

Stock Code : 8931

TA-YUAN COGEN CO., LTD.

**Handbook of the 2024
Annual Shareholders' Meeting**

May 29,2024

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CHAPTER 1.
MEETING PROCEDURE

TA-YUAN COGEN CO., LTD.

Meeting Procedure of the 2024 Annual Shareholders' Meeting

- I. Announce Number of Shares in Attendance
- II. Call the Meeting to Order
- III. Meeting Chairperson Remarks
- IV. Company Reports
- V. Proposals
- VI. Other Matters
- VII. Extempore Motion
- VIII. Adjournment

CHAPTER 2.
MEETING AGENDA

TA-YUAN COGEN CO., LTD.

Agenda of the 2024 Annual Shareholders' Meeting

Meeting Time: 9 am, May 29, 2024 (Wednesday)

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

Meeting Method: Physical Shareholders' Meeting Attendants

- I. Announce Number of Shares in Attendance
- II. Call the Meeting to Order
- III. Meeting Chairperson Remarks
- IV. Company Reports
 1. 2023 Business Report of the Company
 2. 2023 Audit Committee's Review Report
 3. Report on Distribution of the 2023 Remuneration for Employees
 4. Revision of Certain Provisions of the Company's Rules of Procedure of Board of Directors' Meetings
- V. Proposals
 1. Adoption of the Company's 2023 Business Report and Financial Statements
 2. Adoption of the Proposal for Profit Distribution for the Fiscal Year 2023
- VI. Other Matters
 - Release of Non-competition Restriction over Directors of the Company
- VII. Questions and Motions
- VIII. Adjournment

I. Announce Number of Shares in Attendance

II. Call the Meeting to Order

III. Meeting Chairperson Remarks

IV. Company Reports

1. 2023 Business Report, kindly review.

Remarks: Please refer to Attachment 1 on pages 11-12 of this handbook for the 2023 Business Report.

2. 2023 Audit Committee's Review Report, kindly review.

Remarks: Please refer to Attachment 2 on page 13 of this handbook for the Audit Committee's Review Report.

3. Report on Distribution of the 2023 Remuneration for Employees, kindly review.

Remarks: 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\$5,370,317 in cash as employee remuneration for 2023. This accounts for 1.5% of the Company's 2023 profits (i.e. pre-tax profit minus distribution of employee remuneration) and complies with the Company's Articles of Incorporation of distributing employee remuneration of no less than 0.75%.

4. Revise certain provisions of the Company's "Rules of Procedure of Board of Directors Meetings," kindly review.

Remarks: In compliance with amendments to relevant laws and regulations, it is proposed to revise certain provisions of the Company's "Rules of Procedure of Board of Directors Meetings." Please refer to Attachment 3 on page 14 of this handbook.

V. Proposals

Proposal (I) Proposed by the Board of Directors

Subject: Adoption of the Company's 2023 Business Report and Financial Statements

Remarks: The Company's 2023 Financial Statements have been audited by CPAs Rich Jui-Chuan and Li-Huang Lee of Deloitte Taiwan, and the review of the aforementioned Financial Statements and Business Report have been completed by the Audit Committee. For further details please refer to Attachment 1 and 2 on pages 11-13, and Attachment 4 on page 15 to 24 of this handbook.

Resolution:

Proposal (II) Proposed by the Board of Directors

Subject: Adoption of the proposal for profit distribution for the fiscal year 2023

Remarks:

1. The Company has a net profit of NT\$283,339,968 in 2023. After setting aside the legal surplus reserve amounting to NT\$28,194,750 , and adding the undistributed retained earnings after cumulative adjustments, NT\$ 286,940,919 , the distributable profit amounts to NT\$542,086,137.
2. Proposal to distribute cash dividend of NT\$2.1 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 20 of this handbook for the Profit Distribution Table.

Resolution:

VI. Other Matters

Other Motions Proposed by the Board of Directors

Subject: Please discuss the Release of Non-competition Restriction over Directors of the Company.

Remarks:

1. Pursuant to Article 209 of the Company Act, when having any conduct falling into the business scope of the Company for himself/herself or others, a director shall explain the important contents of his or her conduct to the Shareholders' Meeting and obtain the consent.
2. We are now proposing the Shareholders' Meeting release the non- competition restriction over the directors, considering the elected new members of the Board of Directors may simultaneously act as the directors of other companies that have the same business scope as the Company.
3. The table below lists the positions of the elected new directors at other companies:

Name of Director	Positions at Other Company
Yi-Tong Chen	1. Director, Redondo Peninsula Energy, Inc. 2. Chairman, Miaoli Wind Co., Ltd. 3. President, Taiwan Cogeneration Corporation

Resolution:

VII. Extempore Motion

VIII. Adjournment

CHAPTER 3.
ATTACHMENTS

Attachment 1. 2023 Business Report

1. 2023 Business Report

The Company's operating revenue for the year 2023 was NT\$2,717,008 thousand, representing a decrease of 5.03% from NT\$2,861,008 thousand in the year 2022. The net profit after tax was NT\$283,340 thousand, a decrease of NT\$84,729 thousand or 23.02% compared to the net profit after tax of NT\$368,069 thousand in the year 2022.

The operating results for the two years are detailed in the following table:

Unit: NT\$ thousand

Accounts	2023	2022
Operating Revenue	2,717,008	2,861,008
Gross Profit	536,909	602,026
Net Profit Before Tax	352,652	442,022
Income Tax Expenses	69,312	73,953
Net Profit for the Period	283,340	368,069
Other Comprehensive Income (Loss)	16,536	(51,506)
Total comprehensive Income (Loss)	299,876	316,563
Earnings Per Share (EPS)	2.32	3.01

2. Profitability Analysis

The financial structure, debt repayment, and profitability analysis ratios are detailed in the following table:

Item		2023	2022
Financial Structure	Debt to Asset Ratio (%)	52.47	51.13
	Long-Term Funds to Property, Plant and Equipment Ratio (%)	124.67	122.22
Solvency	Current Ratio (%)	84.09	143.19
	Quick Ratio (%)	57.40	85.23
Profitability	Return on Assets (%)	6.84	8.77
	Return on Equity (%)	13.03	17.44
	Net Profit Margin (%)	10.43	12.87

3. Business Highlights

- (1) Initiated the mechanism for phasing out coal-fired cogeneration units. The Board of Directors approved the installation of a gas-fired cogeneration system in line with the government's policy of coal and carbon reduction.
- (2) Carried out the construction of SRF storage pits and conveying systems, which is expected to replace coal when operations commence in 2024.
- (3) Published the first Sustainability Report to share and communicate the Company's planning and achievements in sustainable management with external stakeholders.
- (4) Received the Outstanding e-Invoice Merchant Award in 2023, the 22nd Golden Peak Award for Outstanding Enterprises, and the 2023 Power and Energy Benchmarking Award - Industry Benchmark.
- (5) The Recycling Plant continues to maintain an A-level evaluation as an excellent resource recycling processing facility.

4. Looking ahead to the next year, the company's major operational policies are as follows:

- (1) Introduce SASB standards and TCFD climate-related financial disclosures into the Sustainability Report.
- (2) Root the business philosophy and corporate culture of "Loyalty, Integrity, Trust, and Practicality".
- (3) Plan and promote the inventory of Scope 3 greenhouse gas emissions for the entire Company.
- (4) Promote the upgrade of Enterprise Resource Planning (ERP), flow electronic signing, and introduce the culture of corporate knowledge management.
- (5) Add a gas-fired cogeneration system project to reduce pollution and carbon emissions.
- (6) Cultivate talents, reserve middle-level executives, and educate grassroots-level personnels.

Acting Chairman:
Jeff Chang

CEO:
Jeff Chang

Chief Accounting Officer:
Chiung-Ru Chiu

Attachment 2. Audit Committee's Review Report

AUDIT COMMITTEE'S REVIEW REPORT, TA-YUAN COGEN CO., LTD.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Financial Statements, including Business Report, Independent Financial Statements, and Appropriations of Net Income. The Audit Committee has reviewed the aforementioned reports and determined them to be correct and accurate. The Independent Financial Statements has also been audited by Certified Public Accounts Rich (Jui-Chuan) Chih and Li- Huang Lee 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,
2024 Annual Shareholders' Meeting of the Company

Ta-Yuan Cogen Co., Ltd.
Convener of the Audit Committee: Kuang-Yu Lee

March 5, 2024

Attachment 3. Rules of Procedure of Board of Directors Meetings Amendments Comparison Table

TA-YUAN COGEN CO., LTD. Rules of Procedure for Board of Directors Meetings

Amended Articles	Current Articles	Explanation
<p>Article 8</p> <p>Convening of Board of Directors Meetings</p> <p>If less than half of all directors are present at the appointed meeting time, the chair may announce postponement of the meeting up to two times <u>on the same day</u>. If a quorum is still not met after two postponements, the chair shall reconvene the meeting following the procedures provided in Article 3.</p> <p>The rest of the article remains unchanged.</p>	<p>Article 8</p> <p>Convening of Board of Directors Meetings</p> <p>If less than half of all directors are present at the appointed meeting time, the chair may announce postponement of the meeting up to two times. If a quorum is still not met after two postponements, the chair shall reconvene the meeting following the procedures provided in Article 3.</p> <p>The rest of the article remains unchanged.</p>	<p>To avoid disputes arising from the undetermined time extension of the board meeting, the chair may announce that the postponement of the meeting is limited to the same day.</p>
<p>Article 11</p> <p>Discussion of Proposals</p> <p>The Board of Directors shall proceed with the meeting agenda specified in the meeting notice. However, the agenda may be changed with the approval of a majority of directors present at the meeting.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the agenda items (including extraordinary motions) referred to in the preceding paragraph without the approval of a majority of the directors present at the meeting.</p> <p>During the meeting, if the directors sitting at the meeting are less than half of the directors present at the meeting, a director may move to suspend the meeting and apply the provisions of the preceding article at the suggestion of the directors present.</p> <p><u>If the chair is unable to preside over the meeting or fails to declare adjournment of the meeting in accordance with Paragraph 2 during the meeting due certain reasons, the acting chair shall be chosen according to Paragraph 4 of Article 5.</u></p>	<p>Article 11</p> <p>Discussion of Proposals</p> <p>The Board of Directors shall proceed with the meeting agenda specified in the meeting notice. However, the agenda may be changed with the approval of a majority of directors present at the meeting.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the agenda items (including extraordinary motions) referred to in the preceding paragraph without the approval of a majority of the directors present at the meeting.</p> <p>During the meeting, if the directors sitting at the meeting are less than half of the directors present at the meeting, a director may move to suspend the meeting and apply the provisions of the preceding article at the suggestion of the directors present.</p>	<p>Considering the practice, Paragraph 4 is added to avoid affecting the operation of the Board of Directors when the chair is unable to preside over the meeting or fails to declare adjournment in accordance with the regulations during the meeting.</p>

Attachment 4. 2023 Financial Statements & CPA Audit Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Ta-Yuan Cogeneration Company Limited (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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, 2023. 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.

The key audit matter of the Company's financial statements for the year ended December 31, 2023 is stated as follows:

Revenue Recognition

The Company's revenue from the sale of goods in 2023 accounted for approximately 85% of total revenue. In accordance with Statements on Auditing Standards, there is a presumption of significant risk in revenue recognition due to the impact of revenue recognized on the financial statements. Therefore, the occurrence of sales revenue from specific customers was identified as a key audit matter.

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

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

1. We obtained an understanding of the design and implementation of internal controls over revenue recognition from the specific customers.
2. We selected samples and performed tests of details to verify the occurrence of sales transactions from specific customers.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 Standards on Auditing of 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 and appropriate audit evidence regarding the financial information of 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about

the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 2024

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 313,431	7	\$ 348,759	8
Accounts receivable from unrelated parties (Notes 8 and 18)	191,946	4	289,512	7
Accounts receivable from related parties (Notes 8, 18 and 25)	66,693	1	62,214	1
Inventories (Note 9)	174,700	4	285,630	6
Prepayments (Note 12)	89,915	2	122,191	3
Total current assets	<u>836,685</u>	<u>18</u>	<u>1,108,306</u>	<u>25</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	300,887	7	217,640	5
Property, plant and equipment (Notes 10, 26 and 27)	2,866,529	63	3,012,022	68
Right-of-use assets (Note 11)	4,818	-	7,313	-
Intangible assets	-	-	460	-
Deferred tax assets (Note 20)	1,254	-	8,157	-
Prepayments for equipment (Notes 12 and 27)	522,927	12	69,124	2
Refundable deposits	5,822	-	6,406	-
Prepaid pension cost - non-current (Note 16)	19,820	-	21,053	-
Other non-current assets	9,869	-	4,760	-
Total non-current assets	<u>3,731,926</u>	<u>82</u>	<u>3,346,935</u>	<u>75</u>
TOTAL	<u>\$ 4,568,611</u>	<u>100</u>	<u>\$ 4,455,241</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	\$ 200,000	4	\$ 100,000	2
Contract liabilities - current (Note 18)	2,469	-	9,759	-
Notes payable	21	-	-	-
Accounts payable to unrelated parties	49,076	1	51,995	1
Accounts payable to related parties (Note 25)	64	-	122	-
Other payables (Notes 14 and 25)	237,097	5	204,506	5
Current tax liabilities (Note 20)	23,190	1	64,866	1
Lease liabilities - current (Notes 11 and 25)	2,320	-	3,510	-
Current portion of long-term borrowings (Notes 13 and 26)	480,000	11	338,333	8
Other current liabilities	784	-	919	-
Total current liabilities	<u>995,021</u>	<u>22</u>	<u>774,010</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 26)	1,377,500	30	1,488,333	34
Liabilities provision - non-current (Note 15)	10,021	-	-	-
Deferred tax liabilities (Note 20)	3,964	-	4,211	-
Lease liabilities - non-current (Notes 11 and 25)	2,541	-	3,862	-
Guarantee deposits received	8,200	-	7,700	-
Total non-current liabilities	<u>1,402,226</u>	<u>30</u>	<u>1,504,106</u>	<u>34</u>
Total liabilities	<u>2,397,247</u>	<u>52</u>	<u>2,278,116</u>	<u>51</u>
EQUITY (Note 17)				
Share capital				
Ordinary shares	<u>1,222,549</u>	<u>27</u>	<u>1,222,549</u>	<u>27</u>
Retained earnings				
Legal reserve	330,340	7	292,902	7
Unappropriated earnings	570,280	13	631,408	14
Total retained earnings	<u>900,620</u>	<u>20</u>	<u>924,310</u>	<u>21</u>
Other equity	48,195	1	30,266	1
Total equity	<u>2,171,364</u>	<u>48</u>	<u>2,177,125</u>	<u>49</u>
TOTAL	<u>\$ 4,568,611</u>	<u>100</u>	<u>\$ 4,455,241</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 18, 25 and 29)				
Sales	\$ 2,321,094	85	\$ 2,462,407	86
Service revenue	<u>395,914</u>	<u>15</u>	<u>398,601</u>	<u>14</u>
Total operating revenue	<u>2,717,008</u>	<u>100</u>	<u>2,861,008</u>	<u>100</u>
OPERATING COSTS (Notes 9, 19 and 25)				
Cost of sales	(1,851,204)	(68)	(1,980,007)	(69)
Service costs	<u>(328,895)</u>	<u>(12)</u>	<u>(278,975)</u>	<u>(10)</u>
Total operating costs	<u>(2,180,099)</u>	<u>(80)</u>	<u>(2,258,982)</u>	<u>(79)</u>
GROSS PROFIT	<u>536,909</u>	<u>20</u>	<u>602,026</u>	<u>21</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	(5,808)	-	(24,229)	(1)
General and administrative expenses	(140,413)	(5)	(123,380)	(4)
Research and development expenses	<u>(22,046)</u>	<u>(1)</u>	<u>(17,442)</u>	<u>-</u>
Total operating expenses	<u>(168,267)</u>	<u>(6)</u>	<u>(165,051)</u>	<u>(5)</u>
PROFIT FROM OPERATIONS	<u>368,642</u>	<u>14</u>	<u>436,975</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 25)				
Interest income	2,422	-	733	-
Other income	13,024	-	30,828	1
Other gains and losses	(32)	-	(563)	-
Finance costs	<u>(31,404)</u>	<u>(1)</u>	<u>(25,951)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(15,990)</u>	<u>(1)</u>	<u>5,047</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	352,652	13	442,022	16
INCOME TAX EXPENSE (Note 20)	<u>(69,312)</u>	<u>(3)</u>	<u>(73,953)</u>	<u>(3)</u>
NET PROFIT	<u>283,340</u>	<u>10</u>	<u>368,069</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Remeasurement of defined benefit plans (Note 16)	\$ (1,741)	-	\$ 7,886	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income (Note 17)	17,929	1	(57,815)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>348</u>	<u>-</u>	<u>(1,577)</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>16,536</u>	<u>1</u>	<u>(51,506)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 299,876</u>	<u>11</u>	<u>\$ 316,563</u>	<u>11</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 2.32</u>		<u>\$ 3.01</u>	
Diluted	<u>\$ 2.32</u>		<u>\$ 3.01</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, 2023 AND 2022
(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, 2022	122,254.9	\$ 1,222,549	\$ 265,453	\$ 467,861	\$ 88,081	\$ 2,043,944
Appropriation of 2021 earnings						
Legal reserve	-	-	27,449	(27,449)	-	-
Cash dividends	-	-	-	(183,382)	-	(183,382)
Net profit for the year ended December 31, 2022	-	-	-	368,069	-	368,069
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	6,309	(57,815)	(51,506)
Total comprehensive income for the year ended December 31, 2022	-	-	-	374,378	(57,815)	316,563
BALANCE, DECEMBER 31, 2022	122,254.9	1,222,549	292,902	631,408	30,266	2,177,125
Appropriation of 2022 earnings						
Legal reserve	-	-	37,438	(37,438)	-	-
Cash dividends	-	-	-	(305,637)	-	(305,637)
Net profit for the year ended December 31, 2023	-	-	-	283,340	-	283,340
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(1,393)	17,929	16,536
Total comprehensive income for the year ended December 31, 2023	-	-	-	281,947	17,929	299,876
BALANCE, DECEMBER 31, 2023	<u>122,254.9</u>	<u>\$ 1,222,549</u>	<u>\$ 330,340</u>	<u>\$ 570,280</u>	<u>\$ 48,195</u>	<u>\$ 2,171,364</u>

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 352,652	\$ 442,022
Adjustments for:		
Depreciation expense	237,218	230,732
Amortization expense	3,616	2,384
Finance costs	31,404	25,951
Interest income	(2,422)	(733)
Dividend income	(9,667)	(14,762)
Gain on disposal of property, plant and equipment	-	(457)
Reversal of write-down of inventories	(39,809)	-
Write-down of inventories	-	40,723
Changes in operating assets and liabilities		
Accounts receivable	93,087	(145,295)
Inventories	150,739	(1,862)
Prepaid pension cost	(508)	(230)
Prepayments	32,276	(18,337)
Other current assets	-	112
Contract liability	(7,290)	4,126
Notes payable	21	(99)
Accounts payable	(2,977)	(4,711)
Other payables	3,692	65,123
Liabilities provision	10,021	-
Other current liabilities	(135)	221
Cash generated from operations	851,918	624,908
Interest paid	(34,062)	(27,502)
Income tax paid	(103,984)	(55,643)
Net cash generated from operating activities	<u>713,872</u>	<u>541,763</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(65,318)	(93,660)
Payments for property, plant and equipment	(21,434)	(224,474)
Proceeds from disposal of property, plant and equipment	-	2,903
Decrease in refundable deposits	584	1,280
Payments for intangible assets	(500)	(500)
Increase in other non-current assets	(7,765)	(470)
Increase in prepayments for equipment	(488,984)	(52,658)
Interest received	2,422	733
Dividend received	9,667	14,762
Net cash used in investing activities	<u>(571,328)</u>	<u>(352,084)</u>

(Continued)

TA-YUAN COGENERATION COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	700,000	300,000
Decrease in short-term borrowings	\$(600,000)	\$(200,000)
Increase in short-term bills payable	100,000	-
Decrease in short-term bills payable	(100,000)	-
Proceeds from long-term borrowings	400,000	100,000
Repayments of long-term borrowings	(369,166)	(373,333)
Increase (decrease) in guarantee deposits received	500	(1,000)
Repayment of the principal portion of lease liabilities	(3,569)	(3,512)
Dividends paid to owners of the Company	<u>(305,637)</u>	<u>(183,382)</u>
Net cash used in financing activities	<u>(177,872)</u>	<u>(361,227)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,328)	(171,548)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>348,759</u>	<u>520,307</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 313,431</u>	<u>\$ 348,759</u>

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

(Concluded)

Attachment 5. 2023 Profit Distribution Table

TA-YUAN COGEN CO., LTD. **Profit Distribution Table** 2023

Unit: NTD

Item	Amount	
	Sub-Total	Total
Beginning undistributed profits		288,333,388
Plus: Re-measurement of defined benefit plans recognized in retained profits (losses)	(1,392,469)	
Adjusted undistributed profits		286,940,919
Add: Net profit of the term	283,339,968	
Less: 10% appropriated as legal reserve	28,194,750	
Distributable net profits		542,086,137
Distribution item		
Cash dividends paid: NT\$2.1/share	256,735,210	
Undistributed profits at the end of the period		285,350,927

The Company's profit distribution plan involves the distribution of profits in 2023, and adopts the last in, first out principle.

Acting Chairman:
Jeff Chang

CEO:
Jeff Chang

Chief Accounting Officer:
Chiung-Ru Chiu

CHAPTER 4
APPENDICES

Appendix 1. Rules of Procedure for Shareholders' Meetings

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

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

Article 8. If a shareholders' meeting is convened by the Board of Director, the agenda shall be determined by the Board of Directors. The relevant proposals (including extraordinary

motions and amendment to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding Paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

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

After 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.

Appendix 2. Articles of Incorporation

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:

1. D101050 Steam and Electricity Paragenesis
2. F113990 Wholesale of Other Machinery and Equipment
3. F213990 Retail Sale of Other Machinery and Equipment
4. I199990 Other Consultancy
5. E604010 Machinery Installation
6. I599990 Other Designing
7. J101030 Waste Clearing
8. J101040 Waste Disposing
9. C801020 Petrochemical Materials Manufacturing
- 10.C801030 Precision Chemical Material Manufacturing
- 11.C801990 Other Chemical Materials Manufacturing
- 12.C803990 Other Petroleum and Charcoal Manufacturing
- 13.C901990 Other Non-Metallic Mineral Products Manufacturing
- 14.F401010 International Trade
- 15.C803021 Reprocessed Energy Resources Production.
- 16.EZ99990 Other Engineering

17.JA02990 Other Repair Shops

18.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:

1. Annual General Meeting (AGM)
2. 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.

The Shareholders' Meeting may be held by video conference or other means announced by the central competent authority.

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

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

Article 17-1. The Board of Directors may set up Remuneration, Audit, Nomination, or other functional committees based on business and operating needs.

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

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

Article 19. The Chairperson of the Board shall represent the Company externally, presides over the shareholders' meeting and the Board meeting internally, and executes all matters of the

Company in accordance with the laws and regulations, the Company's Articles of Incorporation, and the resolutions made at the shareholders' meeting and the Board meeting.

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

The notice set forth in the preceding Paragraph may be affected 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:

- (1) Proposal for liquidation or merger of the Company.
- (2) Proposal for material capital expenditure.
- (3) Changes in material operating policy.
- (4) Proposal for amendment in the Articles of Incorporation.
- (5) Changes in bases of calculation for cogeneration prices.
- (6) Proposal for appropriation of net income or to offset deficit.
- (7) Preparations of Company budget and financial statements.
- (8) Approval for investment in other businesses.
- (9) Establishing and abolishing branches.
- (10) Filing for public issuance of shares at the TWSE or GTSM.
- (11) Approval, amendment, and termination of expansion investment plan.
- (12) Obtaining, transferring, granting and leasing of professional technologies and patent rights and approving, revising, and terminating technical cooperation

contracts.

(13) Proposal for capital increase/decrease.

(14) 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:

(1) Approval for contracts that amount to 1/5 or more of the Company's capital.

(2) Authorization for procedures for endorsements/guarantees and loans.

(3) 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.

(4) Resolution or revision of time limits, credit, or pricing in each of the preceding Paragraphs.

(5) The pawning, sales, lease, pooling of capital, pledge, or other means of disposal of major financial property or asset in a joint venture.

(6) Appointing or discharging of the Company's certified public accountants.

(7) Reviewing, revising, and terminating of the Company's operational plans, management guidelines, and the organizational system.

(8) 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 the 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 Shareholders' Meeting for acceptance:

1. Business report
2. Financial statements
3. Proposals of profit allotment or loss coverage

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

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

Qualification of employees for the Company's employee treasury shares, employee share subscriptions, new shares subscription, new restricted employee shares, and employee compensations may be employees of an affiliated company meeting certain requirements.

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

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

Article 31. The Board of Directors is authorized to determine the remuneration of the Company's Directors based on the extent of their participation in and value of their contributions to the Company's operations and with reference to the usual standards of the industry. Directors may be paid monthly honorarium, and the sum of which shall be approved by the Board of Directors. Moreover, a shareholder or Director of the Company who acts as a managerial officer or employee shall be deemed to be an ordinary employee receiving the corresponding salary.

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

Chapter 7. Supplementary Provisions

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

Article 33. The Articles of Incorporation were formulated on August 3, 1993.
The first amendment was made on November 10, 1993.
The second amendment was made on February 22, 1994.
The third amendment was made on June 10, 1997.
The fourth amendment was made on September 12, 1997.
The fifth amendment was made on April 20, 1999.
The sixth amendment was made on June 15, 1999.
The seventh amendment was made on June 20, 2000.

The eighth amendment was made on June 26, 2002.
The ninth amendment was made on June 20, 2003.
The tenth amendment was made on June 8, 2004.
The 11th amendment was made on June 27, 2005.
The 12th amendment was made on June 15, 2007.
The 13th amendment was made on June 19, 2009.
The 14th amendment was made on June 20, 2012.
The 15th amendment was made on June 21, 2013.
The 16th amendment was made on June 26, 2014.
The 17th amendment was made on June 23, 2015.
The 18th 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.
The 21st amendment was made on July 27, 2021.
The 22nd amendment was made on June 16, 2022.

Appendix 3. Shareholding of All Directors

TA-YUAN COGEN., LTD.

Shareholding of All Directors

Title	Name	Shareholding	Company Represented by Shareholder
Director	Yi -Tung Chen	35,833,827	Taiwan Cogeneration Corporation
Director	Jen-Ming Cheng	50,201,180	Cheng Loong Corporation
Director	Shih-Yang Hsu	35,833,827	Taiwan Cogeneration Corporation
Director	Jeff Chang	50,201,180	Cheng Loong Corporation
Independent Director	Kuang-Yu Lee	0	
Independent Director	Chih-Liang Li	11,399	
Independent Director	Yung-Chen Huang	0	
Shareholding from all Directors (Number of Shares)		86,046,406	
Ratio of all Shares Outstanding (%)		70.38%	

Note: As of the book closure date for this year's annual general shareholders' meeting (March 31, 2024), 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

TA-YUAN COGEN., LTD.

Adoption of Proposal from Shareholders

The following is a description on how shareholders' proposals were handled for this year's annual general shareholders' meeting:

1. 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."
2. Shareholder proposals must be submitted during the period from March 22, 2024, to April 1, 2024. As required by the law, the Company has published the information regarding shareholder proposals on the MOPS website.
3. The Company has not yet received any proposal from its shareholders.