of supervisor as required by the Taiwan Company Act, the Securities and Exchange Act, and other relevant laws and regulations. The Audit Committee's exercise of powers and duties, as well as other compliance matters shall be governed by the relevant laws and regulations or the Company's Articles of Incorporation.

Article 18 The Directors shall constitute the Board of Directors, where there shall have a Chairperson of the Board and a Vice Chairperson thereof. The Chairperson and Vice Chairperson of the Board shall be elected by a majority of votes in a meeting attended by over two-thirds of the Directors.

Article 19 The Chairperson of the Board shall represent the Company externally, presides over the shareholders' meeting and the Board meeting internally, and executes all matters of the Company in accordance with the laws and regulations, the Company's Articles of Incorporation, and the resolutions made at the Shareholders' Meeting and the Board meeting.

Article 20 Unless otherwise prescribed by laws and regulations, a Board meeting shall be duly convened and chaired by the Chairperson of the Board. The Board meeting shall be convened with the reasons stated and the Directors shall be notified within the time limit prescribed by the competent securities authority, but may be convened at any time in case of emergency.

The notice set forth in the preceding paragraph may be effected by means of written, electronic or facsimile transmission.

Article 21 The Chairperson of the Board shall preside over all Board meetings. If the Chairperson of the Board is on leave or cannot exercise his/her power and duty for any reason, his/her proxy shall be appointed pursuant to Article 208 of the Taiwan Company Act.

Article 22

- I. The Directors shall adopt resolutions and exercise their powers and duties at Board meetings, which shall be held quarterly and may be held by video conference. Except as otherwise stated in the Taiwan Company Act requiring for higher percentage of approval, a resolution on a matter at a Board meeting requires the approval of a majority of the Directors present at the Board meeting that shall be attended by a majority of all Directors. However, a resolution for the following material matters can only be made by approval of two-third or more of all Directors present at a Board meeting that shall be attended by two-thirds or more of all Directors:
  - (I) Proposal for liquidation or merger of the Company.
  - (II) Proposal for material capital expenditure.
  - (III) Changes in material operating policy.
  - (IV) Proposal for amendment in the Articles of Incorporation.
  - (V) Changes in bases of calculation for cogeneration prices.
  - (VI) Proposal for appropriation of net income or to offset deficit.
  - (VII) Preparations of Company budget and financial statements.
  - (VIII) Approval for investment in other businesses.
  - (IX) Establishing and abolishing branches.
  - (X) Filing for public issuance of shares at the TWSE or TPEX.
  - (XI) Approval, amendment, and termination of expansion investment plan.



- (XII) Obtaining, transferring, granting and leasing of professional technologies and patent rights and approving, revising, and terminating technical cooperation contracts.
  - (XIII) Proposal for capital increase/decrease.
  - (XIV) Other material matters as indicated by resolutions in Shareholders' Meetings.
- II. In case of resolution for any one of the following material items, in addition to laws and bylaws requiring for higher percentage of approval, approval of the majority of directors at a meeting attended by two-third or more of all directors shall be obtained:
- (I) Approval for contracts that amount to 1/5 or more of the Company's capital.
  - (II) Authorization for procedures for endorsements/guarantees and loans.
  - (III) Application for a certain amount of financing, guarantee, acceptance, and other loans, debts, and other loan instruments from financial institutions as stipulated in Article 15 of the Taiwan Company Act.
  - (IV) Resolution or revision of time limits, credit, or pricing in each of the preceding Paragraphs.
  - (V) The pawning, sales, lease, pooling of capital, pledge, or other means of disposal of major financial property or asset in a joint venture.
  - (VI) Appointing or discharging of the Company's certified public accountants.
  - (VII) Reviewing, revising, and terminating of the Company's operational plans, management guidelines, and the organizational system.
  - (VIII) Approval, amendments, and termination of important Articles of Incorporation of the Company.
- III. Except for items in the preceding paragraphs, other matters pertaining to Company operations will be carried out pursuant to applicable laws and

regulations.

Article 23 In case a Director is unable to attend a Board meeting in person, he or she may appoint another Director to attend as his/her proxy. A Director may act as a proxy for one Director only.

Article 24 The resolutions made at a Board meeting shall be recorded in a meeting minutes, signed or sealed by the Chairperson of the Board, and distributed to the Directors within 20 days after the meeting. The production and distribution of said meeting minutes shall be performed in accordance with Article 183 of the Taiwan Company Act.

Said meeting minutes in the preceding Paragraph along with the Directors' attendance sheet and proxy forms shall be kept at the Company.

Article 25 The Board of Directors may implement the Board Secretary Office and establish several secretaries or assistants to be in charge of the meeting minutes of Board meetings and Shareholders' Meetings, as well as all important documents, contracts and the like of the Company.

## Chapter 5 Staffing

Article 26 The Company may have one CEO and several Deputy General Managers. The appointment, dismissal, and compensation of the aforementioned managerial officers shall be in line with Article 29 of the Taiwan Company Act.

The CEO and Deputy General Manager shall be nominated by the Chairperson of the Board, and will be both appointed and dismissed by the Board of Directors.

Article 27 The CEO, adhering to the anticipation of the Chairperson of the Board, shall be responsible for the general management of the Company's business and for the supervision, execution and administration of the Company's operations, and is assisted by the Deputy General Manager(s).

## Chapter 6 Financial Statements

Article 28 The fiscal year of the Company shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the Board of Directors shall prepare the following documents and submit to the Annual Shareholders' Meeting for acceptance:

- I. Business report;
- II. Financial statements;
- III. Proposals of profit allotment or loss coverage.

Article 29 If the Company makes any profits within a fiscal year, it shall set aside no less than 0.75% of the profits as the employees' compensation; however, in case of accumulated losses, the Company shall have reserved a sufficient amount for offset before calculating the employees' compensations from the balance.

The employee compensation in the previous paragraph can be distributed in the form of Company shares or cash, and the recipients of the said compensation shall include employees of affiliated companies that satisfy specific criteria. Employees' compensations are resolved by a majority voting present at a Board meeting and shall be reported to the Shareholders' Meeting.

Qualification of employees for the Company's employee treasury shares, employee

share subscriptions, new shares subscription, new restricted employee shares, and employee compensations may be employees of an affiliated company meeting certain requirements.

Article 30 If the Company has fiscal year-end earnings, after paying taxes required by law and offsetting accumulated losses of previous years, the Company shall allocate 10% as legal reserve. In case legal reserve has reached the Company's paid-in capital, no allocation may be made, and the balance may be in recognition or allocation for special reserve return earnings in accordance with laws and regulations. No less than 50% of the balance, if any, shall be distributed as shareholders' dividends and submitted by the Board of Directors as a motion to the Shareholders' Meeting for approval.

The Company's dividend policy is in line with profitability of current period and the types of appropriation of net income takes into consideration the Company's future growth, capital budgeting planning, and evaluates the Company's capital needs. The distribution of dividends will be done in two ways: share dividend and cash dividends. A balanced dividend distribution principle is adopted in which cash dividend will be no less than 20% of the total dividends, and the remaining balance may be distributed in share dividends. However, in case of material new investment plan and other financing is unavailable, the Shareholders' Meeting will be asked in a motion to approve either the decrease in the ratio of cash dividend distribution or no cash dividend may be distributed.

Article 31 The Board of Directors is authorized to determine the remuneration of the Company's Directors based on the extent of their participation in and value of their

contributions to the Company's operations and with reference to the usual standards of the industry. Directors may be paid monthly honorarium, and the sum of which shall be approved by the Board of Directors. Moreover, a shareholder or Director of the Company who acts as a managerial officer or employee shall be deemed to be an ordinary employee receiving the corresponding salary.

The Company may purchase liability insurance for its Directors to reduce the risk of their being sued by shareholders or other related parties during the course of performing their duties according to the law.

## Chapter 7      Supplementary Provisions

Article 32    Matters not covered in this Articles of Incorporation shall be governed by the Taiwan Company Act and any other relevant laws and regulations.

Article 33    The Articles of Incorporation were entered into on August 3, 1993.

The first amendment was made on November 10, 1993.

The second amendment was made on February 22, 1994.

The third amendment was made on June 10, 1997.

The fourth amendment was made on September 12, 1997.

The fifth amendment was made on April 20, 1999.

The sixth amendment was made on June 15, 1999.

The seventh amendment was made on June 20, 2000.

The eighth amendment was made on June 26, 2002.

The ninth amendment was made on June 20, 2003.

The tenth amendment was made on June 8, 2004.

The 11th amendment was made on June 27, 2005.

The 12th amendment was made on June 15, 2007.

The 13th amendment was made on June 19, 2009.

The 14th amendment was made on June 20, 2012.

The 15th amendment was made on June 21, 2013.

The 16th amendment was made on June 26, 2014.

The 17th amendment was made on June 23, 2015.

The 18th amendment was made on June 23, 2016.

The 19th amendment was made on June 22, 2017.

The 20th amendment was made on June 13, 2019.

The 21st amendment was made on July 27, 2021.

Appendix III

**Ta-Yuan Cogen Co., Ltd.**  
**Procedures for Election of Directors**

- Article 1: The election of directors of the Company shall be governed by these Procedures.
- Article 2: The election of directors of the Company shall be held at the Shareholders' Meeting.
- Article 3: Those having the capacity to make juridical acts may be elected as directors of the Company in accordance with these Procedures.
- Article 4: The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. The election of Independent Directors and Non-independent Directors shall be held concurrently, and the number of Independent Directors and Non-independent Directors elected are calculated separately.
- Article 5: The number of directors will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairperson drawing lots on behalf of any person not in attendance.
- Article 6: The Board of Directors shall prepare the ballots; besides the Company's seal, the voter's shareholder account number and the number of voting rights shall also be printed on the ballots.
- Article 7: Before the election begins, the Chairperson shall appoint a number of persons to perform the respective duties of vote monitoring and counting.
- Article 8: The voting booths shall be prepared by the Board of Directors and shall be opened by the ballot inspectors in public before voting.
- Article 9: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or institutional shareholder, the name of the governmental organization or institutional shareholder shall be entered in the column for the candidate's account name on the ballot paper.
- Article 10: allots with one of the following conditions shall be deemed as invalid.
- I. Ballot is not prepared in compliance with the Procedures set forth herein.
  - II. A blank ballot is placed in the ballot box.
  - III. The writing is unclear and indecipherable.

- IV. Any of the following, including candidate's name, shareholder account number, or the number of voting rights, has been altered.
- V. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
- VI. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
- VII. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
- VIII. More candidates are entered in the ballot than the prescribed number of positions.
- IX. The sum of voting rights allotted is more than the voter's total voting rights.

Article 11: When the total number of votes is less than the number of the allocated voting rights, the difference in number shall be deemed as waivers of right to vote.

Article 12: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as Directors and the numbers of votes with which they were elected, shall be announced by the meeting Chairperson on the site.

Article 13: The Company shall issue a notice of election to the elected directors respectively.

Article 14: Matters that are not provided for in the Rules shall be governed by the Company Act and by the Company's Articles of Incorporation.

Article 15: The "Rules" and any amendments thereafter shall come into effect upon approval by the Shareholders' Meeting.



Appendix IV

**Shareholding of All Directors, Ta-Yuan Cogen., Ltd.**

Title	Name	Shareholding	Name of the juristic person represented
Chairperson	Chung-Cheng Lee	35,833,827	Taiwan Cogeneration Corporation
Vice Chairman of the Board	Jen-Ming Cheng	50,201,180	Cheng Loong Corporation
Directors	Shih-Yang Hsu	35,833,827	Taiwan Cogeneration Corporation
Directors	Jeff Chang	184,630	
Independent Director	Kua-Teng Su	0	
Independent Director	Chun-Tsai Hung	0	
Shareholding from all directors (number of shares)		86,219,637	
Ratio of all shares outstanding (%)		70.52%	

Note: As of the book closure date for this year's Annual Shareholders' Meeting (April 17, 2022), the Company has issued a total of 122,254,862 shares.

Required minimum shares held by all Directors: 8,000,000 shares

Appendix V

**Impact of Share Dividend Issuance on Business Performance, EPS, and ROI**

This is not applicable as the Company does not intend to distribute any share dividends for this year.

Appendix VI

**Adoption of Proposal from Shareholders**

The following is a description on how shareholders' proposals were handled for this year's Annual Shareholders' Meeting:

- I. Pursuant to Article 172-1, "shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at a Annual 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."
- II. Shareholder proposals must be submitted during the period from April 8, 2022 to April 18, 2022. As required by the law, the Company has published the information regarding shareholder proposals on the MOPS website.
- III. The Company has not yet received any proposal from its shareholders.