

Stock Code: 8931

Ta-Yuan Cogen Co., Ltd.
Handbook for the 2021 Annual
Shareholders' Meeting

June 28, 2021

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Meeting Procedure

Ta-Yuan Cogen Co., Ltd.

Agenda of the 2021 Annual Shareholders' Meeting

Announce Number of Shares in Attendance

Call the Meeting to Order

Meeting Chairperson Remarks

Company Reports

Proposals

Discussions

Questions and Motions

Adjournment

Meeting Agenda

Ta-Yuan Cogen Co., Ltd. Agenda of the 2021 Annual Shareholders' Meeting

Meeting Time: 9:00 a.m. on Monday, June 28, 2021

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

Attendants: All shareholders and equity representatives

Meeting Chairperson: Home-Joe Lee, Chairman of the Board

Announce Number of Shares in Attendance

Call the Meeting to Order

Meeting Chairperson Remarks

Company Reports

2020 Business Report

2020 Audit Committee's Review Report

Report on Distribution of the 2020 Remuneration for Employees

Amendments to the Company's "Procedures for Ethical Management and Guidelines for Conduct"

The Company's endorsements/guarantees and loans balances as of December 31, 2020.

Proposals

Adoption of the Company's 2020 Business Report and Financial Statements.

Adoption of the proposal for distribution of the 2020 profits

Discussions

Amendments to the Company's "Articles of Incorporation"

Amendments to the the Company's "Rules of Procedure For Shareholders Meetings"

Amendments to the Company's "Rules for Election of Directors"

Questions and Motions

Adjournment

Announce Number of Shares in Attendance

Call the Meeting to Order

Meeting Chairperson Remarks

Company Reports

(1).2020 BuSiness Report, for Your Shareholders' Review

Explanation: Please refer to Attachment 1 on page 8 to 10 of this handbook for the 2020 Business Report.

(2).2020 Audit Committee's Review Report, for Your Shareholders' Review

Explanation: Please refer to Attachment 2 on page 11 of this handbook for the 2020 Audit Committee's Review Report.

(3).Report on Distribution of the 2020 Remuneration for Employees, for Your Shareholders' Review

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\$3,256,061 in cash as the employee remuneration for 2020. This accounts for 1.5% of the Company's 2020 profits (i.e. pretax 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%.

(4). Amendments to the Company's "Ethical Management and Guidelines for Conduct"

Explanation: To cope with the amendments of laws and regulations, we propose to amend the Company's "Ethical Management and Guidelines for Conduct." Please refer to Attachment 3 on page 12 to 13 for details.

(5).The Company's endorsements/guarantees and loans balances as of December 31, 2020.

Explanation: The Company's endorsements/guarantees and loans as of December 31, 2020 are summarized as the following:

- a. Amount of endorsements/guarantees: None.
- b. Amount of loans provided to others: None.

Proposals

Proposal (I)

(proposed by the Board of Directors)

Subject: Adoption of the Company's 2020 Business Report and Financial Statements.

Explanation: The Company's 2020 Financial Statements have been audited by CPAs Rich (Jui-Chuan) Chih and Li- Huang Li of Deloitte Taiwan, and the review of the aforementioned Financial Statements and Business Report has completed by the Audit Committee. Please refer to Attachment 1 and 2 on page 8 to 11, and Attachment 4 on pge 14 to 33 of this handbook for details.

Resolution:

Proposal (II)

(proposed by the Board of Directors)

Subject: Adoption of the proposal for distribution of 2020 profits

Explanation: 1. The Company has a net profit of NT\$182,212,919 in 2020. After setting aside 10% of said net profit, amounting to NT\$18,375,111, and adding the undistributed retained earnings after cumulative adjustments, NT\$200,693,749, the distributable profit amounts to NT\$364,531,557.

2. We propose to distribute cash dividend of NT\$1.4 per share.

3. 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.

4. Upon approval by this annual shareholders' meeting, the Board of Directors is authorized to decide the actual ex-dividend date and other related matters.

5. Please refer to Attachment 5 on page 34 of this handbook for the Profit Distribution Table.

Resolution:

Discussions

Proposal (I) (proposed by the Board of Directors)

Subject: We propose to amend the "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 6 on page 35 to 36 of this handbook for the amended articles.

Resolution:

Proposal (II) (proposed by the Board of Directors)

Subject: We propose to amend the Company's "Rules for Election of Directors."

Explanation: To meet the actual needs and cope with amendments to laws and regulations, we propose to amend the Company's "Rules for Election of Directors." Please refer to Attachment 7 on page 37 of this handbook for the amended articles.

Resolution:

Proposal (III) (proposed by the Board of Directors)

Proposal: We propose to amend the Company's "Rules of Procedure for Shareholders' Meetings."

Explanation: To meet the actual needs and cope with amendments to laws and regulations, we propose to amend the Company's "Rules of Procedure for Shareholders' Meetings." Please refer to Attachment 8 on page 38 of this handbook for the amended articles.

Resolution:

Questions and Motions

Adjournment

Attachments

Attachment 1

2020 Business Report

The Company's revenue in 2020 was NT\$1,842,558,000, an increase of 13.07% from NT\$1,629,623,000 in 2019, and net profit after tax was NT\$182,213,000, an increase of 24.09% from NT\$146,843,000 in 2019, an increase of NT\$35,370,000.

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

Unit: NT\$1,000

Account	2020	2019
Operating revenue	1,842,558	1,629,623
Gross profit	383,888	296,715
Net profit before tax	213,815	183,045
Income tax expenses	31,602	36,202
Net profit for the period	182,213	146,843
Other comprehensive income	120,362	(13,926)
Total comprehensive income	302,575	132,917
Earnings per share (EPS)	1.49	1.20

2021 Business Plan

I. Business Policies

To research and develop processes, perform and expand the Company's business.

To strengthen environmental protection and industrial safety system to comply with ISO standards.

To move towards a circular economy to generate revenue and implement energy saving and carbon reduction to reduce pollution.

To cultivate talents serving as an important link between the past and the future so that the Company's backbone elements are reserved.

II. Operating Strategies

Cogeneration:

To organize and establish the Company's corporate governance unit and introduce the corporate governance 3.0 mechanism.

To optimize G2 units' operation stability and improve treatment capacity for renewable fuels.

To transform the heavy fuel oil (HFO) generators into natural gas power generators to reduce pollution emissions.

To introduce the cogeneration plant wastewater into the industrial zone wastewater system to meet stringent regulatory requirements.

To improve the reuse mechanism of G2 units' bottom ash and fly ash to reduce the operation cost.

To continue to expand steam sales volume and lift up its sales price.

To increase the ratio of G2 units' renewable fuels to improve operating efficiency.

Renewable energy:

To optimize the D1504 and C0301 process technology to improve product qualification rate and recycle rate.

To research and develop the IPA solvent recycling process to improve the variety of waste solvent treatment.

To implement the RDF process and put it into production.

To introduce ISO-17025 Quality Management Systems for Laboratories to improve laboratory quality management.

III. Production and Sales Plan

The Taiwan Power Company ("Taipower") will maintain the power purchase contract in 2021. 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 and heavy fuel oil (HFO) generators are on standby for emergencies. The following are expected production and sales in 2021:

(i) Coal-fired power plant units

	Unit	Production volume	Sales volume
Electricity	thousand kWh	275,878	235,027
Steam	Tons	551,085	551,085

(ii) G2 power plant units

	Unit	Production volume	Sales volume
Electricity	thousand kWh	82,186	58,722
Steam	Tons	176,140	176,140

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

(iii) HFO power plant units

	Unit	Production volume	Sales volume
Electricity	thousand kWh	18,106	18,106
Steam	Tons	5,533	5,533

Note. Electricity sales = production volume - internal power consumption

Operations were on average maintained at nearly full capacity throughout the duration of agency operations, with the annual processing capacity of 51,100 tons.

The G2 units are planned to treat 14,100 tons of sludge and 13,200 tons of TDF, reducing the coal usage ratio by <50%.

Renewable Energy Plant is expected to treat 18,060 tons annually, which is 83.61% of the treatment capacity. Treatment in 2021 is described in the following:

	Q1	Q2	Q3	Q4	Total
Waste solvents (tons)	4,440	4,590	4,440	4,590	18,060

The trial run of SRF process in the renewable resources plant is expected to be completed in the second quarter of 2021. The application of change of Class A processing license will be completed in the third quarter, and the plant is expected to officially put into business operation in the fourth quarter. It is estimated that the processing capacity of D-0299, D-0803, D-0899 and the like will reach 1,150 tons in the trial run stage, and 2,350 tons in the fourth quarter.

Chairman of the Board: Home-Joe Lee

CEO: Jeff Chang

Chief Accounting Officer: Chiung-Ru Chiu

Attachment 2

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

The Board of Directors has prepared the Company's 2020 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,
Presented by the 2021 Annual Shareholders' Meeting.

Ta-Yuan Cogen Co., Ltd.

Convener of the Audit Committee: Bao-Guang Chang

Date: March 16, 2021

Ta-Yuan Cogen Co., Ltd.
Table of Comparison between Original and Amendments to the
"Procedures for Ethical Management and Guidelines for Conduct"

Amended Article	Current Article	Description
<p>(Responsible Unit) This Company shall designate the Sale & Administration Division as the solely responsible unit (hereinafter, "responsible unit") under the Board of Directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the Board of Directors at least once a year: Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. Regularly analyzing and evaluating the risk of unethical conduct with respect to the Company's operations and business, and adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. Promoting and coordinating awareness and educational activities with respect to ethics policy. Developing a complaints system and</p>	<p>(Responsible Unit) This Corporation shall designate the Audit Department as the solely responsible unit (hereinafter, "responsible unit") under the Board of Directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the Board of Directors at least once a year: Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. Regularly analyzing and evaluating the risk of unethical conduct with respect to the Company's operations and business, and adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. Promoting and coordinating awareness and educational activities with respect to ethics policy. Developing a complaints system and</p>	Textual amendments

<p>ensuring its operating effectiveness. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures. Compile documented information on the ethical management policy, statement, commitment and implementation and retain said information properly.</p>	<p>ensuring its operating effectiveness. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures. Compile documented information on the ethical management policy, statement, commitment and implementation and retain said information properly.</p>	
<p>Article 21 (Handling of unethical conduct by the company’s personnel) If personnel internal or external to the Company discover any personnel of the Company is in violation of the "Code of Ethical Conduct", "Procedures for Ethical Management and Guidelines for Conduct," or engages any conduct against integrity, may file their complaints via the following channel and procedures to the Company's Audit Department. Complaints channel: The Company has set up an independent complaints mailbox to receive complaints filed from personnel internal or external to the Company. Complaints mailbox: audit@tycc.com.tw Complaints Line: 03-3868066 Ext. 18 The information to be provided by a complaint initiator: A complaint initiator shall provide his/her name or remain anonymous, contact number, and e-mail address where it can be reached. The complaint initiator shall also provide the informed party's name or other information sufficient to distinguish its identifying features and specific facts available for investigation. The complaint initiator is prohibited from stating the content of accusation through guessing or possible reasoning. Protection of complaint initiators: Upon accepting any complaint, the responsible unit shall deem said complaint as a confidential document</p>	<p>Article 21 (Handling of unethical conduct by the company’s personnel) If personnel internal or external to the Company discover any personnel of the Company is in violation of the "Code of Ethical Conduct", "Procedures for Ethical Management and Guidelines for Conduct," or engages any conduct against integrity, may file their complaints via the following channel and procedures to the Company's Audit Department. Complaints channel: The Company's Audit Department has set up an independent mailbox to receive complaints from insiders and outsiders. Complaints mailbox: audit@tycc.com.tw Complaints Line: 03-3868066 Ext. 18 The information to be provided by a complaint initiator: A complaint initiator shall provide his/her name or remain anonymous, contact number, and e-mail address where it can be reached. The complaint initiator shall also provide the informed party's name or other information sufficient to distinguish its identifying features and specific facts available for investigation. The complaint initiator is prohibited from stating the content of accusation through guessing or possible reasoning. Protection of complaint initiators: <u>Upon accepting any complaint, the auditor shall deem said complaint as a confidential document without disclosing the complaint initiator's real identity to</u></p>	<p>Textual amendments</p>

<p>without disclosing the complaint initiator's real identity to protect his/her safety. If said complaint initiator is an employee of the Company, the Company promises to protect said complaint initiator from improper treatment as result of this complaint.</p> <p>Procedures for handling complaints: Upon accepting a complaint, the responsible unit shall identify the facts immediately. If a person concerned in said complaint is proved to indeed violate relevant laws and regulations or the Company's integrity management policies and regulations, this Company shall immediately request said person to stop the relevant conduct and dispose of it appropriately, and if necessary, seek damages through legal proceedings in order to protect the Company's reputation and rights.</p> <p>For each complaint accepted, the investigation processes and investigation results shall be retained in written for five years and may be retained electronically. If a lawsuit related to the document content of said complaint arises before the expiration of the document content retention period, the relevant document content shall continue to be retained until the termination of said lawsuit.</p> <p>Upon the Company's accepting a complaint, if the investigation reveals that said complaint involves the Company's Directors or senior executives, a violation or a risk of harm to the Company, said complaint e shall be reported in writing to the Independent Directors. For any conduct against integrity that has already occurred, the relevant units shall be ordered to review the relevant internal control system and operating procedures, and propose improvement measures to prevent the same conduct from happening again. Any material conduct against integrity, its handling method and subsequent review on improvement measures shall be reported to the Board of Directors. If</p>	<p><u>protect his/her safety. If said complaint initiator is an employee of the Company, the Company promises to protect said complaint initiator from improper treatment as result of this complaint.</u></p> <p>Procedures for handling complaints: <u>Upon accepting a complaint, the auditor(s) shall identify the facts immediately. If a person concerned in said complaint is proved to indeed violate relevant laws and regulations or the Company's integrity management policies and regulations, this Company shall immediately request said person to stop the relevant conduct and dispose of it appropriately, and if necessary, seek damages through legal proceedings in order to protect the Company's reputation and rights.</u></p> <p>For each complaint accepted, the investigation processes and investigation results shall be retained in written for five years and may be retained electronically. If a lawsuit related to the document content of said complaint arises before the expiration of the document content retention period, the relevant document content shall continue to be retained until the termination of said lawsuit.</p> <p>Upon the Audit Department's accepting a complaint, if the investigation reveals that said complaint involves the Company's Directors or senior executives, a violation or a risk of harm to the Company, said complaint e shall be reported in writing to the Independent Directors. For any conduct against integrity that has already occurred, the relevant units shall be ordered to review the relevant internal control system and operating procedures, and propose improvement measures to prevent the same conduct from happening again. Any material conduct against integrity, its handling method and subsequent review on improvement measures shall be reported to the Board of Directors. If</p>	
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<p>a complaint involves illegal conduct, the relevant facts shall be notified to the judicial and procuratorial agencies. If a complaint involves a public agency or a public servant, the complaint shall be notified to the government's anti-corruption agency.</p>	<p>a complaint involves illegal conduct, the relevant facts shall be notified to the judicial and procuratorial agencies. If a complaint involves a public agency or a public servant, the complaint shall be notified to the government's anti-corruption agency.</p>	
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Attachment 4

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFILIATES

The entities that are required to be included in the combined financial statements of Ta-Yuan Cogeneration Company Limited as of and for the year ended December 31, 2020 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements has already been disclosed in the above consolidated financial statements. Consequently, Ta-Yuan Cogeneration Company Limited and subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

TA-YUAN COGENERATION COMPANY LIMITED

HOME-JOE LEE
Chairman

March 17, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
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, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), 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, 2020. 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, 2020 is stated as follows:

Revenue Recognition

The Group's revenue from the sale of goods in 2020 amounted for approximately 69 % of total revenue. Based on the significance and Statements on Auditing Standards presupposes revenue recognition as a significant risk. We believe that the impact of revenue recognition from the sale of goods from the specific customers if actually occurred on the consolidated financial statements is significant. 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 to Note 19 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 sale of goods from the specific customers.
2. We sampled and tested the receiving situation from details of the sale of goods from the specific customers aforementioned to verify the occurrence of the sales transaction.

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, 2020 and 2019, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jui-Chuan Chih and Li-Huang Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally 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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 614,102	14	\$ 377,687	10
Accounts receivable from unrelated parties(Notes 8 and 19)	161,046	4	129,870	4
Accounts receivable from related parties (Notes 8, 19 and 26)	51,172	1	88,275	2
Inventories (Note 9)	104,704	3	225,046	6
Prepayments (Note 14)	103,002	2	118,811	3
Other current assets (Note 14)	<u>800</u>	-	<u>13</u>	-
Total current assets	<u>1,034,826</u>	<u>24</u>	<u>939,702</u>	<u>25</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	368,805	9	261,380	7
Property, plant and equipment (Notes 11, 26 and 27)	2,287,668	53	1,712,004	45
Right-of-use assets (Note 12)	5,594	-	5,762	-
Intangible assets (Note 13)	1,210	-	336	-
Deferred tax assets (Note 21)	1,073	-	3,369	-
Prepayments for equipment (Notes 14 and 26)	607,036	14	849,621	22
Refundable deposits (Note 14)	8,791	-	10,161	-
Prepaid pension cost - non-current (Note 17)	14,595	-	13,704	1
Other non-current assets (Note 14)	<u>6,355</u>	-	<u>7,485</u>	-
Total non-current assets	<u>3,301,127</u>	<u>76</u>	<u>2,863,822</u>	<u>75</u>
TOTAL	<u>\$ 4,335,953</u>	<u>100</u>	<u>\$ 3,803,524</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable to unrelated parties	\$ 33,829	1	\$ 35,200	1
Accounts payable to related parties (Note 26)	119	-	-	-
Other payables (Notes 16 and 26)	151,423	3	219,149	6
Current tax liabilities (Note 21)	22,794	1	20,328	-
Lease liabilities - current (Notes 12 and 26)	2,163	-	1,853	-
Current portion of long-term borrowings (Notes 15 and 27)	1,600,000	37	143,590	4
Other current liabilities (Note 16)	<u>2,802</u>	-	<u>4,520</u>	-
Total current liabilities	<u>1,813,130</u>	<u>42</u>	<u>424,640</u>	<u>11</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 27)	500,000	12	1,539,743	41
Deferred tax liabilities (Note 21)	21,875	-	7,123	-
Lease liabilities - non-current (Notes 12 and 26)	3,473	-	3,937	-
Other non-current liabilities	<u>7,700</u>	-	<u>6,400</u>	-
Total non-current liabilities	<u>533,048</u>	<u>12</u>	<u>1,557,203</u>	<u>41</u>
Total liabilities	<u>2,346,178</u>	<u>54</u>	<u>1,981,843</u>	<u>52</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)				
Share capital				
Common stock	<u>1,222,549</u>	<u>28</u>	<u>1,222,549</u>	<u>32</u>
Retained earnings				
Legal reserve	247,078	6	232,300	6
Unappropriated earnings	<u>382,907</u>	<u>9</u>	<u>348,414</u>	<u>9</u>
Total retained earnings	<u>629,985</u>	<u>15</u>	<u>580,714</u>	<u>15</u>
Other equity	<u>137,241</u>	<u>3</u>	<u>18,418</u>	<u>1</u>
Total equity	<u>1,989,775</u>	<u>46</u>	<u>1,821,681</u>	<u>48</u>
TOTAL	<u>\$ 4,335,953</u>	<u>100</u>	<u>\$ 3,803,524</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 19 and 26)				
Sales	\$ 1,266,548	69	\$ 1,200,414	74
Service revenue	<u>576,010</u>	<u>31</u>	<u>429,209</u>	<u>26</u>
Total operating revenues	<u>1,842,558</u>	<u>100</u>	<u>1,629,623</u>	<u>100</u>
OPERATING COSTS (Notes 9, 20 and 26)				
Cost of sales	(1,013,938)	(55)	(998,932)	(61)
Service costs	<u>(444,732)</u>	<u>(24)</u>	<u>(333,976)</u>	<u>(21)</u>
Total operating costs	<u>(1,458,670)</u>	<u>(79)</u>	<u>(1,332,908)</u>	<u>(82)</u>
GROSS PROFIT	<u>383,888</u>	<u>21</u>	<u>296,715</u>	<u>18</u>
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing expenses	(23,104)	(1)	(23,052)	(2)
General and administrative expenses	(96,336)	(5)	(87,927)	(5)
Research and development expenses	(5,018)	(1)	(6,027)	-
Expected credit loss reversed	<u>1,687</u>	<u>-</u>	<u>1,702</u>	<u>-</u>
Total operating expenses	<u>(122,771)</u>	<u>(7)</u>	<u>(115,304)</u>	<u>(7)</u>
PROFIT FROM OPERATIONS	<u>261,117</u>	<u>14</u>	<u>181,411</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 11 and 20)				
Interest income	544	-	894	-
Other income	11,306	1	6,833	-
Other gains and losses	(51,591)	(3)	634	-
Finance costs	<u>(7,561)</u>	<u>-</u>	<u>(6,727)</u>	<u>-</u>
Total non-operating income and expenses	<u>(47,302)</u>	<u>(2)</u>	<u>1,634</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	213,815	12	183,045	11
INCOME TAX EXPENSE (Note 21)	<u>(31,602)</u>	<u>(2)</u>	<u>(36,202)</u>	<u>(2)</u>
NET PROFIT	<u>182,213</u>	<u>10</u>	<u>146,843</u>	<u>9</u>

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	\$ (188)	-	\$ 1,175	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income (Note 18)	135,873	7	(19,178)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	<u>(15,323)</u>	<u>(1)</u>	<u>4,077</u>	<u>-</u>
Other comprehensive loss, net of income tax	<u>120,362</u>	<u>6</u>	<u>(13,926)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 302,575</u>	<u>16</u>	<u>\$ 132,917</u>	<u>8</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 182,213	10	\$ 146,843	9
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 182,213</u>	<u>10</u>	<u>\$ 146,843</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 302,575	16	\$ 132,917	8
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 302,575</u>	<u>16</u>	<u>\$ 132,917</u>	<u>8</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 1.49</u>		<u>\$ 1.20</u>	
Diluted	<u>\$ 1.49</u>		<u>\$ 1.20</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, 2020 AND 2019
(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, 2019	116,433	\$ 1,164,332	\$ 218,445	\$ 342,563	\$ 33,284	\$ 1,758,624	\$ 1,758,624
Appropriation of 2018 earnings							
Legal reserve	-	-	13,855	(13,855)	-	-	-
Cash dividends distributed by the Company	-	-	-	(69,860)	-	(69,860)	(69,860)
Share dividends distributed by the Company	5,822	58,217	-	(58,217)	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	146,843	-	146,843	146,843
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	940	(14,866)	(13,926)	(13,926)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	147,783	(14,866)	132,917	132,917
BALANCE, DECEMBER 31, 2019	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)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	1,689	(1,689)	-	-
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 (loss) for the year ended December 31, 2020	-	-	-	182,063	120,512	302,575	302,575
BALANCE, DECEMBER 31, 2020	122,255	\$ 1,222,549	\$ 247,078	\$ 382,907	\$ 137,241	\$ 1,989,775	\$ 1,989,775

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 213,815	\$ 183,045
Adjustments for:		
Depreciation expense	145,462	156,536
Amortization expense	1,986	3,003
Finance costs	7,561	6,727
Interest income	(544)	(894)
Dividend income	(4,473)	(4,035)
Loss on disposal of property, plant and equipment	48,462	-
Reversal of write-down of inventories	(1,962)	(401)
Expected credit loss reversed	(1,687)	(1,702)
Changes in operating assets and liabilities		
Accounts receivable	7,614	(7,742)
Inventories	122,304	(158,976)
Prepaid pension cost	(1,079)	(1,123)
Prepayments	15,809	(17,349)
Other current assets	13	35
Notes payable	-	(25)
Accounts payable	(1,252)	(7,559)
Other payables	(3,828)	1,424
Other current liabilities	<u>(1,718)</u>	<u>2,112</u>
Cash generated from operations	546,483	153,076
Interest paid	(22,743)	(17,878)
Income tax paid	<u>(27,411)</u>	<u>(32,646)</u>
Net cash generated from operating activities	<u>496,329</u>	<u>102,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(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 financial assets at fair value through other comprehensive income	55,532	-
Payments for property, plant and equipment	(395,760)	(229,023)
Decrease (Increase) in refundable deposits	1,370	(3,178)
Payments for intangible assets	(1,730)	(500)
Increase in other non-current assets	-	(1,524)
Increase in prepayments for equipment	(178,567)	(516,053)
Interest received	544	894
Dividend received	<u>4,473</u>	<u>4,035</u>
Net cash used in investing activities	<u>(541,222)</u>	<u>(745,349)</u>

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	\$ -	\$ (120,000)
Proceeds from long-term borrowings	750,000	877,000
Repayments of long-term borrowings	(333,333)	(221,020)
Increase in guarantee deposits received	1,300	-
Repayment of the principal portion of lease liabilities	(2,178)	(2,209)
Dividends paid to owners of the Company	<u>(134,481)</u>	<u>(69,860)</u>
Net cash generated from financing activities	<u>281,308</u>	<u>463,911</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	236,415	(178,886)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>377,687</u>	<u>556,573</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 614,102</u>	<u>\$ 377,687</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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, 2020 is stated as follows:

Revenue Recognition

The Company's revenue from the sale of goods in 2020 amounted for approximately 69 % of total revenue. Based on the significance and Statements on Auditing Standards presupposes revenue recognition as a significant risk. We believe that the impact of revenue recognition from the sale of goods from the specific customers if actually occurred on the financial statements is significant. 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 to Note 19 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 sale of goods from the specific customers.
2. We sampled and tested the receiving situation from details of the sale of goods from the specific customers aforementioned to verify the occurrence of the sales transaction.

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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jui-Chuan Chih and Li-Huang Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2021

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, 2020 AND 2019

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

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 614,074	14	\$ 377,661	10
Accounts receivable from unrelated parties (Notes 8 and 19)	161,046	4	129,870	4
Accounts receivable from related parties (Notes 8, 19 and 26)	51,172	1	88,275	2
Inventories (Note 9)	104,704	3	225,046	6
Prepayments (Note 14)	103,002	2	118,811	3
Other current assets (Note 14)	800	-	13	-
Total current assets	<u>1,034,798</u>	<u>24</u>	<u>939,676</u>	<u>25</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	156,944	4	70,793	2
Investments accounted for using the equity method (Note 10)	211,889	5	190,613	5
Property, plant and equipment (Notes 11, 26 and 27)	2,287,668	53	1,712,004	45
Right-of-use assets (Note 12)	5,594	-	5,762	-
Intangible assets (Note 13)	1,210	-	336	-
Deferred tax assets (Note 21)	1,073	-	3,369	-
Prepayments for equipment (Notes 14 and 26)	607,036	14	849,621	22
Refundable deposits (Note 14)	8,791	-	10,161	-
Prepaid pension cost - non-current (Note 17)	14,595	-	13,704	1
Other non-current assets (Note 14)	6,355	-	7,485	-
Total non-current assets	<u>3,301,155</u>	<u>76</u>	<u>2,863,848</u>	<u>75</u>
TOTAL	<u>\$ 4,335,953</u>	<u>100</u>	<u>\$ 3,803,524</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable to unrelated parties	\$ 33,829	1	\$ 35,200	1
Accounts payable to related parties (Note 26)	119	-	-	-
Other payables (Notes 16 and 26)	151,423	3	219,149	6
Current tax liabilities (Note 21)	22,794	1	20,328	-
Lease liabilities - current (Notes 12 and 26)	2,163	-	1,853	-
Current portion of long-term borrowings (Notes 15 and 27)	1,600,000	37	143,590	4
Other current liabilities (Note 16)	2,802	-	4,520	-
Total current liabilities	<u>1,813,130</u>	<u>42</u>	<u>424,640</u>	<u>11</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 27)	500,000	12	1,539,743	41
Deferred tax liabilities (Note 21)	21,875	-	7,123	-
Lease liabilities - non-current (Notes 12 and 26)	3,473	-	3,937	-
Guarantee deposits received	7,700	-	6,400	-
Total non-current liabilities	<u>533,048</u>	<u>12</u>	<u>1,557,203</u>	<u>41</u>
Total liabilities	<u>2,346,178</u>	<u>54</u>	<u>1,981,843</u>	<u>52</u>
EQUITY (Note 18)				
Share capital				
Common stock	1,222,549	28	1,222,549	32
Retained earnings				
Legal reserve	247,078	6	232,300	6
Unappropriated earnings	382,907	9	348,414	9
Total retained earnings	629,985	15	580,714	15
Other equity	137,241	3	18,418	1
Total equity	<u>1,989,775</u>	<u>46</u>	<u>1,821,681</u>	<u>48</u>
TOTAL	<u>\$ 4,335,953</u>	<u>100</u>	<u>\$ 3,803,524</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, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 19 and 26)				
Sales	\$ 1,266,548	69	\$ 1,200,414	74
Service revenue	<u>576,010</u>	<u>31</u>	<u>429,209</u>	<u>26</u>
Total operating revenues	<u>1,842,558</u>	<u>100</u>	<u>1,629,623</u>	<u>100</u>
OPERATING COSTS (Notes 9, 20 and 26)				
Cost of sales	(1,013,938)	(55)	(998,932)	(61)
Service costs	<u>(444,732)</u>	<u>(24)</u>	<u>(333,976)</u>	<u>(21)</u>
Total operating costs	<u>(1,458,670)</u>	<u>(79)</u>	<u>(1,332,908)</u>	<u>(82)</u>
GROSS PROFIT	<u>383,888</u>	<u>21</u>	<u>296,715</u>	<u>18</u>
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing expenses	(23,104)	(1)	(23,052)	(2)
General and administrative expenses	(96,336)	(5)	(87,927)	(5)
Research and development expenses	(5,018)	(1)	(6,027)	-
Expected credit loss reversed	<u>1,687</u>	<u>-</u>	<u>1,702</u>	<u>-</u>
Total operating expenses	<u>(122,771)</u>	<u>(7)</u>	<u>(115,304)</u>	<u>(7)</u>
PROFIT FROM OPERATIONS	<u>261,117</u>	<u>14</u>	<u>181,411</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 11 and 20)				
Interest income	542	-	894	-
Other income	11,306	1	6,833	-
Other gains and losses	(58,794)	(3)	634	-
Finance costs	(7,561)	-	(6,727)	-
Share of profit or loss of subsidiaries, associates and joint ventures	<u>7,205</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>(47,302)</u>	<u>(2)</u>	<u>1,634</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	213,815	12	183,045	11
INCOME TAX EXPENSE (Note 21)	<u>(31,602)</u>	<u>(2)</u>	<u>(36,202)</u>	<u>(2)</u>
NET PROFIT	<u>182,213</u>	<u>10</u>	<u>146,843</u>	<u>9</u>

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	\$ (188)	-	\$ 1,175	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income (Note 18)	59,067	3	2,384	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	76,806	4	(21,562)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	<u>(15,323)</u>	<u>(1)</u>	<u>4,077</u>	<u>-</u>
Other comprehensive loss, net of income tax	<u>120,362</u>	<u>6</u>	<u>(13,926)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 302,575</u>	<u>16</u>	<u>\$ 132,917</u>	<u>8</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 1.49</u>		<u>\$ 1.20</u>	
Diluted	<u>\$ 1.49</u>		<u>\$ 1.20</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, 2020 AND 2019
(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, 2019	116,433	\$ 1,164,332	\$ 218,445	\$ 342,563	\$ 33,284	\$ 1,758,624
Appropriation of 2018 earnings						
Legal reserve	-	-	13,855	(13,855)	-	-
Cash dividends	-	-	-	(69,860)	-	(69,860)
Share dividends	5,822	58,217	-	(58,217)	-	-
Net profit for the year ended December 31, 2019	-	-	-	146,843	-	146,843
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	940	(14,866)	(13,926)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	147,783	(14,866)	132,917
BALANCE, DECEMBER 31, 2019	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)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	1,689	(1,689)	-
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 (loss) for the year ended December 31, 2020	-	-	-	182,063	120,512	302,575
BALANCE, DECEMBER 31, 2020	122,255	\$ 1,222,549	\$ 247,078	\$ 382,907	\$ 137,241	\$ 1,989,775

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 213,815	\$ 183,045
Adjustments for:		
Depreciation expense	145,462	156,536
Amortization expense	1,986	3,003
Expected credit loss reversed	(1,687)	(1,702)
Finance costs	7,561	6,727
Interest income	(542)	(894)
Dividend income	(4,473)	(4,035)
Share of profit of subsidiaries, associates and joint ventures	(7,205)	-
Loss on disposal of property, plant and equipment	48,462	-
Reversal of write-down of inventories	(1,962)	(401)
Changes in operating assets and liabilities		
Accounts receivable	7,614	(7,742)
Inventories	122,304	(158,976)
Prepaid pension cost	(1,079)	(1,123)
Prepayments	15,809	(17,349)
Other current assets	13	35
Notes payable	-	(25)
Accounts payable	(1,252)	(7,559)
Other payables	(3,828)	1,424
Other current liabilities	<u>(1,718)</u>	<u>2,112</u>
Cash generated from operations	539,280	153,076
Interest paid	(22,743)	(17,878)
Income tax paid	<u>(27,411)</u>	<u>(32,646)</u>
Net cash generated from operating activities	<u>489,126</u>	<u>102,552</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income	(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	-
Payments for property, plant and equipment	(395,760)	(229,023)
Decrease (Increase) in refundable deposits	1,370	(3,178)
Payments for intangible assets	(1,730)	(500)
Increase in other non-current assets	-	(1,524)
Increase in prepayments for equipment	(178,567)	(516,053)
Interest received	542	894
Dividend received	<u>4,473</u>	<u>4,035</u>
Net cash used in investing activities	<u>(534,021)</u>	<u>(745,349)</u>

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	\$ -	\$ (120,000)
Proceeds from long-term borrowings	750,000	877,000
Repayments of long-term borrowings	(333,333)	(221,020)
Increase in guarantee deposits received	1,300	-
Repayment of the principal portion of lease liabilities	(2,178)	(2,209)
Dividends paid to owners of the Company	<u>(134,481)</u>	<u>(69,860)</u>
Net cash generated from financing activities	<u>281,308</u>	<u>463,911</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	236,413	(178,886)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>377,661</u>	<u>556,547</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 614,074</u>	<u>\$ 377,661</u>

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

(Concluded)

Attachment 5

Ta-Yuan Cogen Co., Ltd.
Profit Distribution Table
Year 2020

Unit: NTD

Item	Amount	
	Sub-total	Total
Beginning undistributed profits		199,155,558
Less: Re-measurement of defined benefit plans recognized in retained profits	150,422	
Add: Disposal of equity instruments at fair value through comprehensive income (loss) transferred to retained profits.	1,688,613	
Adjusted undistributed profits		200,693,749
Add: Net profit of the term	182,212,919	
Less: 10% appropriated as legal reserve	18,375,111	
Distributable net profits		364,531,557
Distribution item		
Cash dividends paid: NT\$1.4/share	171,156,807	
Undistributed profits at the end of the period		193,374,750

Note: The Company's profit distribution plan involves the distribution of profits in 2020, and adopts the last in, first out principle.

Chairman of the Board: Home-Joe 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 17</p> <p>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.</p> <p>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</p>	<p>Article 17</p> <p>The Company shall have seven Directors, whose term of office is 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.</p> <p>Among the above-mentioned number of Directors of the Board, no less than three shall be Independent Directors, who shall be elected by the shareholders' meeting from a list of independent director candidates under a candidate nomination system. 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.</p>	<p>Amended in accordance with the laws and regulations.</p>

Amended Article	Current Article	Remarks
<p>Directors and Non-independent Directors shall be held concurrently, provided that the number of Independent Directors and Non-independent Directors elected are calculated separately.</p>		
<p>Article 33 This Article of Incorporation was formulated on August 3, 1993. The 1st amendment was made on November 10, 1993. The 2nd amendment was made on February 22,1994. The 3rd amendment was made on June 10, 1997. The 4th amendment was made on September 12, 1997. The 5th amendment was made on April 20, 1999. The 6th amendment was made on June 15, 1999. The 7th amendment was made on June 20, 2000. The 8th amendment was made on June 26, 2002. The 9th amendment was made on June 20, 2003. The 10th amendment was made on June 8, 2004. The 11th amendment was made on June 27, 2005. The 12nd amendment was made on June 15, 2007. The 13rd amendment was made on June 19, 2009. The 14th amendment was made on</p>	<p>Article 33 This Article of Incorporation was formulated on August 3, 1993. The 1st amendment was made on November 10, 1993. The 2nd amendment was made on February 22,1994. The 3rd amendment was made on June 10, 1997. The 4th amendment was made on September 12, 1997. The 5th amendment was made on April 20, 1999. The 6th amendment was made on June 15, 1999. The 7th amendment was made on June 20, 2000. The 8th amendment was made on June 26, 2002. The 9th amendment was made on June 20, 2003. The 10th amendment was made on June 8, 2004. The 11th amendment was made on June 27, 2005. The 12nd amendment was made on June 15, 2007. The 13rd amendment was made on June 19, 2009. The 14th amendment was made on</p>	<p>Number of amendments added</p>

Amended Article	Current Article	Remarks
<p>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 June XX, 2021.</p>	<p>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>	

Ta-Yuan Cogen Co., Ltd.

Table of Comparison between Original and Amendments to Rules for Election of
Directors

Amended Article	Current Article	Remarks
<p>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.</p>	<p>Article 12: Upon the completion of the poll, the ballots casted shall be counted in public, and the polling results shall be announced by the meeting Chairperson on the site.</p>	<p>Amended in accordance with the laws and regulations.</p>
<p>Article 15: The "Rules" and any amendments thereafter shall come into effect upon approval by the shareholders' meeting.</p>	<p>Article 15: The "Rules," upon approval by the shareholders' meeting, shall become applicable from the time of establishment of the Audit Committee.</p>	

Ta-Yuan Cogen Co., Ltd.

Table of Comparison between Original and Amendments to the Rules of
Procedure for Shareholders' Meetings

Amended Article	Current Article	Description
<p>Article 7</p> <p>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.</p> <p>No changes hereinafter</p>	<p>Article 7</p> <p>At the time scheduled for the shareholders' meeting, the meeting Chairperson shall immediately call the meeting to order; 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 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.</p> <p>No changes hereinafter</p>	<p>Amended in accordance with the laws and regulations.</p>

IV. Appendices

Appendix 1

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 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 The terms of office shall more than 6 months and the person who shall be a managing Director or Director familiar with the operation of the Company as if aforementioned meeting Chairperson be a corporate Director. 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; 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 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 close 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 juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
- 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. 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.

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 Shops

(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 shareholder 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 General Meeting (AGM); and
- II. Extraordinary general meeting (EGM).

The AGM 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 shareholder 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 shareholder 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 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 made into minutes, which shall be signed by or affixed with the seal of the meeting 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, whose term of office is 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.

Among the above-mentioned number of Directors of the Board, no less than three shall be Independent Directors, who shall be elected by the shareholders' meeting from a list of independent director candidates under a candidate nomination system. 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.

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 1. The Directors shall adopt resolutions and exercise their powers and duties at Board meetings, which shall be held quarterly and may 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 GTSM.
- (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.

2. In case of resolution for any one of the following material items, in addition to laws and regulations 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 Company charters.

3. 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, discharge, 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 discharged 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 general 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 This Article of Incorporation was formulated on August 3, 1993.

The 1st amendment was made on November 10, 1993.

The 2nd amendment was made on February 22, 1994.

The 3rd amendment was made on June 10, 1997.

The 4th amendment was made on September 12, 1997.

The 5th amendment was made on April 20, 1999.

The 6th amendment was made on June 15, 1999.

The 7th amendment was made on June 20, 2000.

The 8th amendment was made on June 26, 2002.

The 9th amendment was made on June 20, 2003.

The 10th amendment was made on June 8, 2004.

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

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

The 13rd 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 revision was made on June 23, 2016.

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

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

Appendix 3

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

Title	Name	Shareholding	Name of the juristic person represented
Chairman of the Board	Home-Joe 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	Bao-Guang Chang	0	
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 general shareholders' meeting (April 30, 2021), the Company has issued a total of 122,254,862 shares.

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

Appendix 4

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 5

Adoption of Proposal from Shareholders

The following is a description on how shareholders' proposals were handled for this year's annual general 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 general 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 23, 2021 to May 3, 2021. 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.