

Handbook for the 2023 Annual Shareholders' Meeting

Stock Code: 2633

METHOD OF CONVENING: Physical Shareholders' Meeting

DATE: May 25, 2023 at 9:00 a.m.

PLACE: Cathay Financial Conference Hall (1F., No. 9, Songren Rd., Xinyi Dist., Taipei City)

Taiwan High Speed Rail Corporation

Procedure for the 2023 Annual Shareholders' Meeting

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Management Presentation

Report No. 1: Report on Corporation Execution of Corporate Governance

According to Paragraph 3, Article 5-2-02 of the Corporation's "Guidelines for Corporate Governance" (GCG), the Corporate Governance and Nominating Committee should prepare a report on the Corporation's implementation of corporate governance prior to each shareholders' annual general meeting. Following review by the Board, said report shall be included in the Annual Meeting Handbook. The Corporation's report on corporation execution of corporate governance for the current year was approved at the 35th meeting of the 9th Board on February 22, 2023, and is hereby presented to the shareholders' general meeting.

I. Background

For the purpose of sound corporate governance, as well as assurance of shareholders' equity, consolidation of the Board of Directors' function, promotion of information transparency, and fulfillment of corporate social responsibility, our Guidelines for Corporate Governance were formally passed with a resolution at the May 28, 2003 shareholders' general meeting. Additionally, independent directorship was introduced so as to establish an infrastructure for corporate governance. Accordingly, relevant corporate governance systems and measures have been initiated and executed in the last 20 years with considerable effectiveness.

II. Corporate Governance Guidance

On the principle of enterprise autonomy, we comprehensively refer to important corporate governance principles both at home and abroad, as well as corporate governance experience of leading enterprises. Furthermore, we complied with domestic applicable laws and regulations when formulating our Guidelines for Corporate Governance (hereinafter "GCG"). These standards were established and amended at 2003, 2004, 2006, 2007, 2012, 2013, 2019, 2021, and 2022 shareholders' general meetings, as well as the 2016 extraordinary general meeting, and serve as the guiding principles for our corporate governance system and implementation of governance measures.

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III. Execution of Corporate Governance System

In addition to the stipulation of independent directorship in the Articles of Incorporation, we have also established relevant functional committees in a sequential manner, depending on our actual business and stage-task requirements. Currently, our Board of Directors established Corporate Governance & Nomination, Audit, Remuneration, and Special Committees for functional purposes. The Board formulated applicable by-laws and adopted specific corporate governance measures to establish a robust corporate governance system.

1. Establishment of Independent Directorship

In light of the observable effectiveness of our corporate governance system, the ability of independent directorship to progressively bring the functions set out in GCG into play, and for the purpose of alignment with legalization of independent directorship, we acted in concert with the amendment to the Securities and Exchange Act by adding provisions in the Articles of Incorporation for establishing independent directorship at the 2006 shareholders' general meeting. Accordingly, following election of the 4th directors and supervisors at the 2007 shareholders' general meeting, two or more independent directors have been elected each year according to laws and regulations and the Articles of Incorporation. Article 24 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" was amended on December 8, 2021 to stipulate that the number of independent directors shall be no less than one-third the number of directors. In accordance with the Financial Supervisory Commission's Corporate Governance 3.0 Blueprint for Sustainable Development, laws will be amended beginning in 2024 to require that the number of independent directors at listed companies with paid-in capital of more than NT\$ 10 billion be no less than one-third the number of directors. In consideration of Board terms, the Corporation has amended Article 17-1 of the "Articles of Incorporation" to stipulate that, starting from the 10th Board, the number of independent directors shall be no less than three and no less than one-third the number of directors. This amendment was approved by the 2022 shareholders general meeting.

2. Restructuring of Board of Directors According to Shareholder Structure

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In consideration of appropriate Board scale, representation of shareholder interests, business nature of BOT, and corporate development, as well as shareholder structure and discussion efficiency, there are 13 number of directors serving on the 9th Board, including 4 independent directors and 9 non-independent directors elected at the shareholders' general meeting held on May 21, 2020.

3. Institution of Functional Committees of Board of Directors for Business and Legal Compliance Needs

To implement efficient decision-making and robust supervision, since the 4th Board of Directors, we established the Corporate Governance Committee and quasi Audit Committee in accordance with Article 5-1-01 of the GCG, and thereafter established other functional committees such as the Procurement Committee, Finance Committee, Remuneration Committee, and Special Committee in line with business and regulatory demands. These committees preview relevant affairs and proposals prior to discussion at Board meetings. Additionally, in compliance with public listing regulations, the shareholders' extraordinary general meeting held on March 18, 2016 discussed and approved revisions to our Articles of Incorporation and GCG, wherein the Audit Committee was established to replace supervisors and the Corporate Governance Committee was renamed the Corporate Governance & Nominating Committee; the former quasi Audit Committee ceased to exist upon the amendment of the above by-law and guidelines.

Furthermore, the 13 directors comprising the 9th Board were elected for three years of office (May 21, 2020 to May 20, 2023). The current Board oversees the Corporate Governance & Nominating Committee, Audit Committee (encompassing the duties of the Finance Committee), Remuneration Committee, and Special Committee (encompassing the duties of the Procurement Committee); of these, the Audit Committee and Remuneration Committee are convened by independent directors, and the members of each functional committee should include at least two independent directors.

4. Primary tasks and execution responsibilities for Board of Directors and functional committees (from January 2022 to March 2023)

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(1) Board of Directors

- ① Composition: 13 directors.
- ② Number of meetings: 15.
- ③ Primary tasks (see Schedule for details):

The Board of Directors are responsible for major Corporation finance, business, and operation decisions, and oversee the duties performed by the Management.

- ④ Execution:

The Board of Directors applies applicable laws and regulations, resolutions of shareholders' meetings, and the Corporation by-laws to faithfully perform the foregoing primary tasks. Board duties are diverse and therefore not enumerated here. In the event of major resolutions, the Board of Directors consistently announces and discloses these on the Market Observation Post System as required. Functional committees bring their respective preview function into play, and independent directors also exert their independence and professionalism, enhancing Board discussions and promoting professionalism.

(2) Corporate Governance & Nominating Committee

- ① Composition: 5 directors (including the Chairman), convened by the Chairman who was elected by all committee members.
- ② Number of meetings: 15.
- ③ Primary tasks (see Schedule for details):

Review diverse background including professional knowhow, technical knowledge, expertise, and gender and independent standards of independent directors, non-independent directors, and managers; plan composition of the Board and functional committees; review succession plans for directors and managers; conduct performance evaluations of the Board, committees, directors, and managers; nominate independent directors and non-independent directors; research and analyze corporate governance systems; and review effectiveness of corporate governance systems and implementation of information disclosures.

- ④ Execution:

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- 1) Discuss proposals for evaluation of implementation of Board of Directors and functional committees and annual work plans.
- 2) Discuss executive report on corporate governance.
- 3) Discuss renewal of Directors and Officers Liability Insurance.
- 4) Discuss corporate organizational structure adjustments and procedural amendments.
- 5) Discuss amendments or amendment proposals to internal rules and regulations relating to corporate governance.
- 6) Discuss director and manager succession plans.
- 7) Discuss Corporation corporate governance implementation performance, execution of corporate social responsibilities and ethical management, and implementation of information disclosures.

(3) Audit Committee

- ① Composition: Composed of all 4 independent directors, with the committee being convened by 1 of the independent directors.
- ② Number of meetings: 15.
- ③ Primary tasks (see Schedule for details):

Review and oversee corporate financial statements and risk control/management affairs.
- ④ Execution:
 - 1) Review annual budget, budget implementation report and financial statements.
 - 2) Discuss amendments to or formulation of regulations relating to Audit Committee duties, including the “Charter of the Audit Committee,” “Regulation for Accounting Treatments,” “Assets for Operation and Equipment Management Regulation,” “Internal Control System,” “Regulation of Whistle-Blowing System for Unlawful, Unethical Conduct and Dishonesty Behavior,” “Operational Procedures for Endorsements and Guarantees,” and “Operational Procedures for Loaning Funds to Others.”
 - 3) Review results of annual self-evaluations of internal control system and

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statements of internal control system at all levels of the organization. The “Internal Control System Self-Assessment Results Final Report” for 2022 and results of all self-assessments implemented by each unit were completed through cyclical procedures. The “Internal Control System Self-Assessment Results for 2022” were submitted to the 9th Board at the 33th Audit Committee Meeting held on February 20, 2023, and were approved by the 9th Board at the 35th Board Meeting on February 22, 2023, confirming that the Corporation’s internal control systems for 2022 includes understanding of operational performance, efficiency, and goal attainment rates; reliability, timeliness, transparency, and legal compliance of reporting measures; and efficient implementation to ensure that relevant goals are met.

- 4) Review transactions involving directors’ conflicts of interest subject to recusal of exercise of voting rights, transactions with related parties, and transactions requiring prevention of conflicts of interest. The Corporation did not conduct any non-operating activities involving transactions with related parties in 2022 and only made donations to related parties. Related proposals for 2022 (including the Corporation's “Donation and Sponsorship Plan for 2022,” Corporation donations for the “2022 Go Green Together” sustainable development and forestry adoption plan, and the Corporation's “Donation and Sponsorship Plan for 2023”) were all approved by the Board following prior review by the Audit Committee in accordance with the regulations of the “Rules of Procedure for Board of Directors Meetings.”
- 5) Review assessments of Certified Public Accountants. Please refer to Sub-Item (6) Periodic Independence Assessments of Public Accountant (CPA) under Item 5 Measures Specific to Corporate Governance in Management Presentations for primary assessment results.
- 6) Review annual audit plans and executive reports thereof.
- 7) Periodically communicate with internal audit managers and accountants. Main communication items are as shown in the Schedule.
- 8) Assess the Corporation’s risk management policies and risk evaluation criteria, and monitor existing and potential risks to the Corporation. The Audit

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Committee and the Board periodically review the Corporation's risk management implementations. The "2022 annual progress report of risk management implementations" was submitted to the 28th Audit Committee meeting of the 9th Board on September 13, 2022 and the 30th meeting of the 9th Board on September 14, 2022 to confirm that all units responsible for risk management have adopted appropriate response measures, and have made appropriate records of risk management procedures and implementation results.

(4) Remuneration Committee

① Composition: Composed of all 3 independent directors, with the committee being convened by 1 of the independent directors.

② Number of meetings: 14.

③ Primary Tasks (see Schedule for details):

Formulate and regularly review the evaluation of directors and managers' performance and salary and compensation.

④ Execution:

The Remuneration Committee applies the foregoing primary tasks when considering the Corporation's proposals for performance management and compensation. For more information regarding director and manager remuneration policies, and connection between and reasonableness of remuneration and performance assessment results, please refer to Sub-Item (5) Formulation of Reasonable Remuneration Policies and Evaluation of Connection Between Reasonableness of Remuneration and Performance Assessment Results under Item 5 Measures Specific to Corporate Governance in Management Presentations.

(5) Special Committee

① Composition: 6 directors, convened by 1 director elected by committee members.

② Number of meetings: 11.

③ Primary Tasks (see Schedule for details):

Provide advice on the Corporation's major legal or contractual disputes and important system reforms, assist the Board of Directors in supervising managers'

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execution of decisions, and review the Corporation's procurement-related proposals to be submitted to the Board of Directors as required by the by-laws.

④ Execution:

The Special Committee applies the foregoing primary tasks when considering major legal or contractual disputes and procurement-related proposals.

5. Measures Specific to Corporate Governance

(1) Formulation and Revision of Relevant Corporate Governance Rules:

In 2022, in order to strengthen our corporate governance system, the functional committees of the Corporation pre-assessed proposals to establish or revise basic and management bylaws relating to corporate governance, and submitted these to the Board for approval; the corporate bylaws concerned included the "Articles of Incorporation," "Guidelines for Corporate Governance," "Rules of Procedure for Shareholders' Meetings," "Corporate Social Responsibility Best Practice Principles" (which has been renamed the "Sustainable Development Best Practice Principles"), "THSRC Organizational Regulation," and "Rules of Procedure for Board of Directors Meetings."

(2) Establishment of succession plan for Board members:

Unless otherwise stipulated by law or the Corporation's Articles of Incorporation, selection and appointment of Directors are based on regulations regarding Board diversity, succession plans, and overall Board capabilities in the Corporation's "Charter of the Corporate Governance & Nominating Committee," and also reference evaluations of Board performance.

Director candidates are nominated for election by the Board or shareholders who hold more than 1% of shares; the professional backgrounds and skills of potential candidates are carefully considered prior to nomination. At re-elections, major shareholders recommend candidates based on relevant qualification criteria for Board reference and discussion, and candidates are then nominated in accordance with the Corporation's diversity policies and succession plans.

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Before recommending Chairman candidates for selection and appointment, major shareholders reference selection, management, and assessment guidelines set out by the Corporation to conduct comprehensive evaluation, review, and confirmation of candidate qualifications and experience, as well as the responsibilities required for corporate operations, adhering to the highest principle of appointing appropriate talent to appropriate positions when recommending successors for Chairman. The President is also appointed in accordance with the aforementioned principles. Additionally, the Corporation arranges for senior managers to sit in on Board meetings so they can familiarize themselves with Board operations, and also helps senior managers expand their participation and work rotation experience in different operational units.

(3) Demarcation of Authority Between Board of Directors and Management:

By reference to the spirit of the corporate governance initiatives, the demarcation of authority for business decision-making is as follows: in principle, the Board of Directors is responsible for making decisions pertaining to the Corporation's major operations and development, as well as matters relating to major financial and business conduct; other affairs are delegated to the Chairman and Management, and the Board of Directors takes responsibility for supervision thereof. The table governing the foregoing principle of Delegation of Responsibility and Authority of the Corporation's business was revised accordingly.

(4) Purchase of Directors and Officers Liability Insurance (D&O):

- ① Purchase of D&O is a part of implementation of corporate governance initiatives. From the Corporation's perspective, D&O not only facilitates the acquisition of talent, but also encourages dauntless service, thus contributing to corporate governance. For directors and officers, D&O can help to avoid damages due to legal liability from fault or neglect related to performance of duties.
- ② The current insured D&O amount is NT\$ 900 million.

(5) Formulation of Reasonable Remuneration Policies and Evaluation of Connection Between Reasonableness of Remuneration and Performance Assessment Results:

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Article 27-1 of the Corporation's "Articles of Incorporation" stipulates that the pay to the Directors for their services as Directors shall be discussed and determined by the Board of Directors separately for each Director, considering the level of involvement and value of contribution of each Director and by reference to the usual level of such pay in the industry. Additionally, if the final annual accounts of the Corporation show a net profit for a given year, it shall allocate not more than 1 percent as profit-sharing compensation to Directors according to Article 35-1 of the Corporation's "Articles of Incorporation." Independent directors receive a fixed sum of monthly compensation as determined by the Board of Directors, and are not entitled to profit-sharing compensation when the Corporation is profitable.

Employee compensation is determined by individual work experience, work position and work duties, work abilities and work performance, and the Corporation's financial status and business operations, and has a positive correlation with the Corporation's business performance. In addition, according to Article 35-1 of our "Articles of Incorporation," if the final annual accounts of the Corporation show a net profit for a given year, it shall allocate not less than 1 percent of the net profit as profit-sharing compensation to employees. Compensation standards for Corporation managers shall consider individual performance, contribution to overall operations, and stipulations of relevant Corporation by-laws, and are determined by the Board of Directors with reference to market standards for such compensation.

The remuneration of the Corporation's Chairman and President is determined in reference to the "Reference Table of Remuneration Standards for Heads of Public Institutes under the Ministry of Transportation and Communications" and is submitted to the Board for approval. In order to fully reflect achievement of operational performance indicators, performance assessments criteria for the Chairman are based on annual Corporation performance relating to operations, governance, and finances, and include four assessment items: net income before tax, credit ratings or Taiwan ratings, customer satisfaction, and corporate governance evaluations. Performance assessment items for the President include: management of operational safety,

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supervision of financial plan execution, revenue management, promotion of autonomous maintenance capabilities, strengthening of internal controls, and implementation and management of quality assurance.

Performance evaluations of Corporation directors and managers reference our “Regulation of Self-Evaluation of the Board of Directors” and our “Performance Appraisal Regulation” (applicable to managers and employees). Reasonable compensation is provided to directors and managers, and takes into account the Corporation’s overall business performance, future industrial risks, and development trends, as well as individual performance achievement rates and level of contribution to the Corporation. Relevant performance evaluations and rationality of compensation are reviewed by the Remuneration Committee and the Board of Directors; our compensation system is adjusted according to business operations and related laws and regulations when appropriate, and also considers current corporate governance trends so as to balance sustainable operations and risk management.

Results of performance self-assessments for the Corporation’s Board of Directors, Board members, and functional committees in 2022 all significantly exceeded standards. Additionally, results of performance assessments for managers in 2022 showed that all managers either met or exceeded set targets. Compensation for the Corporation’s Chairman, Board directors, President, and managers fully consider the professional capabilities of these individuals and Corporation operations and finances, and are linked to individual performance management and evaluation results.

The Corporation distributes year-end bonuses and performance bonuses according to business performance and has set salary adjustment policies to enhance compensation and welfare for all employees.

(6) Periodic Independence Assessments of Certified Public Accountant (CPA):

According to Article 5-3-06 of the Corporation’s GCG, the Audit Committee shall conduct assessments of CPA professionalism, independence, and reasonableness of audit fees at the end of each fiscal year, and these assessments shall be submitted to

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the Board of Directors. The Corporation's CPA assessment results for 2022 were approved by the 9th Board at the 33th Audit Committee Meeting held on February 20, 2023 and the 9th Board at the 35th Board Meeting on February 22, 2023, confirming that the accountants fulfilled assessment standards for independence and competency:

No.	Evaluation Item	Evaluation Results	Passed Independence Assessment
1	As of the most recent audit, there have been no instances where CPA remained unchanged for 7 years, or where CPA was reassigned to the Corporation within 2 years.	Yes	Yes
2	CPA has no direct or indirect major financial stake in the Corporation.	Yes	Yes
3	CPA is not involved in any financing or financial guarantee agreements involving the Corporation or Corporation directors.	Yes	Yes
4	CPA does not have any potential employment relationship with the Corporation.	Yes	Yes
5	Accounting firm of CPA is not overly reliant on funds from the Corporation as a single client .	Yes	Yes
6	CPA and members of the audit team are not currently serving as Corporation directors, managers, or in positions that have major impact on Corporation audits, and have not done so over the past 2 years.	Yes	Yes
7	Non-audit services provided by CPA to the Corporation have no direct impact on the major items of audit services provided.	Yes	Yes

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No.	Evaluation Item	Evaluation Results	Passed Independence Assessment
8	CPA does not promote or sell shares or other securities issued by the Corporation.	Yes	Yes
9	CPA is not representing the Corporation in litigation with a third party or other disputes.	Yes	Yes
10	CPA and members of the audit team have no familial relationships with directors, managers, or people in positions that have major impact on Corporation audits at the Corporation.	Yes	Yes
11	CPA has not served as company director, manager, or in positions that have major impact on Corporation audits within 1 year of termination.	Yes	Yes
12	The Corporation has not requested that members of the audit team accept improper accounting practices or improper disclosures on financial statements made by the Corporation.	Yes	Yes
13	The Corporation has not exerted pressure on accountants and facilitated improper reduction of audit duties in order to reduce audit fees.	Yes	Yes
14	CPA is not involved in decision-making managerial duties at the Corporation.	Yes	Yes

IV. Effectiveness of Corporate Governance System

1. Preliminary Review by Functional Committees

In accordance with the GCG, functional committees deliberate the respective proposals submitted by the Management, perform relevant duties, and actively fulfill their preview role for the Board of Directors.

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2. Independence and Professionalism of Independent Directors

When discussing official business with the Board of Directors and functional committees, independent directors promptly express their opinions, exert their independence and professionalism, and contribute to discussion efficiency and quality of decision making.

3. Management Implementation

The Management fully understands the framework and spirit of corporate governance, and complies with applicable by-laws and regulations and resolutions of shareholder and Board meetings when performing their duties and fulfilling their duty of care.

4. Strengthen Information Disclosure

For the convenience of shareholders and stakeholders, our corporate governance information is disclosed on the Market Observation Post System (<https://mops.twse.com.tw>). In addition, we release our corporate governance information on our corporate website (<https://www.thsrc.com.tw>) in both Chinese and English to further enhance transparency. Material information is disclosed on the Market Observation Post System in both Chinese and English so that domestic and overseas investors can receive timely updates on the latest Corporation information. Furthermore, we not only communicate all issues of concern to our stakeholders through multiple channels, but also established a stakeholder section and stakeholder contacts on our corporate website. Appropriate communication allows us to understand the reasonable expectations and needs of our stakeholders and respond accordingly to major issues of concern.

5. Corporate Social Responsibility and Social Contribution

The Corporation has viewed realization of corporate social responsibilities as the foundation of our core services since our establishment. We continuously committed to social care, environmental protection and corporate governance, and consider corporate social responsibility as one of our core values, to promote balance and sustainable development on economic, social and ecological in order to achieve the goal of sustainable management.

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The Corporation follows the spirit of the international human rights conventions, and the characteristics of rail transportation industry. In 2018, we formulated our “Human Rights Policy” which adheres to labor laws and other relevant regulations, and supports and complies with the principles and essence of international human rights conventions such as the United Nation’s Universal Declaration of Human Rights, Guiding Principles on Business and Human Rights, the UN Global Compact, and the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work. We also ensure that our human resource policies do not discriminate based on gender, race, social status, age, marital status, religion, or political affiliation. We have formulated clear regulations in accordance with the demands of human rights policies, and we identify important human rights issues to serve as a reference for promoting risk-mitigating measures. Furthermore, the Corporation’s Supplier Management Policy shows that apart from quality, cost, delivery date, and services, the Corporation also considers issues relating to reasonable profits, social responsibility, worker safety, human rights, and environmental protection when making management decisions and implementing procurement procedures.

V. Future Plans for Corporate Governance

In 2017, we drafted a sustainability strategy blueprint using our 4Ts (Transportation, Technology, Taiwan, and Touch) as the main pillars of our sustainable management strategy. In order to pursue greater excellence in sustainable implementations, we continue to review the Corporate Governance 3.0 Strategic Development Blueprint and strive to achieve corresponding UN SDGs to strengthen and implement corporate governance and sustainable operations. In future, we will continue to reference international trends and local demands, using our 4Ts to formulate our short-, mid-, and long-term goals and action plans while incorporating ESG (Environment, Social, Governance) concepts into our operational plans and actively implementing sustainable actions in our business operations. We use various assessment mechanisms to periodically track the development and performance of various issues, and to promote and implement our sustainable concepts as we gradually solidify our

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determination and commitment to sustainable operations to realize our corporate vision “To be the platform for advancement and enjoyment.”

VI. Concluding Remarks

Since going public, the Corporation has participated in the TWSE Corporate Governance Evaluations for five consecutive years (from 2017 to 2021) and was ranked among the top 5% of publicly listed companies. In future, we will focus on the continuous functioning of functional committees and independent directors. Furthermore, we will uphold the principles of enterprise autonomy, consistently review the framework and mechanisms of corporate governance, in order to improve the corporate governance system and set Taiwan High Speed Rail Corporation as a benchmark for corporate governance.

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Supporting table

Main duties of the Board of Directors and functional committees:

Item	Primary Tasks
Board of Directors	<p>As per Article 3-02 of the Guidelines for Corporate Governance of the Corporation, the Board of Directors has the following primary tasks:</p> <ol style="list-style-type: none"> 1). Reviewing and deliberating the adoption and amendment of an internal control system, and evaluation of effectiveness of an internal control system. 2). Reviewing and deliberating significant bylaws and rules. 3). Reviewing and deliberating the Corporation’s significant financial plans, long-term and short-term goals, business plans, and budgets and final accounts. 4). Drawing up proposals for the distribution of profits and offsetting of losses and for increases or decreases in capital. 5). Reviewing and deliberating the setting up, closing down, or change of branches. 6). Reviewing and deliberating matters that may involve the personal interest of a Director. 7). Reviewing and deliberating material asset or derivatives transactions and material loans of funds or endorsements or guarantees. 8). Reviewing and deliberating any offering, issuance, or private placement of securities. 9). Reviewing and deliberating the appointment, dismissal, and compensation of the attesting CPAs (external auditor). 10). Appointing, dismissing, and supervising senior managerial officers and the chief financial officer, chief accountant, and chief internal auditor. 11). Reviewing and deliberating any matter presented by the Chairman, or submitted by a functional committee, or submitted by a Managerial Officer and then presented by the Chairman.

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Item	Primary Tasks
	<p>12). Supervising the Corporation’s operating results and risks, and ensuring compliance with relevant laws and regulations.</p> <p>13). Planning directions for future development.</p> <p>14). Enhancing the Corporation’s image and fulfilling social responsibility.</p> <p>15). Reviewing and deliberating other significant matters requiring resolution by the Board as provided by laws and regulations, the Articles of Incorporation, shareholders’ meeting resolutions, these Guidelines, or other relevant bylaws of the Corporation.</p>
<p>Corporate Governance & Nominating Committee</p>	<p>As per Article 3 of the Charter of the Corporate Governance & Nominating Committee, the Corporate Governance & Nominating Committee is responsible for the following tasks:</p> <ol style="list-style-type: none"> 1). Review the diversified backgrounds of independent directors, non-independent directors, and managerial officers in terms of professional and technical knowledge, past experiences, and gender as well as standards of impartiality, and use these criteria to seek out, assess, and nominate candidates to serve as directors, independent directors, and managerial officers. 2). Plan composition of the Board and its functional committees and evaluate performance of the Board, committees, all directors, and managerial officers, and the independence of the independent directors. 3). Be responsible for nominations of independent directors and non-independent directors. 4). Identify and evaluate potential candidates for independent and non-independent directors. 5). Review the basis programs for director continuing education and succession plans of directors and managerial officers (succession planning).

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Item	Primary Tasks
	<ul style="list-style-type: none"> 6). Plan and review implementation performance of the Board and its committees. 7). Devise and review liability insurance plans for directors and managerial officers. 8). Review status of information disclosures. 9). Analyze, implement, and provide recommendations relating to the Corporation’s corporate governance system, and review the Corporation’s Guidelines for Corporate Governance and relevant bylaws. 10). Review implementation performance of the corporate governance system, including execution of corporate social responsibilities, ethical management, and stakeholder communication. 11). Other duties as required by the Corporation’s Articles of Incorporation, Guidelines for Corporate Governance, or resolutions passed by the Board.
<p>Audit Committee</p>	<p>As per Article 3 of the Charter of the Audit Committee, the Audit Committee is responsible for the following tasks:</p> <ul style="list-style-type: none"> 1). Adopt or amend the internal control systems pursuant to Article 14-1 of the Securities and Exchange Act. 2). Evaluate the effectiveness of the Corporation’s internal control system. 3). Adopt or amend the procedures for material financial or operational acts such as acquisition or disposal of assets, derivatives trading, monetary loans to others, or providing endorsements or guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act. 4). Review matters that may involve the personal interest of directors. 5). Review material asset and derivatives transactions. 6). Review material monetary loans or endorsement, or provision of guarantees.

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Item	Primary Tasks
	<ul style="list-style-type: none"> 7). Review the public offering, issuance, or private placement of equity-type securities. 8). Evaluate the appointment, dismissal, or compensation of attesting CPAs. 9). Evaluate the appointment and dismissal of the Corporation’s chief financial officer, chief accountant, or chief internal auditor. 10). Review annual and quarterly financial reports, which are signed or sealed by the Corporation Chairperson, managerial officer, and certified public accountant. 11). Review the Corporation’s accounting system and financial condition. 12). Evaluate the Corporation’s risk management policies and risk measurement standards. 13). Review the procedures for material financial and operational acts 14). Evaluate, examine, and monitor any existing or potential risks to the Corporation. 15). Examine the Corporation’s compliance with laws, regulations and rules. 16). Review the Corporation’s capital, financing, and credit plans. 17). Assess the Corporation’s tax planning and compliance with tax laws and regulations. 18). Other major matters as required by the Corporation or the competent authority. 19). Other duties as required by the Corporation’s Articles of Incorporation, Guidelines for Corporate Governance, or resolutions passed by the Board.
Remuneration Committee	<p>As per Article 3 of the Charter of the Remuneration Committee, the Remuneration Committee is responsible for the following tasks:</p> <ul style="list-style-type: none"> 1). Formulate and regularly review the performance assessment standards,

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Item	Primary Tasks
	<p>performance goals, and the policies, systems, standards, and structure for the compensation of directors and managerial officers of the Corporation.</p> <p>2). Regularly assess the degree to which performance goals for directors and managerial officers of the Corporation have been achieved, set the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment criteria.</p>
Special Committee	<p>As per Article 3 of the Charter of the Special Committee, the Special Committee is responsible for the following tasks:</p> <p>1). Provide counsel and suggestions in accordance with Board resolutions on major legal or contractual disputes and important changes in Corporation management mechanisms, and assist the Board in supervising the implementation of said resolutions by managerial departments.</p> <p>2). Review proposals relating to procurement matters that should be submitted to the Board by managerial departments according to Corporation bylaws.</p> <p>3). Other duties as required by the Corporation’s Articles of Incorporation, Guidelines for Corporate Governance, or resolutions passed by the Board.</p>

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Communication items between independent directors and chief internal auditor for 2022:

Date	Communication Method (Audit Committee Term-Sitting)	Report Highlight	Communication Results	The Corporation's Responses to Independent Director Opinions
2022/2/23	Audit Committee Meeting (9-21)	2021 Q4 audit office project implementation report	Approved and acknowledged by all Audit Committee members in attendance.	No objections from independent directors.
2022/5/4	Audit Committee Meeting (9-24)	2022 Q1 audit office project implementation report	Approved and acknowledged by all Audit Committee members in attendance.	No objections from independent directors.
2022/8/3	Audit Committee Meeting (9-27)	2022 Q2 audit office project implementation report	Approved and acknowledged by all Audit Committee members in attendance.	No objections from independent directors.
2022/10/7	Audit report (Independent report made by internal audit managers to independent directors)	Audit plans for 2023	Acknowledged by independent directors.	No objections from independent directors.
2022/10/12	Audit Committee Meeting (9-29)	Formulation of 2023 audit report for auditing office	Approved and acknowledged by all Audit Committee members in attendance.	No objections from independent directors.
2022/11/2	Audit Committee Meeting (9-30)	2022 Q3 audit office project implementation report	Approved and acknowledged by all Audit Committee members in attendance.	No objections from independent directors.

Management Presentation

Communication items between independent directors and CPAs for 2022:

Date	Communication Method (Audit Committee Term-Sitting)	Report Highlight	Communication Results	The Corporation's Responses to Independent Director Opinions
2022/2/23	Audit Committee Meeting (9-21)	<ol style="list-style-type: none"> 1. Summary of audits on financial report for 2021 2. Statement of Independence 3. Key audit items 4. Other disclosures for 2021 	Approved after discussion by all Audit Committee members in attendance.	No objections from independent directors.
2022/5/4	Audit Committee Meeting (9-24)	<ol style="list-style-type: none"> 1. Summary of audits on financial report for first quarter of 2022 2. Statement of Independence 	Approved after discussion by all Audit Committee members in attendance.	No objections from independent directors.
2022/8/3	Audit Committee Meeting (9-27)	<ol style="list-style-type: none"> 1. Summary of audits on financial report for second quarter of 2022 2. Statement of Independence 	Approved after discussion by all Audit Committee members in attendance.	No objections from independent directors.
2022/11/2	Audit Committee Meeting (9-30)	<ol style="list-style-type: none"> 1. Summary of audits on financial report for third quarter of 2022 2. Statement of Independence 3. Explanation of new disclosures in financial report for third quarter of 2022 <p>Audit plans and key audit items for 2022 financial report</p>	Approved after discussion by all Audit Committee members in attendance.	No objections from independent directors.
2022/11/2	CPA audit report (Independent report made by CPAs to independent directors)	Report of audits on financial statements and audit plans	Acknowledged by independent directors.	No objections from independent directors.

Management Presentation

Report No. 2: Report on Allocation of 2022 Remuneration to Board of Directors and Employees.

1. According to Article 235-1 of the Company Act and Letter No. 10402413890 dated June 11, 2015 issued by the Ministry of Economic Affairs, a fixed amount or ratio of profit of the current year distributable as employees' compensation as well as remuneration to directors and supervisors shall be stipulated in the Articles of Incorporation. However, the Corporation's accumulated losses should be offset prior to distribution. Distribution of director and employee compensation shall be undertaken by a resolution adopted by a majority vote at a Board meeting attended by at least two-thirds of the total number of directors, and a report of such distribution shall be submitted to the shareholders' meeting.
2. Furthermore, according to Article 35-1 of the Articles of Incorporation, "If the final annual accounts of the Corporation show a net profit for a given year, it shall allocate not less than 1 percent of the net profit as profit-sharing compensation to employees and not more than 1 percent as profit-sharing compensation to directors; provided, however, that if the Corporation still has any accumulated loss, it shall first set aside the amount to offset the loss before such allocation."
3. The Corporation's profit for 2022 (i.e. pre-tax profit prior to deduction of distributable director and employee compensation) amounts to NT\$4,375,000,000 (no accumulated losses offset). In accordance with the provisions stipulated in the preceding regulations and Articles of Incorporation, a resolution was reached at the 34th meeting of the 9th Board on January 18, 2023, and the 35th meeting of the 9th Board dated February 22, 2023 for the distribution of 2022 director and employee compensation, with the percentage and amount to be allocated as follows:

Management Presentation

- (1) For directors' compensation:
 1. Percentage allocated: 0.5%.
 2. Amount allocated: NT\$ 21,875,000.
- (2) For employees' compensation
 1. Percentage allocated: 2 %.
 2. Amount allocated: NT\$ 87,500,000.

Management Presentation

Report No. 3: Report on Director Remuneration for 2022.

1. According to Article 10-1 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, TWSE/TPEX listed companies shall report on director remuneration at shareholders' general meetings, including remuneration policies and the relationship between individual remuneration, remuneration amounts, and performance evaluation results.
2. The Corporation's director remuneration distribution policies adhere to Article 27-1 of the Articles of Incorporation, which stipulates that the pay to the Directors for their services as Directors shall be discussed and determined by the Board of Directors separately for each Director, considering the level of involvement and value of contribution of each Director and by reference to the usual level of such pay in the industry. Additionally, according to Article 35-1 of the Articles of Incorporation, if the Corporation is profitable in a given year, it should allocate not more than 1 percent as profit-sharing compensation to Directors. Independent Directors receive a fixed amount of remuneration every month as determined by the Board of Directors, and do not receive profit-sharing compensation.
3. Details of the Corporation's director remuneration and remuneration amounts for 2022 are shown in the following table.

Management Presentation

Remuneration to directors and independent directors (names and method of payment disclosed)

Unit: NT\$ thousands (as of 2022/12/31)

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than a Corporation Subsidiary or from Parent Company					
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D) (Note 1)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)											
		The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation		All companies included in financial statements		The Corporation	All companies included in financial statements						
																Cash	Stock	Cash	Stock								
China Aviation Development Foundation		0	0	0	0	4,861	4,861	0	0	4,861	4,861	0.13	0.13	0	0	0	0	0	0	0	0	4,861	4,861	0.13	0.13	None	
Chairman Representative: Yao-Chung Chiang		6,605	6,605	0	0	0	0	481	481	7,086	7,086	0.19	0.19	0	0	0	0	0	0	0	0	7,086	7,086	0.20	0.20	None	
Director Representative: Lee-Ching Ko		0	0	0	0	0	0	96	96	96	96	0.00	0.00	0	0	0	0	0	0	0	0	96	96	0.00	0.00	None	
Ministry of Transportation and Communications, R.O.C.		0	0	0	0	4,861	4,861	68	68	4,929	4,929	0.13	0.13	0	0	0	0	0	0	0	0	4,929	4,929	0.13	0.13	None	
Director Representative: Wen-Jong Chi		0	0	0	0	0	0	96	96	96	96	0.00	0.00	0	0	0	0	0	0	0	0	96	96	0.00	0.00	None	
Director Representative: Chin-Hong Pan		0	0	0	0	0	0	101	101	101	101	0.00	0.00	0	0	0	0	0	0	0	0	101	101	0.00	0.00	None	
China Steel Corporation		0	0	0	0	2,431	2,431	88	88	2,519	2,519	0.07	0.07	0	0	0	0	0	0	0	0	2,519	2,519	0.07	0.07	None	
Director Representative: Chao-Tung Wong		0	0	0	0	0	0	0	0	0	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0.00	0.00	None
Taiwan Sugar Corporation		0	0	0	0	2,431	2,431	136	136	2,567	2,567	0.07	0.07	0	0	0	0	0	0	0	0	2,567	2,567	0.07	0.07	None	

Management Presentation

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than a Corporation Subsidiary or from Parent Company		
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D) (Note 1)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)								
		The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation		All companies included in financial statements		The Corporation	All companies included in financial statements					
Director Representative: Chao-Yih Chen		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
TECO Electric & Machinery Co., Ltd.		0	0	0	0	2,431	2,431	0	0	2,431	2,431	0	0	0	0	0	0	0	0	2,431	2,431	0.06	0.06	None
Director Representative: Mao-Hsiung, Huang		0	0	0	0	0	0	160	160	160	160	0	0	0	0	0	0	0	0	160	160	0.00	0.00	None
Management Committee of National Development Fund, Executive Yuan		0	0	0	0	2,431	2,431	30	30	2,461	2,461	0	0	0	0	0	0	0	0	2,461	2,461	0.07	0.07	None
Director Representative: Shien-Quey Kao		0	0	0	0	0	0	90	90	90	90	0	0	0	0	0	0	0	0	90	90	0.00	0.00	None
Taipei Fubon Commercial Bank Co., Ltd.		0	0	0	0	2,431	2,431	0	0	2,431	2,431	0	0	0	0	0	0	0	0	2,431	2,431	0.06	0.06	None
Director Former Representative: Kuo-Chih Liu		0	0	0	0	0	0	184	184	184	184	0	0	0	0	0	0	0	0	184	184	0.00	0.00	None
Independent Director Kenneth Huang-Chuan Chiu		720	720	0	0	0	0	376	376	1,096	1,096	0	0	0	0	0	0	0	0	1,096	1,096	0.03	0.03	None
Independent Director Dwei Tsai		303	303	0	0	0	0	352	352	655	655	0	0	0	0	0	0	0	0	655	655	0.02	0.02	None
Independent Director Pai-Ta Shih		720	720	0	0	0	0	376	376	1,096	1,096	0	0	0	0	0	0	0	0	1,096	1,096	0.03	0.03	None
Independent Director Yung-Cheng (Rex) Lai		720	720	0	0	0	0	360	360	1,080	1,080	0	0	0	0	0	0	0	0	1,080	1,080	0.03	0.03	None

1. Please describe policies, systems, standards, and structures for independent director remuneration, and connection between remuneration amounts and borne duties, risks, time invested, and other factors:

According to Article 2-07 of the Corporation's "Guidelines for Corporate Governance," the remuneration paid to Directors for their services as Directors, including Board meeting attendance fees, salary and pay, and profit-sharing compensation paid to Directors as set out in the Articles of Incorporation, shall be discussed and determined by the Board separately for each Director, in accordance with laws and regulations, the Articles of Incorporation, and these Guidelines, with consideration to the level of involvement and value of the contribution of each Director, and taking into reference the usual pay level in the industry domestically and abroad. Remuneration for independent directors adheres

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Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than a Corporation Subsidiary or from Parent Company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D) (Note 1)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation	All companies included in financial statements	The Corporation		All companies included in financial statements		The Corporation	All companies included in financial statements			
<p>to MOTC remuneration standards for privatized state-owned enterprises and is based on overall operational performance, future industrial risks, and development trends and in reference to the Corporation's "Regulation of Self-Evaluation of the Board of Directors." Relevant performance evaluations and rationality of compensation are reviewed by the Remuneration Committee and the Board of Directors; our compensation system is adjusted according to business operations and related laws and regulations when appropriate, and also considers current corporate governance trends so as to balance sustainable operations and risk management. The Corporation's independent directors are not entitled to profit shares.</p> <p>2. Remuneration paid to Corporation directors by all companies included in financial statements for services (such as non-employee consultants and others) other than disclosed in the table above: None.</p>																						

Note 1: Includes expenses for meeting attendances and company cars, but not driver remuneration.

Note 2: The remuneration disclosed in this table uses a different concept to that of the Income Tax Act, and therefore the purpose of this table is merely to disclose the information. This information should not be used for tax purposes.

Note 3: The Corporation has no subsidiaries and therefore does not disclose any consolidated financial reports.

Management Presentation

Report No. 4: Revision of Sustainable Development Best Practice Principles.

1. In accordance with amendments made to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange on December 23, 2022, and in consideration of the Corporation’s operations, amendments are proposed to the Corporation’s “Sustainable Development Best Practice Principles.”
2. A comparison of amended articles in the “Sustainable Development Best Practice Principles” is shown in Attachment I (please refer to p.59-p.60 of the Annual Meeting Handbook).
3. This proposal was approved at the 36th meeting of the 9th Board dated March 15, 2023, and is hereby presented to the shareholders’ annual general meeting.

Proposals

Proposal No. 1: Proposed by the Board

Proposal: Proposal of 2022 Annual Business Report and Financial Statements of the Corporation.

Explanation: The Corporation's 2022 Business Report (please refer to p.34-p.42 of the Annual Meeting Handbook) and Financial Statements (please refer to p.43-p.47 of the Annual Meeting Handbook) were approved on February 22, 2023 at the 35th meeting of the 9th Board. The financial statements were audited by certified public accountants, and an audit report thereto was issued on February 22, 2023 (please refer to p.48-p.51 of the Annual Meeting Handbook), distributed to the Audit Committee for review (please refer to p.52 of the Annual Meeting Handbook), and is hereby submitted for adoption at shareholders' annual general meeting.

Resolution:

Proposals

Business Report for 2022

Business report and future prospects

Since the outbreak of the COVID-19 in early 2020, passenger volumes have declined in recent years. With the slowdown of the epidemic, various control measures have been relaxed, and ridership recovered slowly since July 2022. As one of the main transportation means in Taiwan's western corridor, Taiwan High Speed Rail Corporation (THSRC) has continuously implemented various preventive measures to ensure the safety and well-being of our customers and employees during this difficult time.

Looking ahead to the future, we hope the global pandemic will come to an end soon for normalcy to resume. We will continue to deliver on our commitment to provide excellent service, comfortable travel, and customer satisfaction, adhering to the principle of "To be the Platform for Advancement and Enjoyment" for every action we take.

1. Business report for 2022

(1) Operational performance

1) Rail Operations

Due to the impact of the epidemic during the first half of 2022, ridership remained low. However, with epidemic slowing and control measures relaxing, ridership gradually recovered since July. A total of 54,054 train services were provided during the course of the year, an increase of 7,262 train services compared to 46,792 trains in 2021. Our loading factor was 53.31% (up by 3.43% compared to 49.88% in 2021) and passenger volume increased to 54.16 million, up by 10.70 million compared to 43.46 million in 2021. Our total passenger-kilometers were 9,388 million km, up by 23.38% compared to 7,569 million km in 2021. Average daily ridership was 148,389 passengers, an increase of 29,322 passengers compared to 119,067 passengers in 2021.

In terms of operational safety, no accidents or injuries occurred in 2022. Our average punctuality rate (arrival within five minutes of scheduled time) was 99.47%, higher compared to 2021, and our average reliability rate (excluding delays due to force majeure)

Proposals

was 99.99%.

Operational Statistics

Indicators	2021	2022	Change
1. Train Services	46,792	54,054	+15.52%
2. Ridership (in millions)	43.46	54.16	+24.62%
3. Seat-Kilometers (in millions)	15,175	17,517	+15.43%
4. Passenger-Kilometers (in millions)	7,569	9,338	+23.38%
5. Punctuality Rate (as % of trains arriving within five	99.00%	99.47%	+0.47%
6. Loading Factor (Passenger-km/Seat-km)	49.88%	53.31%	+3.43%

2) Marketing and Passenger services

Products, services, and activities launched in 2022:

A. Epidemic Prevention Measures

THSRC has implemented the following preventive measures in response to the COVID-19 pandemic:

- (a) Required passengers to wear masks and measure body temperature at HSR stations.
- (b) Enhanced cleaning and disinfection measures on trains and at HSR stations.
- (c) Adjusted regulations regarding eating and drinking on trains according to epidemic conditions and required passengers to wear face masks at all times, except when eating or drinking in train compartments.

B. Product Promotions

- (a) We launched a series of promotions to welcome the new post-pandemic lifestyle.
- (b) We launched the T Holiday and combo tickets for hotels, transportation, and various travel commodities, based on different customer characteristics to satisfy different customer segments.
- (c) We launched the regular promotions such as Early Bird Discount, College Student Discount, Credit Card Discount and Periodic / Multi-Ride Ticket, to meet different customer needs.

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C. Service Diversification

- (a) We continued to recruit TGo members through exclusive member benefits and various activities for members to redeem TGo points for rewards, in order to increase numbers and contributions from TGo members.
- (b) We continued to launch cumulative rewards activities to encourage corporate members to increase ridership.
- (c) THSRC is the first public transportation company to launch the voice booking service on the “T Express” app.
- (d) With increasingly aging population, we continue to improve each HSR station facilities, by adding movable barrier-free ramps at taxi area and barrier-free extension on bus platforms, and replacing hydraulic elevators, etc.
- (e) Reducing plastic of service products.

(2) Budget Implementation

In 2022, our estimated operating revenue was NT\$45.64 billion, but due to the continuous impact of the COVID-19 pandemic, actual operating revenue was NT\$37.13 billion. Our budget achievement rate was 81.4% and our actual net income was NT\$3.77 billion.

(3) Revenue, Expenditure, and Profitability Analysis

Our revenue was NT\$37.13 billion, up by 22.8% compared to 2021 and net income before tax was NT\$4.27 billion in 2022. An injection of stabilization fund NT\$0.399 billion was included in net income before tax.

Due to the increase of domestic COVID-19 cases in the second quarter of 2022, ridership declined sharply. However, as normalcy returned, ridership and revenue showed an upward trend during the third quarter.

Financial Data

Unit: NT\$ in billions

Indicators	2021	2023
Operating Revenue	30.23	37.13
Gross Profit	4.53	11.24

Proposals

Operating Income	3.32	9.92
Income Before Income Tax	4.27	4.27
Income Tax (Expense) Benefits	(0.65)	(0.49)
Net Income	3.61	3.77

(4) Research and Development

Main research and development activities in 2022 were as follows:

1) Civil Facilities:

- A. Establishment of artificial intelligence drone for HSR viaduct inspections.
- B. Update and upgrade of slope real-time monitoring system.
- C. Conducting research on amplification of seismic responses at viaducts in the Chiayi section.
- D. Research on the reduction of seismic displacement after implementation of dampers on viaducts in the Tainan area (including construction improvements and analysis of quantitative feedback).
- E. Rectification of differential vertical settlements between adjacent piers using pot bearings.

2) Operation and Maintenance System:

- A. Increased bandwidth of free Wi-Fi services at HSR stations and on trains.
- B. Development of Intelligent Passenger Information System (PIS).
- C. Addition of CCTV surveillance system in front of THSR trains.
- D. Development of Railway Turnout Monitoring System (TMS).
- E. Development of Bogie Running Tester (BRT).

3) Information Systems:

- A. Development of Advanced Open Reservation System (AORS) Phase 2.
- B. Optimization of AI voice booking service on T Express.
- C. Development of THSRC Digital Cloud Platform Service.
- D. Establishment of Malware Scan Kiosk.

4) Information Technology:

Proposals

Localization of maintenance materials and equipment and continue to collaborate with major industries, academic units, and research institutions to develop related materials and equipment, including to cooperate with Taiwan Rolling Stock Co., Ltd. to design of the “HSR Diesel-Hydraulic Locomotive.”

2. Business Plan for 2023

(1) Business Strategy

THSRC will continue to adhere to the vision of "To be the Platform for Advancement and Enjoyment" in 2023 and implement ESG and strengthen corporate governance. In addition, THSRC strives to provide a safe, high-quality, and innovative transportation service to promote Taiwan towards a better life, as well as implement major plans based on the following “six strategies directions:”

- 1) To reduce risk of disaster in response to external environment change.
- 2) To increase digital optimization and achieve digital transformation.
- 3) To improve service and operational management in response to population and technological change.
- 4) To create demand and increase revenue in the post-pandemic era.
- 5) To strengthen supply chain management and establish partnership.
- 6) To implement energy saving and carbon reduction, as well as to fulfill social responsibilities.

(2) Main Strategies and major projects on 4T

1) Transportation

Continue to improve operational safety, actively face the impact of climate change on transportation, establish relevant early warning mechanisms. In addition, in response to the characteristics of passenger demand and the competition of smart vehicle, we are optimizing the quality of software and hardware services of travel services, enhancing the competitiveness of high-speed rail, and providing a sense of security for passengers. Major implementation items include:

- A. To implement the slope safety assessment, as well as to carry out the upgrade and update

Proposals

of automatic slope monitoring system, in response to the threat of extreme weather.

- B. To assess the impact of the Chekulín Fault on the structural safety of viaducts and adopt drones for inspection and survey civil structures to strengthen disaster tolerance and early warning capabilities.
- C. To improve and optimize service facilities at HSR stations and on trains.
- D. To promote and develop T-MaaS for improving the convenience and experience of passengers.

2) Technology

Actively innovate and enhance technical capabilities, adopt new technologies and promote intelligent transportation, continue to improve operations, services, safety, and the efficiency and quality of emergency response, as well as adopt big data and digitalization to optimize customer experience and create a more convenient life. Major implementation items include:

- A. To develop Advanced Open Reservation System (AORS).
- B. To establish new AFCS cloud-based equipment at HSR stations and to digitalize Multi-Ride, Periodic Ticket, and E-Coupon Systems.
- C. To implement mobile payment function for fare adjustment and cart sales on trains.
- D. To implement the expansion plan of Data Transmission System (DTS) and Fiber Optic System (FOC) for optimizing the software and hardware of management information and travel services.

3) Taiwan

To promote local economic growth through collaboration with local enterprises or institutions. Major implementation items include:

- A. To promote the localization of the rail industry, such as OCS maintenance vehicle and foster the development capabilities of local rail industry.
- B. To promote local culture and activities, as well as to develop national tourism for invigorating local economy.
- C. To promote green procurement, such as plastic reduction for on-board service products,

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thermal paper magnetic tickets, etc. to achieve sustainable development and fulfill corporate social responsibility.

D. To revitalize affiliated businesses and strengthen the cooperation with local brands and social enterprises.

4) Touch

Continue to cultivate talents, promote employee development, establish a sustainable supply chain management mechanism, and implement energy conservation and carbon reduction measures to create positive environment benefits. Major implementation items include:

A. To manage database of potential upper management talents and develop key position plans to enhance the competitiveness and output value of employees.

B. To establish a sustainable supply chain management mechanism and collaborate with suppliers to create value for society and the environment.

C. To improve energy efficiency, THSRC installed battery energy storage equipment in Yanchao Main Workshop, electrical storage equipment in BSS, and solar power equipment in the parking lots of HSR stations.

D. To issue green lending of financial product for enhancing the competitiveness of environmental protection.

(3) Ridership Forecast

The global economy is slowly recovering from the pandemic, yet the impact is expected to last until 2024. Due to steady domestic economic growth after the pandemic, increasing convenience of digital ticket purchase services, promotion of membership services and improvement of travel products, we estimate that the annual ridership volume for 2023 will exceed 64.61 million passengers.

3. Future Outlook

THSRC will continue to implement the “4T” strategy into daily operations through proactive actions such as improving travel quality and innovative services. Facing the rapidly changing

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external environment, THSRC will continue to advance with the times and continue to build a more inclusive, resilient and sustainable transportation means.

4. Impacts of External Environment, Legal Environment, and Overall Business Environment

According to domestic economic forecasts released by the Directorate-General of Budget, Accounting and Statistics on November 29, 2022, cross-border travel is expected to rise with the easing of pandemic conditions; recovery of consumption volumes; and resumption of shopping, travel, and dining activities. Economic growth for 2023 is estimated to be 2.75%. Faced with challenges in external economic environments, the Corporation will continue to respond to market changes, formulate the best business strategies, and work to achieve all business goals.

In terms of the legal environment, the Ministry of Transportation and Communications recently amended Railway Act and a number of sub laws. In 2022, the “Railway Act”, “Railway Operating Regulations”, and “State-owned and Private Railway Train Driver Certification Management Rules” have been revised successfully, and led to a positive effect on ensuring the safety of railway operations and protecting the rights and interests of passengers. THSRC is optimistic about the outcomes and abides by relevant laws and regulations, and will adjust the company’s internal by-laws accordingly to ensure regulatory compliance.

THSRC regularly identifies applicable laws and complies with relevant regulations where necessary. We have an effective grasp on and appropriate response measures to changes in legal environments. Throughout the year 2022, all the relevant law amendments had no significant impacts to our business operations. We will continue to stay abreast of legislative updates, refine our operations, strengthen our corporate governance, integrate legal compliance into our corporate culture, and adhere to the highest safety standards so as to provide high-quality passenger services as we strive for long-term sustainability and generate value for our shareholders.

Looking at overall operational condition in 2022, the world’s major economies have raised interest rate to curb inflation. Challenges from ongoing stalemate in the Russia-Ukraine war and the US-China technology war are affecting global economic growth. Global forecasting institutions predicted that the global economic and trade growth rate in 2023 are expected to be lower than that in 2022. The slowdown of global economy will impact Taiwan’s import, export, and investment performance. Fortunately, with local epidemic slowing and government control measures relaxing, domestic consumption and related industries have been improved to support

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Taiwan economy in 2023. However, we will continue to focus on developing smart transportation, increasing safety and efficiencies of emergency responses, establishing local maintenance capabilities, developing localization materials, and formulating other strategic plans. Additionally, we will continue to enhance our strengths through industry cooperation and integrate local cultures to provide our passengers with better transportation quality.

TAIWAN HIGH SPEED RAIL CORPORATION
BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31			
	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 16,558,946	4	\$ 21,619,496	5
Financial assets for hedging (Note 7)	72	-	-	-
Notes and accounts receivable (Note 21)	413,946	-	665,957	-
Current tax assets (Note 4)	180,600	-	9,646	-
Inventories (Note 8)	2,425,999	1	2,345,998	1
Other financial assets (Notes 9 and 28)	11,496,900	3	24,126,307	6
Other current assets (Notes 13 and 27)	<u>1,060,231</u>	-	<u>1,206,592</u>	-
Total current assets	<u>32,136,694</u>	<u>8</u>	<u>49,973,996</u>	<u>12</u>
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 10 and 27)	128,514	-	109,162	-
Right-of-use assets (Note 11)	405,315	-	574,841	-
Operating concession assets (Notes 12 and 27)	359,479,197	90	367,972,348	86
Computer software, net (Note 12)	134,962	-	113,113	-
Deferred tax assets (Notes 4 and 23)	6,174,444	2	6,997,477	2
Other financial assets (Notes 9 and 28)	2,079,603	-	2,163,774	-
Other non-current assets (Note 13)	<u>1,403</u>	-	<u>2,330</u>	-
Total non-current assets	<u>368,403,438</u>	<u>92</u>	<u>377,933,045</u>	<u>88</u>
TOTAL	<u>\$ 400,540,132</u>	<u>100</u>	<u>\$ 427,907,041</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	\$ 5,737	-	\$ 16,142	-
Short-term bills payable (Notes 14 and 27)	21,960,820	6	14,982,445	4
Financial liabilities for hedging (Note 7)	-	-	512	-
Accounts payable	403,869	-	533,336	-
Operating concession liabilities (Notes 16 and 27)	426,563	-	8,049,281	2
Other payables (Notes 14 and 18)	3,418,404	1	3,033,767	1
Payable for construction (Note 27)	941,566	-	952,575	-
Current tax liabilities (Note 4)	-	-	10,813	-
Provisions (Notes 17 and 27)	284,781	-	1,169,273	-
Other current liabilities (Notes 11, 18, 21 and 27)	<u>1,508,643</u>	-	<u>1,277,565</u>	-
Total current liabilities	<u>28,950,383</u>	<u>7</u>	<u>30,025,709</u>	<u>7</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 15)	27,473,537	7	27,469,258	6
Long-term debt (Notes 14 and 27)	217,622,140	54	242,614,407	57
Provisions (Notes 17 and 27)	3,149,335	1	3,548,102	1
Lease liabilities (Notes 11 and 27)	238,113	-	395,011	-
Long-term interest payable (Note 14)	5,390,517	1	6,494,430	2
Operating concession liabilities (Notes 16 and 27)	49,759,974	13	48,991,747	11
Other non-current liabilities (Notes 18, 19 and 23)	<u>666,066</u>	-	<u>590,406</u>	-
Total non-current liabilities	<u>304,299,682</u>	<u>76</u>	<u>330,103,361</u>	<u>77</u>
Total liabilities	<u>333,250,065</u>	<u>83</u>	<u>360,129,070</u>	<u>84</u>
EQUITY (Note 20)				
Capital stock				
Common stock	<u>56,282,930</u>	<u>14</u>	<u>56,282,930</u>	<u>13</u>
Capital surplus	<u>172,981</u>	-	<u>172,981</u>	-
Retained earnings				
Legal reserve	4,212,542	1	3,852,440	1
Unappropriated earnings	<u>6,621,614</u>	<u>2</u>	<u>7,469,620</u>	<u>2</u>
Total retained earnings	<u>10,834,156</u>	<u>3</u>	<u>11,322,060</u>	<u>3</u>
Total equity	<u>67,290,067</u>	<u>17</u>	<u>67,777,971</u>	<u>16</u>
TOTAL	<u>\$ 400,540,132</u>	<u>100</u>	<u>\$ 427,907,041</u>	<u>100</u>

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

TAIWAN HIGH SPEED RAIL CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 27)	\$ 37,133,233	100	\$ 30,227,887	100
OPERATING COSTS (Notes 22 and 27)	<u>(25,890,103)</u>	<u>(70)</u>	<u>(25,702,330)</u>	<u>(85)</u>
GROSS PROFIT	11,243,130	30	4,525,557	15
OPERATING EXPENSES (Notes 22 and 27)	<u>(1,322,722)</u>	<u>(4)</u>	<u>(1,207,675)</u>	<u>(4)</u>
INCOME FROM OPERATIONS	<u>9,920,408</u>	<u>26</u>	<u>3,317,882</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	205,005	1	95,430	-
Interest expense (Notes 14, 22 and 27)	(6,231,824)	(17)	(5,757,241)	(19)
Stabilization reserve reverse (Note 17)	398,767	1	6,451,898	21
Other gains and losses (Notes 22 and 27)	<u>(26,731)</u>	<u>-</u>	<u>157,656</u>	<u>1</u>
Total non-operating income and expenses	<u>(5,654,783)</u>	<u>(15)</u>	<u>947,743</u>	<u>3</u>
INCOME BEFORE INCOME TAX	4,265,625	11	4,265,625	14
INCOME TAX EXPENSE (Note 23)	<u>(496,288)</u>	<u>(1)</u>	<u>(654,703)</u>	<u>(2)</u>
NET INCOME	<u>3,769,337</u>	<u>10</u>	<u>3,610,922</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	11,256	-	(12,374)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	<u>(2,251)</u>	<u>-</u>	<u>2,475</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>9,005</u>	<u>-</u>	<u>(9,899)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,778,342</u>	<u>10</u>	<u>\$ 3,601,023</u>	<u>12</u>
EARNINGS PER SHARE (Note 24)				
Basic earnings per share	<u>\$ 0.67</u>		<u>\$ 0.64</u>	

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

TAIWAN HIGH SPEED RAIL CORPORATION
STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	<u>Capital Stock</u>		<u>Retained Earnings</u>			<u>Total Equity</u>
	<u>Common Stock</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>	<u>Total</u>	
BALANCE AT JANUARY 1, 2022	\$ 56,282,930	\$ 172,981	\$ 3,852,440	\$ 7,469,620	\$ 11,322,060	\$ 67,777,971
Appropriations of 2021 earnings						
Legal reserve	-	-	360,102	(360,102)	-	-
Cash dividends to stockholders - NT\$0.758 per share	-	-	-	(4,266,246)	(4,266,246)	(4,266,246)
	-	-	<u>360,102</u>	<u>(4,626,348)</u>	<u>(4,266,246)</u>	<u>(4,266,246)</u>
Net income for the year ended December 31, 2022	-	-	-	3,769,337	3,769,337	3,769,337
Other comprehensive income for the year ended December 31, 2022	-	-	-	<u>9,005</u>	<u>9,005</u>	<u>9,005</u>
Total comprehensive income for the year ended December 31, 2022	-	-	-	<u>3,778,342</u>	<u>3,778,342</u>	<u>3,778,342</u>
BALANCE AT DECEMBER 31, 2022	<u>\$ 56,282,930</u>	<u>\$ 172,981</u>	<u>\$ 4,212,542</u>	<u>\$ 6,621,614</u>	<u>\$ 10,834,156</u>	<u>\$ 67,290,067</u>
BALANCE AT JANUARY 1, 2021	\$ 56,282,930	\$ 172,981	\$ 3,270,422	\$ 10,360,323	\$ 13,630,745	\$ 70,086,656
Appropriations of 2020 earnings						
Legal reserve	-	-	582,018	(582,018)	-	-
Cash dividends to stockholders - NT\$1.05 per share	-	-	-	(5,909,708)	(5,909,708)	(5,909,708)
	-	-	<u>582,018</u>	<u>(6,491,726)</u>	<u>(5,909,708)</u>	<u>(5,909,708)</u>
Net income for the year ended December 31, 2021	-	-	-	3,610,922	3,610,922	3,610,922
Other comprehensive loss for the year ended December 31, 2021	-	-	-	<u>(9,899)</u>	<u>(9,899)</u>	<u>(9,899)</u>
Total comprehensive income for the year ended December 31, 2021	-	-	-	<u>3,601,023</u>	<u>3,601,023</u>	<u>3,601,023</u>
BALANCE AT DECEMBER 31, 2021	<u>\$ 56,282,930</u>	<u>\$ 172,981</u>	<u>\$ 3,852,440</u>	<u>\$ 7,469,620</u>	<u>\$ 11,322,060</u>	<u>\$ 67,777,971</u>

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

Proposals

TAIWAN HIGH SPEED RAIL CORPORATION STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,265,625	\$ 4,265,625
Adjustments for:		
Depreciation	223,028	218,862
Amortization	13,412,502	14,039,807
Reversal of write-downs of inventories	(8,285)	(15,361)
Interest expense	6,231,824	5,757,241
Interest income	(205,005)	(95,430)
Loss (gain) on foreign currency exchange, net	39,847	(24,078)
Stabilization reserve reverse	(398,767)	(6,451,898)
Loss on disposal of intangible assets, net	179,046	47,934
Others	25,531	7,126
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	15,218,000
Financial liabilities for hedging	(584)	512
Notes and accounts receivable	252,011	(447,865)
Inventories	(71,716)	(269,780)
Other current assets	164,523	170,619
Other non-current assets	(471)	(700)
Accounts payable	(140,111)	263,622
Other payables	268,275	(220,239)
Provisions	(885,959)	-
Other current liabilities	236,965	445,583
Other non-current liabilities	(5,897)	(5,747)
Cash generated from operations	23,582,382	32,903,833
Interest received	188,183	96,073
Interest paid	(6,035,505)	(5,503,516)
Interest paid with respect to operating concession liabilities	(8,049,281)	(541,931)
Income tax refunded (paid)	141,601	(78,402)
	<u>9,827,380</u>	<u>26,876,057</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in other financial assets	12,705,174	(5,125,115)
Acquisition of property, plant and equipment	(46,898)	(36,199)
Acquisition of intangible assets	(5,191,424)	(3,664,773)
Proceeds from disposal of intangible assets	100	207
	<u>7,466,952</u>	<u>(8,825,880)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in short-term borrowings	(10,922)	(40,470)
Proceeds from short-term bills payable	7,000,000	15,000,000

(Continued)

Proposals

TAIWAN HIGH SPEED RAIL CORPORATION **STATEMENTS OF CASH FLOWS** **(In Thousands of New Taiwan Dollars)**

	For the Years Ended	
	December 31	
	2022	2021
Proceeds from issuance of bonds	\$ -	\$ 9,000,000
Repayment of long-term debt	(25,000,000)	(15,000,000)
Repayment of the principal portion of lease liabilities	(165,693)	(164,415)
Increase in other non-current liabilities	93,945	32,220
Cash dividends	<u>(4,266,246)</u>	<u>(5,909,708)</u>
Net cash (used in) generated from financing activities	<u>(22,348,916)</u>	<u>2,917,627</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(5,966)</u>	<u>(77)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,060,550)	20,967,727
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>21,619,496</u>	<u>651,769</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 16,558,946</u>	<u>\$ 21,619,496</u>

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

(Concluded)

Proposals

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan High Speed Rail Corporation

Opinion

We have audited the accompanying financial statements of Taiwan High Speed Rail Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, 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 and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

Basis of Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were 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 these matters.

The descriptions of the key audit matter of the 2022 financial statements are as follows:

Provision for Stabilization Reserve

Refer to Note 4.o. of the financial statements for further information on accounting policy on provision for stabilization reserve; Note 5.a. of the financial statements for further information on the accounting uncertainty associated with the judgments, and estimates and assumptions about provision for stabilization reserve. Refer to Note 17 of the financial statements for the details of such provision.

According to the Taiwan North-South High Speed Rail Construction and Operation Agreement ("C&O Agreement"), which was amended on July 27, 2015, the Corporation established the financial stabilization mechanism ("FSM") in 2016 in order to serve the purpose of returning the major portion of the excess earnings, which is defined under the C&O Agreement, to the ROC government. Started in 2017, the Corporation reports the status of the implementation of the aforementioned FSM to the Ministry of Transportation and Communications ("MOTC"), including the provision, contribution, and accumulated balance of the stabilization reserve in accordance with the C&O Agreement.

Proposals

Because 1) the provision for the stabilization reserve is related to the profitability of the remaining concession period under the C&O Agreement, 2) the reserve amount is material and can vary significantly, depending on the expiration or termination of the C&O Agreement, and 3) the implementation of the FSM involves critical accounting judgments and estimates, the recognition of provision for stabilization reserve is deemed a key audit matter.

Since earnings to be made in the remaining concession period, which will end in the year 2068 or any year where the C&O Agreement might be early terminated, cannot be reliably estimated, the stabilization reserve, totaling NT\$3,150,817 thousand as of December 31, 2022, was provided based on the earnings achieved in 2022 and on the requirements as stipulated in the C&O Agreement.

We evaluated that the measurement method used by the management for making the accounting estimates related to the abovementioned provision was reasonable. In addition, on a sampling basis, we: (1) reviewed the C&O Agreement related to the movement of the provision, (2) recalculated the amount of the provision and confirmed the accuracy of the balance, and (3) inspected the movement of the provision from the balance sheet date to the report date and verified that the balance of the provision at the balance sheet date was appropriately accrued.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the ROC, and for such internal controls 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the 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.

Proposals

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 Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 2022 financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Proposals

The engagement partners on the audit resulting in this independent auditors' report are Jui-Hsuan Ho and Kuo-Tyan Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2023

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.

Proposals

Audit Committee's Review Report on 2022 Financial Statements

Audit Committee's Review Report

The Board of Directors has prepared the Corporation's 2022 Business Report and Financial Statements. The CPA of Deloitte & Touche, Jui-Hsuan Ho and Kuo-Tyan Hong, were retained to audit the Financial Statements of Taiwan High Speed Rail Corporation and have issued an audit report relating to the Financial Statements. The Business Report and Financial Statements have been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan High Speed Rail Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Taiwan High Speed Rail Corporation

Chairman of the Audit Committee: Duei Tsai

February 22, 2023

Proposals

Proposal No. 2: Proposed by the Board

Proposal: Proposal of 2022 Profit Distributions of the Corporation.

Explanation:

1. As of year-end 2022, our distributable earnings amounted to NT\$ 6,244 million.
2. In order to stabilize and balance payout policies and in consideration of long-term corporate financial planning, the Corporation proposes cash dividends of NT\$0.67 per share for 2022 profit distribution, amounting to NT\$3,770,956,349 on a basis of 5,628,293,058 common shares outstanding.
3. The Corporation's profit distribution table for 2022 was approved at the 36th meeting of the 9th Board on March 15, 2023, circulated to the Audit Committee for review (please refer to p.55 of the Annual Meeting Handbook), and is hereby submitted to the shareholders' annual general meeting for approval.

Taiwan High Speed Rail Corporation

PROFIT DISTRIBUTION TABLE

<u>Fiscal Year 2022</u>	<u>Unit: NT\$</u>
Unappropriated retained earnings at the beginning of the period	2,843,270,184
Add: Net income for 2022	3,769,337,761
Add: Re-measurements of defined benefit plan	9,004,800
Undistributed earnings	6,621,612,745
Less: 10% legal reserve	(377,834,256)
2022 distributable earnings	6,243,778,489
Distributable items:	
Cash dividends (NT\$0.67 per share)	(3,770,956,349)
Current-year undistributed earnings	2,472,822,140

Proposals

4. Following approval from the 2023 shareholders' annual general meeting, the cash dividends will be distributed on an ex-dividend date payment date to be determined by the Board.

Resolution:

Proposals

Audit Committee's Review Report

The Board of Directors has prepared the Corporation's 2022 proposal for allocation of profits, and the proposal has been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan High Speed Rail Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Taiwan High Speed Rail Corporation

Chairman of the Audit Committee: Duei Tsai

March.15.2023

Election Matters

Election of the Corporation's 10th Board of Directors.

1. According to Article 17 and 17-1 of the Corporation's Articles of Incorporation, the Corporation's Board shall be composed of 9 to 17 directors, with the number of independent directors being no less than 3 and no less than one-third the number of directors. The total number of directors (including independent directors) is determined by the Board. Furthermore, the candidate nomination system stipulated in Article 192-1 of the Company Act is adopted for election of directors.
2. The quota of 15 directors (including 5 independent directors) to be elected was approved at the 35th meeting of the 9th Board dated February 22, 2023. Following election, the newly appointed directors will assume office after this shareholders' general meeting, with their three-year term starting on May 25, 2023 and ending on May 24, 2026.
3. Nomination of director (and independent director) candidates was carried out from March 17 to March 29, 2023. A list of nominated directors (and independent directors) was submitted at the 36th meeting of the 9th Board on March 15, 2023, and no other director (or independent director) candidates were nominated by shareholders.
4. The candidate nomination system is adopted for election of directors (and independent directors) and the shareholders shall elect directors from among the nominees listed in the roster of director candidates. Please refer to Attachment II for education backgrounds, past work experience, and other relevant information of the candidates (p.61-p.73 of the Annual Meeting Handbook).
5. Please refer to Appendix II for the Corporation's Rules for the Election of Directors (p.91-p.94 of the Annual Meeting Handbook).

Voting Results:

Other Discussion Items

Other Discussion Items: Proposed by the Board

Proposal: Removal of Non-Competition Restriction Against the Corporation's 10th Board of Directors

Explanation:

1. According to Paragraph 1, Article 209 of the Company Act, a director who does anything for themselves or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure approval to conduct the same.
2. In view of the fact that director (and independent director) candidates nominated by the Board hold concurrent positions in enterprises whose business is partly the same or similar with the Corporation, we have prepared a list of directors to release from non-competition restrictions according to the foregoing stipulation of Article 209 of the Company Act (please refer to Attachment III on p.74-p.76 of the Annual Meeting Handbook), and submit this to the shareholders' general meeting for approval to release prohibition on newly elected directors and their representatives from participation in competing business on the condition that such participation will not jeopardize the interests of the Corporation.
3. This proposal requests on-the-spot approval regarding directors and scope of non-competition restrictions in accordance with the election results for directors of the 10th Board.
4. The proposal was approved at the 37th meeting of the 9th Board dated April 12, 2023 and is hereby submitted to the shareholders' annual general meeting for approval.

Resolution:

Questions and Motions

Questions and Motions

Adjournment

Attachment I

Taiwan High Speed Rail Corporation Comparative Table for the Current and Amended Sustainable Development Best Practice Principles

Amended Articles	Current Articles	Description
<p>Article 10 The Corporation, based on respect for the rights and interests of stakeholders, shall establish a designated section on corporate website for stakeholders. It shall use appropriate means of communication to gain an understanding of the reasonable expectations and demands of stakeholders, and adequately respond to important sustainable development issues that they may be concerned about.</p>	<p>Article 10 The Corporation, based on respect for the rights and interests of stakeholders, shall establish a designated section on corporate website for stakeholders. It shall use appropriate means of communication to gain an understanding of the reasonable expectations and demands of stakeholders, and adequately respond to important sustainable development issues that they may be concerned about.</p>	<p>Amended Chinese wording according to actual Corporation operations.</p>
<p>Article 27 The Corporation shall evaluate the impact of its business operations on the community, and adequately employ personnel from the locale of the business operations, to enhance community acceptance. The Corporation may, through commercial activities, <u>endowments</u>, volunteer service, or other public-interest professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in community development and community education related events held by citizen organizations, charitable groups, and local government agencies, to promote community development.</p>	<p>Article 27 The Corporation shall evaluate the impact of its business operations on the community, and adequately employ personnel from the locale of the business operations, to enhance community acceptance. The Corporation may, through commercial activities, <u>in-kind donations</u>, volunteer service, or other public-interest professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in community development and community education related events held by citizen organizations, charitable groups, and local government agencies, to promote community development.</p>	<p>Amended according to actual Corporation operations.</p>

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Amended Articles	Current Articles	Description
<p>Article 27-1 <u>The Corporation may, through endowments, sponsorship, procurement, strategic cooperation, volunteer technical service, or other supporting models etc., dedicate resources to cultural art activities or cultural creativity industry to promote cultural development.</u></p>	<p>(New article)</p>	<p>Amended to add Article 27-1 in accordance with revisions made to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” issued by the Taiwan Stock Exchange Corporation (TWSE) on December 23, 2022.</p>

Attachment II

List of Nominated Directors (and Independent Directors) for the 10th Board

Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
Director	Yao-Chung Chiang	<ul style="list-style-type: none"> ● Ph. D. in Engineering Mechanics, University of Wisconsin, Madison. ● M.S. in Mechanical Engineering, National Cheng Kung University. 	<ul style="list-style-type: none"> ● Independent Director, Tyntek Corporation. ● Independent Director, Chin Fong Machine Industrial Co., Ltd. ● Independent Director, Tynsolar Corporation. ● Chairman, China Steel Chemical Corporation. ● Chairman, Kaohsiung Rapid Transit Corporation. ● Chairman, China Steel Corporation. ● Chairman, China Airlines. ● Deputy Minister, Public Construction Commission, Executive Yuan. ● Director-General, Deputy Director-General, Chief Engineer, Department of 	<ul style="list-style-type: none"> ● Chairman, Taiwan High Speed Rail Corporation. ● Director, China Aviation Development Foundation. ● Independent Director, Radiant Opto-Electronics Corporation. 	China Aviation Development Foundation (Shareholder Account No. 51400)

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Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
			<p>Rapid Transit System, Taipei City Government.</p> <ul style="list-style-type: none"> ● Technical Specialist, Technical Supervisor, Researcher, National Chung-Shan Institute of Science and Technology. 		
Director	Chin-Hong Pan	B.A. in Department of Accounting, Chung Hsing University.	<ul style="list-style-type: none"> ● Director, Budget, Accounting and Statistics Department, Yilan County ● Section Chief, Specialist, Chief, Directorate General of Budget, Accounting and Statistics, Executive Yuan 	<ul style="list-style-type: none"> ● Deputy Director, Department of Accounting, Ministry of Transportation and Communications. ● Director, Taiwan High Speed Rail Corporation. 	Ministry of Transportation and Communications (Shareholder Account No. 92268)
Director	Cheng-Chung Young	M.S. in Institute of Traffic and Transportation, National Chiao Tung University.	<ul style="list-style-type: none"> ● Deputy Director-General, Bureau of High Speed Rail, Ministry of Transportation and Communications. 	Deputy Director-General, Railway Bureau, Ministry of Transportation and Communications.	Ministry of Transportation and Communications (Shareholder Account No. 92268)

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Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
Director	Yu-Fen Hung	MBA from Institute of Business & Management, National Chiao Tung University.	<ul style="list-style-type: none"> ● Vice President, Taoyuan International Airport Corporation. ● Director, Department of Accounting, Ministry of Economic Affairs. ● Director, Department of Accounting, Ministry of Transportation and Communications. 	Supervisor, CECI Engineering Consultants, Inc. Taiwan.	China Aviation Development Foundation (Shareholder Account No. 51400)
Director	Wei-Cheng Hsieh	LL.B from Department of Law, Soochow University.	<ul style="list-style-type: none"> ● CEO, Taoyuan Social Housing Service Center. ● Senior Administrator, Taoyuan Metro Corporation. ● Secretary-General, Rail Engineering Society of Taiwan. ● Director, Taiwan International Ports Corporation. ● Senior Specialist, Ministry of 	<ul style="list-style-type: none"> ● Secretary-General, China Aviation Development Foundation. ● Supervisor, Rail Engineering Society of Taiwan. 	China Aviation Development Foundation (Shareholder Account No. 51400)

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Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
			Transportation and Communications.		
Director	Chao-Tung Wong	Ph.D. in Resources Engineering, National Cheng Kung University.	<ul style="list-style-type: none"> ● Executive Vice President, President, China Steel Corporation. ● Director, China Ecotek Corporation. ● Chairman and President, China Steel and Nippon Steel Vietnam Joint Stock Company. ● Chairman, CHC Resources Corporation. 	<ul style="list-style-type: none"> ● Chairman, China Steel Corporation. ● Executive Director, Industrial Technology Research Institute. ● Director, Taiwan High Speed Rail Corporation. 	China Steel Corporation (Shareholder Account No. 43831)
Director	Chao-Yih Chen	Ph. D., Institute of Agricultural Chemistry, National Taiwan University.	<ul style="list-style-type: none"> ● Director, Taiwan High Speed Rail Corporation. ● Chairman, Automotive 	<ul style="list-style-type: none"> ● Chairman, Taiwan Sugar Corporation. ● Director, Industrial Technology 	Taiwan Sugar Corporation (Shareholder Account No. 5762)

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Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
			<p>Research & Testing Center.</p> <ul style="list-style-type: none"> ● Professor Emeritus, China University of Science and Technology. ● Chairman, Taiwan Sugar Corporation. ● Chief Executive Officer of the Sinotech Engineering Consultants, Inc. ● Vice Chairperson of the State-Owned Enterprise Commission, Director-General of the Industrial Development Bureau, Director-General of the Department of Investment Services, Executive Secretary of the Bureau of Energy, Director- 	<p>Research Institute.</p> <ul style="list-style-type: none"> ● Director, Central Bank of the Republic of China (Taiwan). ● Director, Taiwan High Speed Rail Corporation. 	

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Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
			<p>General of the Department of Industrial Technology, Ministry of Economic Affairs.</p> <ul style="list-style-type: none"> ● Vice Director, Department Development Department, Council for Economic Planning And Development, Executive Yuan. 		
Director	Shien-Quey Kao	<ul style="list-style-type: none"> ● M.S. in Economics, National Taiwan University. ● Bachelor's Degree in Economics, National Taiwan University. 	<ul style="list-style-type: none"> ● Secretary General, National Development Council, Executive Yuan. ● Secretary General, Council for Economic Planning and Development, Executive Yuan. ● Deputy Director, Department of Overall Planning, CEPD. ● Senior Executive Officer and Chief, 	<ul style="list-style-type: none"> ● Deputy Minister, National Development Council, Executive Yuan. ● Director, Taiwan High Speed Rail Corporation. 	Management Committee of National Development Fund, Executive Yuan (Shareholder Account No. 38578)

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Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
			<p>Council for Economic Planning and Development, Executive Yuan.</p> <ul style="list-style-type: none"> ● Executive Officer, Officer, Clerk <p>Council for Economic Planning and Development, Executive Yuan.</p>		
Director	Mao-Hsiung Huang	<ul style="list-style-type: none"> ● MBA, The Wharton School, University of Pennsylvania ● Bachelor of Economics, Keio University. 	<ul style="list-style-type: none"> ● Chairman, TECO Electric & Machinery Co., Ltd. ● Director, Tecom Co., Ltd. ● Honorary Chairman, Chinese National Association of Industry & Commerce, Taiwan. ● Chairman, TECO Electric & Machinery Co., Ltd. 	<ul style="list-style-type: none"> ● Chairman, Century Development Corporation. ● Director, Taiwan High Speed Rail Corporation. 	TECO Electric & Machinery Co., Ltd. (Shareholder Account No. 11)
Director	Chu-Min Hong	MBA, Royal Roads University.	<ul style="list-style-type: none"> ● President, Xiamen Bank Co., Ltd. ● President, Taiwan Sport Lottery Co., Ltd. ● Senior Vice President, Fubon 	<ul style="list-style-type: none"> ● Director, Xiamen Bank Co., Ltd. ● Chairman, Fubon Asset Management Co., Ltd. ● Director, Fubon Charity Foundation. 	Taipei Fubon Commercial Bank Co., Ltd. (Shareholder Account No. 6)

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Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
			<p>Financial Holding Co.</p> <ul style="list-style-type: none"> ● President, Fubon Asset Management Co., Ltd. 	<ul style="list-style-type: none"> ● Senior Consultant, Fubon Financial Holding Co. ● Director, CITIC FuTong Financial Leasing Co., Ltd. ● Chairman, JihSun International Commercial Bank Co., Ltd. ● Director, Taipei Fubon Commercial Bank Co., Ltd. 	
Independent Director	Kenneth Huang-Chuan Chiu	<ul style="list-style-type: none"> ● LL.M, University of Cambridge. ● LL.B, National Taiwan University. 	<ul style="list-style-type: none"> ● Director, Waterland Securities Co., Ltd. ● Partner, Taiwan Commercial Law Offices. ● Attorney, Baker & McKenzie. ● Attorney, Huang & Associates. 	<ul style="list-style-type: none"> ● Managing Partner, Kew & Lord. ● Independent Director, Taiwan High Speed Rail Corporation. ● Independent Director, ShunSin Technology Holdings Limited. ● Director, Ju-Kao Engineering Co., Ltd. ● Independent Director, Chunghwa Precision Test Tech. Co., Ltd. 	Not applicable.

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Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
				<ul style="list-style-type: none"> Independent Director, Chin Fong Machine Industrial Co., Ltd. 	
Independent Director	Duei Tsai	<ul style="list-style-type: none"> Ph.D. from the Graduate Institute of Electrical Engineering, National Taiwan University. Ph.D. from the Graduate Institute of Electrical Engineering, National Taiwan University. 	<ul style="list-style-type: none"> Adjunct Professor Rank Specialist, Department of Electrical Engineering, National Taiwan University of Technology. Minister, Ministry of Transportation and Communications. Adjunct Professor, Department of Electrical Engineering, National Taiwan 	<ul style="list-style-type: none"> Independent Director, Taiwan High Speed Rail Corporation. Independent Director, Compal Electronics, Inc. Independent Director, TTY Biopharm Company Limited. Independent Director for Public Welfare, Starlux Airlines. Co., Ltd. Director, Da Ai Television. 	Not applicable.

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Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
			<p>University of Technology.</p> <ul style="list-style-type: none"> ● Deputy Minister, Public Construction Commission, Executive Yuan. ● Political Deputy Minister, Ministry of Transportation and Communications. ● Administrative Deputy Minister, Ministry of Transportation and Communications. ● Technical Superintendent, Ministry of Transportation and Communications. ● Director General, Civil Aeronautics Administration, Ministry of Transportation and Communications. ● Deputy Director General, Chief Engineer, Directorate General 		

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Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
			of Telecommunications, Ministry of Transportation and Communications.		
Independent Director	Ming-Teh Wang	<ul style="list-style-type: none"> ● M.S. in Institute of Traffic and Transportation, National Chiao Tung University. 	<ul style="list-style-type: none"> ● Deputy Director-General, Bureau of High Speed Rail, Ministry of Transportation and Communications. 	<ul style="list-style-type: none"> ● Deputy Director-General, Railway Bureau, Ministry of Transportation and Communications. 	Not applicable.

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Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
Independent Director	Pai-Ta Shih	MBA from Institute of Business & Management, National Chiao Tung University.	<ul style="list-style-type: none"> ● Vice President, Taoyuan International Airport Corporation. ● Director, Department of Accounting, Ministry of Economic Affairs. ● Director, Department of Accounting, Ministry of Transportation and Communications. 	<ul style="list-style-type: none"> ● Supervisor, CECI Engineering Consultants, Inc. Taiwan. 	Not applicable.
Independent Director	Rex Yung-Cheng Lai	LL.B from Department of Law, Soochow University.	<ul style="list-style-type: none"> ● CEO, Taoyuan Social Housing Service Center. ● Senior Administrator, Taoyuan Metro Corporation. ● Secretary-General, Rail Engineering Society of Taiwan. ● Director, Taiwan International Ports Corporation. ● Senior Specialist, Ministry of 	<ul style="list-style-type: none"> ● Secretary-General, China Aviation Development Foundation. ● Supervisor, Rail Engineering Society of Taiwan. 	Not applicable.

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Candidate Type	Candidate Name	Education	Experience	Current Position	Government or Entity Represented
			Transportation and Communications.		

Attachment III

List of Proposed Release of Prohibition on Directors from Participation in Competing Business

Director	Concurrent Positions Held at Other Companies	
China Aviation Development Foundation Representative: Yao-Chung Chiang	China Aviation Development Foundation	Director
	Radiant Optoelectronics Co., Ltd.	Independent Director
China Steel Corporation Representative: Chao-Tung Wong	China Steel Corporation	Chairman
	China Prosperity Development Corporation.	Director
	Chung Hung Steel Corporation	Director
	InfoChamp Systems Corporation	Director
	China Ecotek Corporation	Director
	Industrial Technology Research Institute.	Executive Director
Taiwan Sugar Corporation Representative: Chao-Yih Chen	Taiwan Sugar Corporation	Chairman
	Industrial Technology Research Institute.	Director
TECO Electric & Machinery Co., Ltd. Representative: Mao-Hsiung Huang	TECO Electric & Machinery Co., Ltd.	Director
	TECO International Investment Co. Ltd.	Chairman
	Tong An Assets Management & Development Management Co. Ltd.	Chairman
	Tong An Investment Co., Ltd.	Chairman

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Director	Concurrent Positions Held at Other Companies	
	Technos International Consultant Co. Ltd.	Director
	Taian (Malaysia) Electric Sdn. Bhd.	Director
	Antai International Investment Co., Ltd.	Chairman
	E-Joy Electronics International Co., Ltd.	Chairman
	Taiwan Pelican Express Co., Ltd.	Director
	TECO Australia Pty Limited	Director
	TECO Westinghouse Motor Co.	Director
	An-Sheng Travel Co., Ltd.	Chairman
	Royal Host Taiwan Co., Ltd.	Chairman
	Magic-Food Mos Food Industry Corp.	Director
	Century Development Corporation	Chairman
	Mao Wang Technology Co., Ltd.	Chairman
	Inotec Taiwan Co., Ltd.	Director
	Xianlaoman Co. Ltd.	Supervisor
	Tung Pei Industrial Co., Ltd.	Supervisor
	TG Teco Vacuum Insulated Glass Corp.	Vice Chairman

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Director	Concurrent Positions Held at Other Companies	
	United Development Corporation.	Chairman
	Shin-Etsu Chemical Co., Ltd.	Director
	Tecocapital Investment Co., Ltd.	Director
	Tecocapital Investment (SAMOA) Co., Ltd.	Director
	MOS Burger Australia Pty Ltd	Chairman
	Teco Elektrik Turkey A.S	Chairman
	An Tai Innovative Technology Xiamen Co. Ltd.	Director
	TECO Technology & Marketing Center Corporation	Director
	TEMICO International	Director
	TEMICO India Private Limited	Director
	Century Biotech Development Corporation	Chairman
Taipei Fubon Commercial Bank Co., Ltd. Representative: Chu-Min Hong	Fubon Asset Management Co., Ltd.	Chairman
	CITIC FuTong Financial Leasing Co., Ltd.	Director
Independent Director: Duei Tsai	Starlux Airlines. Co., Ltd.	Independent Director for Public Welfare

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Taiwan High Speed Rail Corporation

Rules of Procedure for Shareholders' Meetings

Article 1 (Legal Basis)

Unless otherwise provided by applicable laws, regulations, bylaws, or rules, the proceedings of the shareholders' meetings of the Corporation shall be conducted in accordance with these Rules.

Article 2 (Attendance Sign-ins, Proxies, and Calculation of Shares Present at Shareholders' Meetings)

The Corporation shall start to process meeting attendance sign-ins by shareholders at least 30 minutes before the start of a meeting.

For each shareholders' meeting, a shareholder may appoint one person as proxy to attend the meeting in the place of the shareholder by issuing a proxy form printed and issued by the Corporation, stating therein the scope of authorization granted to the proxy.

A shareholder may issue only one proxy form and appoint only one proxy for a meeting and shall serve it on the Corporation by 5 days before the meeting. In the event there are multiple proxy forms, the one first served on the Corporation shall prevail. The same, however, does not apply in the case of a proxy stating that it revokes a prior proxy appointment.

After the service of a proxy form on the Corporation, if the shareholder decides to attend the shareholders' meeting in person or to exercise voting rights by electronic means, the shareholder shall give a written notice of revocation of proxy to the Corporation by 2 days before the meeting. If the revocation is made after the time limit, the voting rights exercised by the appointed proxy present at the meeting shall prevail.

A shareholder or a proxy appointed by a shareholder (hereinafter, "shareholder") shall attend the relevant shareholders' meeting by presenting a meeting attendance card, an attendance sign-in card, or

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other attendance document. The Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. The shareholder attending the meeting shall surrender the attendance sign-in card in place of signing the attendance sheet.

A non-shareholder proxy or proxy solicitor shall also carry an identity document for verification.

The number of shares present shall be calculated based on the attendance sign-in cards received from shareholders in combination with the number of shares whose voting rights are exercised by electronic means.

The Corporation shall provide each shareholder attending a shareholders' meeting with a meeting agenda handbook, an annual report (except in the case of a special shareholders' meeting), a meeting attendance card, speaker's slips, voting ballot, other meeting materials, and, if directors are to be elected at the meeting, the election ballot.

When a government agency or juristic person is a shareholder, more than one person may attend a shareholders' meeting as its representative. however, except with the consent of the Corporation, the upper limit of representative attendees is three persons; when there is a proposal for the election of directors at the current shareholders' meeting, the upper limit of representative attendees is as the number of directors is to be elected, if the number of proposed directors is less than three, the upper limit of representative attendees is still to be three persons. When a juristic person is appointed to attend a shareholders' meeting as a proxy, it may appoint only one person to attend the meeting on its behalf.

Shares considered to have no voting rights under Article 179 of the Company Act may not be included in calculating the total issued shares and the number of shares present.

Article 3 (Time and Place of Shareholders' Meetings)

Shareholders' meetings shall be held at the location of the Corporation

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or otherwise at a place convenient for the shareholders to attend and suitable for the holding of shareholders' meetings, and shall start at a time not earlier than 9 a.m. and not later than 3 p.m.

Article 3-1 (Recording of Shareholders' Meeting Proceedings by Audio or Video)

For each shareholders' meeting, the Corporation shall, beginning from the time it starts to process shareholder attendance sign-ins, make an uninterrupted audio or video recording of the shareholder attendance sign-in process, the proceedings of the meeting, and the voting and ballot counting process.

The recorded materials under the preceding paragraph shall be preserved for at least one year. Provided, however, that if any shareholder initiates litigation pursuant to Article 189 of the Company Act, they shall be preserved until the conclusion of the lawsuit.

Article 4 (Chair and Non-Voting Participants of Shareholders' Meetings)

If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson of the Board of Directors. When the Chairperson by reason of leave or otherwise is unable to exercise such power of office, the Chairperson shall designate a Director as chair of the meeting, failing which the Directors shall select one of their number to chair the meeting.

To chair a shareholders' meeting in the place of the Chairperson under the preceding paragraph, a Director shall have been in office for at least 6 months and shall be conversant with the financial and operational conditions of the Corporation. The same shall also apply if the person to chair the meeting is a representative of a juristic person Director.

If a shareholders' meeting is convened by any person, other than the Board of Directors, entitled to convene such a meeting, the meeting shall be chaired by that person. If the meeting is convened by two or more such persons, they shall select one of their number to chair the meeting.

The Corporation may appoint its attorneys at law or certified public

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accountants or other relevant persons to attend a shareholders' meeting as non-voting participants.

Article 5 (Maintenance of Order at Meetings)

All staff members working at shareholders' meetings shall wear identification cards or arm badges.

The chair may direct proctors or security guards to assist in maintaining order at the meeting. When discharging such duty, a proctor or security guard shall wear an arm band or identification card bearing the words "Proctor."

When the venue of the meeting is installed with sound amplification equipment, if a shareholder attempts to speak by any means other than through a device provided by the Corporation for that use, the chair may stop the shareholder from speaking.

When during a meeting a shareholder violates any rule of meeting procedure and continues to do so despite the chair's direction to the contrary, or otherwise obstructs the proceeding of the meeting and continues to do so despite being requested to stop, the chair may direct a proctor or security guard to request the shareholder to leave the venue.

Article 6 (Opening of Shareholders' Meetings)

The chair should announce the opening of a shareholders' meeting at the specified meeting time if the attending shareholders represent more than one-half of the total number of voting shares, and also announce the number of non-voting rights, the number of shares present, and other relevant information. The chair may declare the meeting postponed only in the event where attending shareholders represent less than one-half of the total number of voting shares, provided that no more than two postponements may be made and not for a combined total of more than one hour; if the meeting has been postponed twice and the shareholders present still do not represent at least one-third of the total issued shares, the chair shall declare the meeting aborted.

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If the meeting has been postponed twice as stated in the preceding paragraph and if, despite the absence of the legal quorum, shareholders representing at least one-third of the total issued shares are present, a tentative resolution may be adopted with the approval of a majority of the voting rights of the shareholders present in accordance with Article 175, paragraph 1 of the Company Act, in which case a notice of the tentative resolution shall be given to each shareholder and the shareholders' meeting shall be convened again within one month.

If the number of shares represented by the shareholders present reaches more than one-half of the total number of voting shares before the close of the meeting, the chair may re submit the tentative resolution being adopted to the shareholders' meeting for voting in accordance with Article 174 of the Company Act.

Article 7 (Discussion of Agenda Items)

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be determined by the Board of Directors; relevant agenda items (including extraordinary motions and amendments to original proposals) shall be voted on an item-by-item basis, and the meeting shall proceed in the determined order of the agenda, which may not be changed unless by resolution of the shareholders' meeting.

The provisions of the preceding paragraph shall apply *mutatis mutandis* when a shareholders' meeting is convened by any person, other than the Board of Directors, entitled to convene such a meeting.

Before the conclusion of the pre-determined agenda items (including any extraordinary motion) under the preceding two paragraphs, the chair may not declare the meeting dissolved unless by resolution of the shareholders' meeting; the same, however, does not apply to such question-and-answer matters of a general nature as may be involved in an extraordinary motion. In the event that the chair dissolves the meeting in violation of the rules of meeting procedure, a new chair may be selected to continue the meeting with the approval of a majority of the

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voting rights of the shareholders present.

The chair shall allow sufficient opportunity for the explanation and discussion of an agenda item or any amendment or extraordinary motion submitted by a shareholder, and when the chair thinks that any such item has been discussed sufficiently to put it to a vote, the chair may declare the discussion closed and call a vote.

Article 8 (Shareholders Speaking at Meetings)

To speak at a shareholders' meeting, a shareholder shall submit a speaker's slip specifying thereon the shareholder account number (or meeting attendance card number), account name of the shareholder, and the subject of speech. The chair shall determine the order of speaking for each such shareholder.

A shareholder who has not spoken at a meeting despite the submission of a speaker's slip shall be deemed to not have spoken. If the content of a shareholder's speech does not correspond to that specified on the speaker's slip, the spoken content shall prevail.

A shareholder present who has any question about a report item (non-voting item) listed on the agenda may speak only after all report items have been read out or reported by the chair or a person designated by the chair. A shareholder may not speak more than twice, and each time not more than five minutes, on the same agenda item except with the consent of the chair.

The latter part of the preceding paragraph shall apply *mutatis mutandis* to the frequency and time limit that a shareholder present is allowed to speak on any agenda item involving a matter for recognition or discussion at the meeting and on any item proposed during the extraordinary motion procedure.

The latter part of paragraph 3 shall apply *mutatis mutandis* to the frequency and time limit that a shareholder present is allowed to speak on any matter arising during the extraordinary motion procedure other

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than in the nature of an agenda item.

If a shareholder appoints a non-shareholder juristic person as proxy to attend a shareholders' meeting in the place of the shareholder, the juristic person may appoint only one person as representative to attend and speak at the meeting on the same proposal. If a shareholder that is a government agency or juristic person appoints two or more representatives to attend a shareholders' meeting, either on its behalf or in the place of another shareholder appointing it as proxy to attend the meeting, only one person selected by and from the representatives present may speak at the meeting.

If a shareholder speaking at a shareholders' meeting goes beyond the allocated time or beyond the relevant issue, the chair may stop the shareholder from speaking. If the shareholder continues to speak or otherwise obstructs the proceeding of the meeting, the chair may direct a proctor or security guard to take necessary action to maintain order at the meeting or otherwise to ensure the smooth running of the meeting.

During a shareholders' meeting, no shareholder may interrupt another shareholder by speaking at the same time unless with the consent of the chair and the speaker; the chair shall stop any such interrupter and take necessary action under the preceding paragraph as applied *mutatis mutandis*.

When a shareholder finishes speaking, the chair may respond to, or designate a relevant person to respond to, any issue raised by the shareholder.

Article 9 (Shareholders' Meeting Proposals)

Before a regular shareholders' meeting, a shareholder holding 1 percent or more of the total issued shares of the Corporation may submit a proposal to the Corporation for inclusion as an agenda item, within the time period stated in the public notice of the Corporation regarding the receipt of such submissions, provided that only one proposal may be

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submitted by the same shareholder and that if more than one proposal is submitted, none of them shall be included on the agenda. The same shall apply to shareholder proposals for promoting public interests of the Corporation or fulfillment of social responsibilities. The Board of Directors may decide not to include on the agenda any proposal submitted by a shareholder that falls under any of the circumstances set forth in the subparagraphs of Article 172-1, paragraph 4 of the Company Act.

Prior to the book closure date before a regular shareholders' meeting, the Corporation shall give public notice regarding the submission of proposals by shareholders, acceptance of proposal in writing or by way of electronic transmission, and the place and time period for receiving such submissions, wherein the time period may not be less than 10 days.

A proposal submitted by a shareholder for inclusion as an agenda item of a regular shareholders' meeting shall not exceed 300 Chinese characters in length; otherwise, it shall not be included. The shareholder submitting the proposal shall, in person or by proxy, attend the meeting and participate in the discussion of the agenda item.

The Corporation shall, before the date of notice of a shareholders' meeting, inform each shareholder that has submitted a proposal of the status of the proposal (accepted or rejected) submitted by the shareholder, and shall include in the notice of the meeting a list of proposals that satisfy the requirements of this Article. For shareholder proposals not included on the agenda, the Board of Directors shall explain at the meeting the reasons why they are not included.

If the notice of the shareholders' meeting has stated the re-election of the directors and the date of appointment, when the re-election of directors, in the shareholders' meeting are completed, the same meeting may not change said appointment date by extraordinary motions or other proposals.

Election or dismissal of directors, amendments to the articles of

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incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

Article 9-1 (Processing of Proposals Submitted Before Shareholders' Meetings)

For shareholder proposals submitted before a regular shareholders' meeting but not included as agenda items of the meeting, the Board of Directors shall in the meeting agenda handbook state the reasons why they are not included, and these proposals shall neither be presented separately on the agenda nor be recorded in the meeting minutes. Notwithstanding the foregoing, the Board of Directors shall at the meeting explain the reasons why they are not included.

Shareholder proposals that the Board of Directors may decide to include on the agenda shall, if belonging to the same type, be consolidated by the chair into one case and the provisions of Article 11, paragraph 7 shall apply *mutatis mutandis* thereto.

Article 10 (Putting to Vote)

When an agenda item is under discussion, the chair may at an appropriate time declare the discussion closed, or suspended if necessary, and put the matter to vote.

Article 11 (Votes on Agenda Items)

The votes on an agenda item shall be calculated on the basis of shares and each shareholder is entitled to one vote for each share held, except

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for restricted shares or for non-voting shares under Article 179, paragraph 2 of the Company Act.

When convening a shareholders' meeting, the Corporation shall provide the option of exercising voting rights by electronic means and shall state the method of such voting in the notice of the meeting. A shareholder exercising voting rights by electronic means shall be deemed to be present in person at the shareholders' meeting. Said shareholders may still attend said meeting and raise extraordinary motions in accordance with Paragraph 5 of Article 172-5 of the Company Act, and may exercise their voting rights on extraordinary motions raised at the meeting, but shall be deemed to have waived the shareholder's rights to vote at that shareholders meeting on any amendment or alternative to an original proposal at the meeting.

A shareholder intending to exercise voting rights by electronic means under the preceding paragraph shall serve a notice of intent on the Corporation by 2 days before the meeting, and if more than one notice is given, the first one served on the Corporation shall prevail. The same, however, does not apply in the case of a notice stating that it revokes a prior notice of intent.

A shareholder who, after exercising voting rights by electronic means, intends to attend the relevant shareholders' meeting in person shall revoke the notice of intent to exercise voting rights under the preceding paragraph by 2 days before the meeting, in the same manner as the shareholder did to exercise the voting rights. If the revocation is made after the time limit, the voting rights exercised by electronic means shall prevail. If the shareholder exercises voting rights by electronic means and also, by a proxy form, appoints a proxy to attend the shareholders' meeting, the voting rights exercised by the proxy present at the meeting shall prevail.

Unless otherwise provided by law or regulation, or by the Articles of Incorporation, an agenda item put to vote shall be passed with the

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approval of more than one-half of the voting rights of the shareholders present. Notwithstanding the foregoing, a vote on the election of Directors shall be subject to the Rules for the Election of Directors and the results of the vote, including a list of Directors elected and the numbers of votes they receive, and a list of unsuccessful candidates and the numbers of votes they received, shall be announced immediately at the voting place.

The agenda item shall be voted on an item-by-item basis. The chair may direct a vote to be held in multiple polls or a single poll on the various agenda items (including elections), with the ballots to be counted separately for each item.

When there is any amendment or alternative to a proposal on the agenda, the chair shall place the amended or alternative proposal together with the original one and determine the voting sequence. If any of these proposals is passed, the other(s) shall be deemed rejected, without the need of a separate vote.

The chair shall determine the order of discussion and voting for each proposal submitted as an extraordinary motion by a shareholder present. The result of the vote shall be announced immediately at the voting place and shall be recorded.

Article 12 (Inspection and Counting of Ballots; Preservation of Voting Ballots; Dispute Resolution)

For agenda items put to vote by a poll, the chair shall designate multiple ballot inspectors and ballot counters to discharge all relevant tasks, provided that only shareholders may be appointed as ballot inspectors. The vote on agenda items, and the counting of ballots in an election listed on the agenda, shall be conducted in a publicly accessible place on the site of the relevant shareholders' meeting and the voting ballots shall not be read out loud while being counted. The results of polls and the tallied numbers of votes shall be announced immediately at the voting place and shall be recorded; the ballot inspectors shall then place the voting

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ballots under seal, and after affixing their signatures or personal seals thereon, hand over the same to the Corporation for preservation.

The ballots for the election referred to in the preceding paragraph shall be kept for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

In the event of any dispute by a shareholder present as to the voting process, manner of ballot counting, validity or invalidity of a voting ballot, or any other relevant matters, the ballot inspectors shall put on record the shareholder account number of the disputer, the number of voting rights involved, and the cause of the dispute and, after affixing their signature or personal seal thereon, and place the record under seal.

With respect to any dispute under the preceding paragraph, the shareholder present shall pursue the dispute through due legal process, and may not obstruct or interrupt the proceedings of the meeting on the basis of such a dispute.

Article 13 (Cause and Determination of Invalidity of Voting Ballots)

A voting ballot shall be invalid if determined by all ballot inspectors to fall in any of the following circumstances:

1. The ballot cast is not a ballot prepared and issued by the convener of the shareholders' meeting.
2. The ballot is not a ballot designated by the chair.
3. The ballot inserted into the ballot box is a blank ballot.
4. The handwriting on the ballot is unclear or indecipherable.
5. The ballot is altered or any text or mark other than allowed is placed on it.
6. Both "FOR" and "AGAINST" are marked on the ballot.
7. The ballot is torn such that it is incomplete.

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8. The ballot is not inserted into the ballot box designated by the chair.

When in doubt a ballot counter shall first request a ballot inspector to verify whether a voting ballot is invalid. Voting ballots determined to be invalid shall be placed in a separate place. After all the ballots have been counted, the number of invalid ballots shall be tallied by the ballot counters, and delivered to the ballot inspectors, who shall mark them as invalid and affix them with their signature or personal seal.

Article 14 (Meeting Minutes of Shareholders' Meetings)

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the procedures by which resolutions were adopted, and a summary of the deliberations and their results (including the number of voting rights) for director elections, the number of votes for each candidate should be disclosed, and shall be retained for the duration of the existence of the Corporation.

Article 15 (Break and Resumption of Meetings)

During a shareholders' meeting the chair may announce a break at such time as the chair thinks fit. If a force majeure event occurs, the chair may decide to suspend the meeting and, having regard to the circumstances, announce the time for the resumption of the meeting.

If the venue of a shareholder's meeting becomes unavailable for use before the conclusion of all agenda items (including extraordinary motions), the shareholders at the meeting may resolve to continue the meeting at another venue.

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A shareholders' meeting may, by a resolution made under Article 182 of the Company Act, be adjourned to or resumed on a date within the next five days.

Article 16 (Matters Not Covered)

All matters not covered by these Rules shall be subject to the direction of the chair, unless otherwise expressly provided by the Company Act, the Securities and Exchange Act, other applicable laws or regulations, or the Corporation's Articles of Incorporation, Rules of Procedure for Shareholders' Meetings, or Principles of Corporate Governance.

Article 17 (Supplementary Provisions)

These Rules, and any amendment hereto, shall take force after approval at a shareholders' meeting.

Appendix II

Taiwan High Speed Rail Corporation

Rules for the Election of Directors

Article 1 The election of Directors of the Corporation shall be conducted in accordance with these Rules.

Article 2 The Directors of the Corporation shall be elected by recorded cumulative voting. The recording of the name of the voter shall be replaced with the voter's shareholder account number or meeting attendance card number appearing on the ballot.

The number of votes exercisable in each share is equal to the number of Directors to be elected, with the total number of votes exercisable equally spread over the number of ballots equal to the number of Directors to be elected. A voter may cast all the voter's ballots for a single candidate or split them among multiple candidates. The candidates who receive ballots representing a prevailing number of votes shall be elected as Directors.

Article 3 The number of Directors for the election is determined by the Board of Director in accordance with the rule of Corporation's Articles of Incorporation, with voting rights separately calculated for independent and non-independent directors; the candidates who receive ballots representing a prevailing number of votes shall be elected sequentially according to their respective numbers of votes. If two or more candidates receive ballots representing an equal number of votes and the election of all of them would exceed the fixed number of Directors, the election shall be determined by candidates with equal numbers of votes drawing lots, and the lots of the candidates who are not present at the draw shall be drawn by the chair on their behalf.

To cast votes to elect Directors of the Corporation, a shareholder may opt to vote either by electronic means or on site.

A shareholder opting to cast votes by electronic means under the preceding paragraph shall vote on an electronic voting platform designated by the Corporation.

The qualifications of the Directors elected under paragraph 1 shall meet the

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requirements prescribed by the competent authority.

Article 4 The candidate nomination system and procedures under Article 192-1 of the Company Act shall be adopted for the election of the Directors of the Corporation. Shareholders shall elect the Directors from the roster of nominated candidates.

Independent Directors and non-independent Directors of the Corporation shall be elected in accordance with these Rules and in the same election, with the numbers of Directors to be elected calculated separately for each group, and the candidates receiving a prevailing number of ballots in each group shall be elected.

For the election purposes under the preceding paragraph, the number of votes shall be calculated by adding the number of votes cast on site at a shareholders' meeting plus the number of votes cast by electronic voting.

Before the shareholders' meeting, with respect to the results of the electronic voting under the preceding paragraph, procedures shall have been conducted by an institution meeting the requirement of Article 44-6 of the Regulations Governing the Administration of Shareholder Services of Public Companies to ascertain the identities and numbers of voting rights of the shareholders and to verify the final statistical tallying.

Article 5 At the start of an election, the chair shall announce the voting time and appoint multiple ballot inspectors and ballot counters to discharge all relevant duties, and only shareholders may be appointed as ballot inspectors.

Article 6 The Board of Directors or persons with the right to convene shall prepare a specific number of ballots corresponding to the number of directors to be elected, and the corresponding number of votes shall be noted on the ballot, attendance card numbers printed on ballots may be used in lieu of records of voting shareholder names, only these printed ballots are valid and the voter may not make any addition, deletion, or alteration to the format of the ballot or to the content that is allowed to be filled in.

Article 7 Only one candidate's name may be filled in on each ballot.

Article 8 An on-site ballot shall be invalid if determined by all ballot inspectors to fall in any of the following circumstances:

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- (1) The ballot cast is not a ballot prepared and issued by a person with the right to convene.
- (2) The ballot inserted into the ballot box is a blank ballot.
- (3) The handwriting on the ballot is unclear, indecipherable.
- (4) The ballot is altered or any text, mark other than allowed is placed on it.
- (5) The ballot is torn such that it is incomplete.
- (6) The names of two or more candidates are filled in on the same ballot.
- (7) The ballot is not inserted into the ballot box designated by the chair.

When in doubt a ballot counter shall first request a ballot inspector to verify whether an on-site ballot is invalid. Ballots determined to be invalid shall be placed in a separate place. After all the ballots have been counted, the number of invalid ballots shall be tallied by the ballot counters and delivered to the ballot inspectors, who shall mark them as invalid and affix them with their signature or personal seal.

- Article 9 With respect to the results of the voting, the ballot inspectors shall verify the sums of the valid ballots and invalid ballots, and then make separate entries in the voting log of the number of valid ballots and the corresponding number of votes and the number of invalid ballots.
- Article 10 The result of the voting shall be announced by the chair on site by indicating the list of candidates elected as Directors and the numbers of votes with which they were elected.
- Article 11 Elected Directors shall sign a Director Declaration and receipt of Compliance Brochure for Directors within 5 days of the election date, and shall submit a Consent to Act as Director form to the Corporation within 10 days of the election date
- Article 12 All matters not covered by these Rules shall be subject to the direction of the chair, unless otherwise expressly provided by the Company Act, the Securities and Exchange Act, any other applicable laws or regulations, and the Corporation's Articles of Incorporation, Rules of Procedure for Shareholders' Meetings, and Principles of Corporate Governance.
- Article 13 These Rules, and any amendment hereto, shall take force after approval at a

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shareholders' meeting.

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Taiwan High Speed Rail Corporation

Articles of Incorporation

Chapter 1 General Provisions

Article 1 The Corporation is organized in accordance with the Company Act and its name is Taiwan High Speed Rail Corporation.

Article 2 The Corporation shall be established in Taipei City and may set up branches domestically or overseas when necessary and by resolution of the Board of Directors.

Article 3 The Corporation may, based on its business needs, provide guarantees for outside parties.

The Corporation may, based on its business needs, be a limited liability shareholder of other companies, without being subject to the restriction imposed by the Company Act that the total amount of its investments in such companies may not exceed 40 percent of the paid-in capital of the Corporation.

Article 4 Public announcements by the Corporation shall be made by a method in accordance with the Company Act and other applicable laws and regulations.

Chapter 2 Scope of Business

Article 5 The scope of business of the Corporation shall be as follows:

1. G104011 High Speed Railroad Business.
2. H701050 Public Works Investment and Construction.
3. CD01020 Tramway Cars Manufacturing.
4. CB01990 Other Machinery Manufacturing Not Elsewhere Classified.
5. E604010 Machinery Installation Construction.
6. I401010 General Advertising Services.
7. JE01010 Rental and Leasing Business.
8. H701010 Residence and Buildings Construction and Development, Lease, and Sale.

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9. H701020 Industrial Factory Buildings Construction and Development, Lease, and Sale.
10. H701040 Specialized Field Construction and Development.
11. J303010 Magazine and Periodical Publication.
12. F601010 Intellectual Property Rights.
13. F204110 Retail Sale of Cloths, Clothes, Shoes, Hats, Umbrellas, Apparel, Clothing Accessories, and Other Textile Products.
14. F215010 Retail Sale of Jewelry and Precious Metals.
15. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Chapter 3 Shares

Article 6 The total capital of the Corporation shall be NT\$120,000,000,000, divided into 12,000,000,000 shares with a par value of NT\$10 each, and the Board of Directors is empowered to issue them in installments, and as common shares or preferred shares.

Article 7 The share certificates of the Corporation shall all be registered share certificates, affixed with the signature or seal of at least three Directors and assigned with serial numbers, and may be issued only after having been duly certified or authenticated by the competent authority or by a registrar authorized by the competent authority.

Any transfer, inheritance, gift or donation, creation or release of pledge, registration or deregistration of loss, or damage, destruction, or loss of possession of or on share certificates shall be handled in accordance with the Company Act and other applicable laws and regulations.

The Corporation may issue shares without physical printed certificates, or may in a new issue prepare a printed consolidated certificate representing the total number of shares of that issue, provided that it shall arrange for book-entry registration or custody with a central securities depository.

The preceding three paragraphs shall apply mutatis mutandis to the preparing and

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issuing of corporate bonds.

Article 7-1 (deleted)

Article 7-2 (deleted)

Article 8 Each shareholder of the Corporation shall complete and submit a specimen seal card to be kept on file with the shareholder services agent of the Corporation, and only that seal on file may be used to receive dividends or bonuses or otherwise to exercise shareholder rights in writing.

Transfer of shares shall be suspended during the 60 days before the date of a regular shareholders' meeting, during the 30 days before the date of a special shareholders' meeting, or during the 5 days before the record date decided by the Corporation for distribution of dividends, bonuses, or other interests.

Chapter 4 Shareholders' Meetings

Article 9 Shareholders' meetings of the Corporation are classified into two kinds: regular meetings and special meetings. Regular meetings shall be convened annually by the Board of Directors within 6 months after the close of each fiscal year, and special meetings, unless otherwise provided by the Company Act, shall be called by the Board of Directors when necessary and in accordance with law.

The shareholders' meeting of the preceding paragraph can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 10 Matters to be resolved at a shareholders' meeting shall be as follows:

1. Adoption of and amendment to these Articles of Incorporation.
2. Election of Directors.
3. Audit and recognition of financial statements and documents prepared by the Board of Directors under Article 228 of the Company Act.
4. Resolution on the distribution of profits or offsetting of losses.
5. Adoption of or amendment to the Corporation's Principles of Corporate Governance, Rules of Procedure for Shareholders' Meetings, and Rules for the

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Election of Directors.

6. Resolution on any other matter required by law or regulation.

Article 11 To convene a shareholders' meeting, a notice of the meeting shall be given to each shareholder by 30 days before a regular meeting, or by 15 days before a special meeting, stating the date and place of and the proposals to be considered at the meeting. Notwithstanding the foregoing, a public notice may be made in lieu of separate notice in the case of shareholders with less than 1,000 registered shares.

Article 12 A shareholder appointing a person as proxy to attend a shareholders' meeting in the place of the shareholder shall issue a proxy form printed and issued by the Corporation and serve it on the Corporation by 5 days before the meeting. A shareholder may issue only one proxy form and appoint only one proxy for a meeting. In the event there are multiple proxy forms, the one first served on the Corporation shall be valid; the same, however, does not apply in the case of a proxy stating that it revokes a prior proxy appointment.

Except in the case of a trust enterprise or of a shareholder services agent authorized by the competent authority in charge of the securities industry, if a person is appointed by two or more shareholders to attend a shareholders' meeting as proxy, the voting rights represented by the proxy may not exceed 3 percent of the number of voting rights of the total issued shares, and any portion exceeding such limit may not be included in the counting of voting rights.

Article 13 Unless otherwise provided by laws, regulations, bylaws, or rules, each shareholder of the Corporation is entitled to one vote for each share held.

Article 14 Unless otherwise provided by law, the Chairperson of the Board of Directors ("Chairperson") shall chair every shareholders' meeting. When the Chairperson by reason of leave or otherwise is unable to exercise such power of office, the Chairperson shall designate a Director as deputy to chair the meeting, failing which the Directors shall select one from among themselves to chair the meeting.

Article 15 Unless otherwise provided by the Company Act or other applicable laws or regulations, a resolution of a shareholders' meeting shall be made with the approval of a majority of the voting rights of the shareholders present at a meeting at which

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shareholders representing a majority of the total issued shares are present.

A shareholder of the Corporation may exercise voting rights by electronic means and, if so voting, shall be deemed to be present at the meeting in person; the method of such voting shall in all respects be subject to the provisions of applicable laws and regulations.

If the shareholders present at a meeting do not reach the quorum under paragraph 1 but still represent at least one-third of the total issued shares, a tentative resolution may be adopted with the approval of a majority of the voting rights of the shareholders present, in which case a notice of the tentative resolution shall be given to each shareholder and the shareholders' meeting shall be convened again within one month.

A tentative resolution under the preceding paragraph shall be deemed a resolution adopted under paragraph 1 if it is approved by a majority of the voting rights of the shareholders present at the shareholders' meeting subsequently convened in accordance with the preceding paragraph and at which shareholders representing at least one-third of the total issued shares are present.

Article 16 All resolutions adopted at a shareholders' meeting shall be recorded in the meeting minutes, and signed or sealed by the chair of the meeting and distributed to each shareholder within 20 days after the meeting. The meeting minutes shall state the year, month, day, place, name of the chair, method of resolution, number of shares represented by the shareholders present, a digest of the proceedings and discussions, and the results of the meeting.

The meeting minutes under the preceding paragraph may be made and distributed by electronic means.

The distribution of the meeting minutes under paragraph 1 may be made by means of public notice.

Chapter 5 Board of Directors

Article 17 The Board of Directors of the Corporation shall consist of not less than 9 and not more than 17 Directors, and the Board of Directors is empowered to determine the number of Directors. The Directors shall serve a term of office of 3 years and are

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eligible for re-election and re-appointment, and shall be elected at a shareholders' meeting from candidates with disposing capacity. The total percentage of shares held by the Directors shall be subject to the requirements of the competent authority in charge of the securities industry.

In an election of Directors at a shareholders' meeting, the number of votes exercisable in each share is equal to the number of Directors to be elected, with the total number of votes exercisable equally spread over the number of ballots equal to the number of Directors to be elected. A voter may cast all the voter's ballots for a single candidate or split them among multiple candidates. The candidate nomination system under Article 192-1 of the Company Act shall be adopted for the election of the Directors. The procedure, public notice, and other matters relating to the nomination of Director candidates shall be subject to the Company Act, the Securities and Exchange Act, and other applicable laws and regulations. The candidates who receive ballots representing the highest numbers of votes shall be elected separately as independent Directors or non-independent Directors, as the case may be, according to the respective numbers of independent Directors and non-independent Directors to be elected.

Article 17-1 Starting from the fourth term of office of Directors, the Corporation shall have independent Directors, whose number, to be included in the number of Directors under the preceding Article, shall be determined by the Board of Directors as empowered by the Corporation for that purpose, but in any event shall neither be less than two nor less than one-fifth of the number of Directors; starting from the tenth term, the number of independent Directors shall be no less than three, making up no less than one-third of the Directors.

Independent Directors and non-independent Directors shall be elected in the same election, with the numbers of elected Directors calculated separately for each group.

The professional qualifications, restrictions on shareholding and concurrent holding of office, determination of independence, method of nomination and election, exercise of power, and other compliance matters with respect to independent Directors shall be subject to the requirements of the Securities and Exchange Act and other applicable laws and regulations.

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- Article 18 When vacancies on the Board of Directors reach one-third of the total number of Directors or when all independent Directors are removed from office, the Board of Directors shall within 60 days conduct a shareholders' meeting to elect new Directors to serve the remainder of the unexpired term.
- Article 19 The Directors shall elect one of their number as the Chairperson with the approval of a majority of the Directors present at a meeting of the Board of Directors at which at least two-thirds of the Directors are present.
- Article 20 The Board of Directors is vested with the power to make significant financial, business, and operational decisions of the Corporation and to oversee the performance of functions by Managerial Officers, and is charged with the following duties:
1. Deliberation of all significant bylaws and rules.
 2. Deliberation of business plans.
 3. Deliberation of budgets and final accounts.
 4. Drawing up proposals for the distribution of profits and offsetting of losses.
 5. Drawing up proposals for increases or decreases in capital.
 6. Deliberation of the setting up, closing down, or change of branches.
 7. Deliberation of significant property transactions and investments.
 8. Deliberation of significant business operations.
 9. Deliberation of the appointment and removal of significant Managerial Officers.
 10. Deliberation of all significant contracts.
 11. Deliberation of any matter presented by the Chairperson, or submitted by a functional committee, or submitted by a Managerial Officer and then presented by the Chairperson.
 12. Discharge of the powers and tasks of the Board of Directors specified in the Corporation's Principles of Corporate Governance.
 13. Discharge of any other powers conferred on it by law or regulation or at a

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shareholders' meeting.

Article 21 Except for the first meeting of each term of office of the Board of Directors, which shall be convened by the Director receiving ballots representing the highest numbers of votes, or except as otherwise provided by the Company Act, meetings of the Board of Directors shall be convened and chaired by the Chairperson. When the Chairperson by reason of leave or otherwise is unable to exercise such power of office, the Chairperson shall designate a Director as deputy to chair the meeting, failing which the Directors shall select one of their number to convene and chair the meeting in the place of the Chairperson.

Article 22 Directors shall be present in person at the meetings of the Board of Directors. If a meeting is conducted by means of video conference, Directors participating in the meeting by such means shall be deemed to be present in person at the meeting. Unless otherwise provided by law or regulation, a Director unable to be present at a meeting may appoint another Director to act at the meeting on behalf of such absent Director, but shall in each instance issue a proxy form specifying the scope of authorization with respect to the reasons of the meeting.

For the purpose of the preceding paragraph, a Director may accept only one appointment per meeting.

Article 23 Unless otherwise provided by law or regulation, a resolution of the Board of Directors shall be made with the approval of a majority of the Directors present at a meeting at which a majority of the Directors is present.

Article 24 (deleted)

Article 25 The proceedings of a meeting of the Board of Directors shall be recorded in the meeting minutes, to be signed or sealed by the chair of the meeting and distributed to each Director within 20 days after the meeting. The meeting minutes shall state the year, month, day, place, name of the chair, method of resolution, a digest of proceedings and discussions, and the results of the meeting.

The meeting minutes under the preceding paragraph may be made and distributed by electronic means.

Article 26 To convene a meeting of the Board of Directors, a notice of the meeting shall state

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the reasons of the meeting and shall be given to each Director by 7 days before the meeting, provided that a meeting may be convened at any time in case of emergency.

The notice of a meeting under the preceding paragraph may be made by means of e-mail or facsimile in lieu of notice in hardcopy form.

Article 27 The Board of Directors may, based upon the operational status of the Corporation's corporate governance system, gradually establish various functional committees to strengthen the active involvement of the Directors and to enhance the effectiveness and quality of the oversight and decision-making functions of the Board of Directors.

The organization, functions, and operations of the functional committees under the preceding paragraph shall be subject to the Corporation's Principles of Corporate Governance and associated rules.

Article 27-1 All relevant laws, articles, bylaws, and rules, shareholders' meeting resolutions, Board of Directors resolutions, and the Corporation's Principles of Corporate Governance and associated provisions shall constitute the rights and obligations arising from the mandate relationship between the Directors and the Corporation, and the Directors shall have the obligation to fully comply and exercise fiduciary duty in the execution thereof.

The pay to the Directors for their services as Directors, apart from for the profit-sharing compensation to Directors paid out of annual profits in accordance with Article 35-1 below, shall be discussed and determined by the Board of Directors separately for each Director, considering the level of involvement and value of contribution of each Director and by reference to the usual level of such pay in the industry.

Article 27-2 The Corporation shall set up an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, and all provisions of the Company Act, the Securities and Exchange Act, and any other law in relation to Supervisors shall apply *mutatis mutandis* to the audit committee.

Chapter 6 (deleted)

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Article 28 (deleted)

Article 29 (deleted)

Article 30 (deleted)

Article 31 (deleted)

Article 32 (deleted)

Chapter 7 Managerial Officers

Article 33 The Corporation shall have one President and several other Managerial Officers. The President shall follow the resolutions of the Board of Directors, preside over the affairs of the Corporation pursuant to law, and is empowered to manage affairs and sign on behalf of the Corporation. Other Managerial Officers shall provide assistance to the President, but may not sign on behalf of the Corporation unless with the written authorization of the Corporation.

Article 34 The appointment and removal of the President and significant Managerial Officers shall be determined by resolution of the Board of Directors.

Chapter 8 Accounting

Article 35 The fiscal year of the Corporation shall begin on January 1 of each year and end on December 31 of the same year. After the end of each fiscal year, the Board of Directors shall prepare the following documents, have them audited and certified by a certified public accountant, and submit them to a regular shareholders' meeting for recognition:

1. A business report.
2. Financial statements.
3. A proposal for the distribution of profits or offsetting of losses.

Article 35-1 If the final annual accounts of the Corporation show a net profit for a given year, it shall allocate not less than 1 percent of the net profit as profit-sharing compensation to employees and not more than 1 percent as profit-sharing compensation to Directors; provided, however, that if the Corporation still has any accumulated loss, it shall first set aside the amount to offset the loss before such

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allocation.

Article 36 If the final annual accounts of the Corporation show a net profit for a given year, the profit-sharing compensation to employees and Directors shall first be allocated from the net profit pursuant to Article 35-1 above. If the Board of Directors then resolves to make distributions, it shall prepare an earnings distribution proposal, including therein the amount of any accumulated undistributed earnings and the amount equaling to the remainder of the net profit for the given year after further deduction for the payment of all taxes required by law, the allocation of the 10 percent legal reserve (no such allocation is necessary if the legal reserve is maintained at the level of the paid-in capital of the Corporation), and the provision or reversal for the special reserve pursuant to law or regulation, and submit the proposal to a shareholders' meeting for resolution on the distribution of dividends to shareholders.

When forming its dividend policy, the Corporation considers various factors such as its plans relating to current and future development, the overall investment environment, its financial needs, competition in the domestic and foreign markets, as well as the interest of shareholders and the principles of stability and balance in the distribution of dividends. Each year it will set aside as shareholder dividends an amount of not less than 60 percent of the earnings available for distribution. Such distribution, however, is not obligatory if the earnings cumulatively available for distribution is less than 0.5 percent of its paid-in capital. Dividends to shareholders may be distributed in cash or shares, but in any event the amount of cash dividends may not be less than 50 percent of the total dividends.

Chapter 9 Supplementary Provisions

Article 37 The organizational rules of the Corporation shall be adopted separately by the Board of Directors.

Article 38 All matters not covered by these Articles of Incorporation shall be governed by the Company Act, the Securities and Exchange Act, and other applicable laws and regulations.

Article 39 These Articles of Incorporation were adopted on 13 April 1998. The first

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amendment was made on 25 May 1999; the second on 27 June 2000; the third on 20 May 2002; the fourth on 10 September 2002; the fifth on 10 September 2002; the sixth on 28 May 2003; the seventh on 30 December 2003; the eighth on 28 May 2004; the ninth on 4 March 2005; the tenth on 4 March 2005; the eleventh on 25 June 2005; the twelfth on 25 June 2005; the thirteenth on 9 June 2006; the fourteenth on 16 August 2007; the fifteenth on 3 June 2009; the sixteenth on 23 June 2010; the seventeenth on 22 June 2012; the eighteenth on 10 September 2015; the nineteenth on 18 March 2016; the twentieth on 24 May 2018; the twenty-first on 26 May 2022; and took effect after approval at a regular shareholders' meeting.

Appendix IV

Taiwan High Speed Rail Corporation

Sustainable Development Best Practice Principles

Chapter 1 General Principles

Article 1 The Taiwan High Speed Rail Corporation (hereinafter referred to as "the Corporation"), based on the principle of corporate sustainability, holds sustainable development as one of the major core value. To fulfill corporate social responsibility, and to promote economic, social, environmental, and ecological balance and sustainable development, and achieve sustainable operations, the Corporation adopts these Principles for compliance, taking into reference to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and relevant laws and regulations.

Article 2 The Principles apply to the Corporation's entire operations and activities. The Corporation shall actively practice sustainable corporate development in line with international trends, as it engages in business operations. It shall also act as a responsible corporate citizen to contribute to the economic development of the country, improve the quality of life of employees, the community, and society, and enhance its competitive advantages on the foundation of corporate sustainable development.

Article 3 In fulfilling sustainable development initiatives, the Corporation shall, in its corporate operational strategies and management objectives, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

The Corporation shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

Article 4 To implement sustainable development, the Corporation shall abide by the following principles:

1. Implement corporate governance.
2. Foster a sustainable environment.
3. Maintain public interest of society.
4. Disclosure of sustainable development information.

Article 5 The Corporation shall consider the sustainable development subjects and trends domestically and abroad and its core business operations, as well as the overall operational activity effects on stakeholders, and adopt sustainable

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development policies, systems or guiding management principles, and concrete proposals for promoting sustainable development programs.

Chapter2 Implementing Corporate Governance

Article 6 The Corporation complies with relevant domestic laws and regulations and the Corporation's Articles of Incorporation. To establish effective governance frameworks and relevant ethical standards to enhance corporate governance.

Article 7 The Corporation's Directors shall exercise the due care and diligence of good administrators. The Board of Directors ("Board") may authorize management department to handle economic, environmental, and social issues arising from operational activities. Management department shall report to the Board on the status of handling such issues. The operational and handling procedures related thereto and the individual personnel responsible for each relevant issue shall be concrete and clear.

Article 8 The Corporation may, on a regular basis, hold education and training courses on the implementation of sustainable development.

Article 9 For sound management of sustainable development, the Corporation may establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and implementing sustainable development policies and concrete promotional plans, and reporting on the same to the Board on a regular basis.

The Corporation may adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization and align with the interests of stakeholders.

The employee performance evaluation system may comply with sustainable development policies, and a clear and effective incentive and discipline system shall be established.

Article 10 The Corporation, based on respect for the rights and interests of stakeholders, shall establish a designated section on corporate website for stakeholders. It shall use appropriate means of communication to gain an understanding of the reasonable expectations and demands of stakeholders, and adequately respond to important sustainable development issues that they may be concerned about.

Chapter3 Fostering a Sustainable Environment

Article 11 The Corporation shall comply with relevant laws, regulations and international standards to properly protect the natural environment. It shall make the most of the core capabilities of the transportation industry, offer green service, enhance the efficient use of equipment and energy, and

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establish environmental management systems, to promote a smart and low-carbon society, and achieve the goal of sustainability.

Article 12 The Corporation may endeavor to utilize all resources more efficiently, to use renewable materials with low environmental impact, and to enable sustainable use of earth's resources.

Article 13 The Corporation may establish a suitable environmental management system based on the characteristics of its industry. This system shall include the following:

1. Collecting sufficient and timely information to evaluate the impact of the Corporation's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and regularly examining the continuity and relevance of the goals and developments with respect thereto.
3. Adopting implementation measures such as concrete programs or action plans, and examining the results on a regular basis.

Article 14 The Corporation may establish a dedicated unit or assign dedicated personnel to draft, promote, and maintain relevant environment management systems and concrete action plans, and shall regularly hold environmental education courses.

Article 15 The Corporation may consider the environmental benefits of its operations, and promote and advocate the concept of sustainable consumption. It shall also conduct research and development, procurement, production, operations, and services in accordance with the following principles, to reduce the impact of the Corporation's operations on the natural environment and the public.

1. Reduce the resource and energy consumption of transportation services.
2. Reduce the emission of pollutants, toxins, and waste, and dispose of waste properly.
3. Improve the recyclability and reusability of materials.
4. Maximize sustainability in the use of renewable resources.
5. Increase the durability of equipment.
6. Increase the efficiency of services.

Article 16 The Corporation shall construct and strengthen environmental protection and treatment facilities to avoid creating water pollution, waste, air and land pollution, noise, and vibration. It shall also use its best efforts to reduce adverse impact on human health and the environment, and adopt the best practical measures and technology for pollution prevention and control.

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Article 17 The Corporation may assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures.

The Corporation shall adopt standards or guidelines generally used domestically and abroad to implement corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.

The Corporation shall compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes.

Chapter4 Upholding Public Welfare

Article 18 The Corporation shall comply with relevant laws and regulations and the International Bill of Human Rights, with respect to rights such as gender equality, right to work, and prohibition of discrimination.

The Corporation shall adopt relevant management policies and processes to fulfill its responsibility to protect human rights.

The Corporation shall comply with internationally recognized human rights of labor, such as freedom of association, right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, and eliminating recruitment and employment discrimination. The Corporation shall also ensure that its human resource policies do not involve differential treatment based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Corporation shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, and ensure equality and transparency in the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed, and the Corporation shall respond to an employee's grievance in an appropriate manner.

Article 19 The Corporation shall provide information to its employees to familiarize the employees with the labor laws and the rights they may have in the countries

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where the Corporation has business operations.

Article 20 The Corporation may provide a safe and healthy work environment for employees, including necessary health and first-aid facilities. It shall endeavor to reduce hazards to employees' safety and health and to prevent occupational accidents.

The Corporation may organize safety training and health education for employees on a regular basis.

Article 21 The Corporation may create an environment conducive to the development of its employees' careers, and establish effective training programs to foster career skills.

The Corporation shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect corporate business performance or results in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and to achieve the objective of sustainable operations.

Article 22 The Corporation shall establish channels for regular two-way communication between management and employees, and entitle employees to be informed about and express their opinions on the Corporation's operations, management, and decisions.

The Corporation shall respect the rights of employee representatives to bargain with respect to working conditions, and shall provide employees with necessary information and hardware equipment to improve negotiation and cooperation among employer, employees, and employee representatives.

The Corporation shall, by reasonable means, inform employees of operational changes that might have a material impact.

Article 22-1

The Corporation shall treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. The Corporation shall also develop the relevant strategies and specific measures for implementation.

Article 23 The Corporation shall take responsibility for its products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Corporation shall ensure the transparency and safety of its products and services. It shall also

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establish and disclose policies on consumer rights and interests and enforce them in the course of business operations, to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 24 The Corporation shall ensure the quality of its products and services by following government laws and regulations and the relevant standards of its industry.

The Corporation shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 25 The Corporation may evaluate and manage all types of risks that may cause interruptions in operations, to reduce the impact on consumers and society.

The Corporation may provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, and shall comply with the Personal Information Protection Act and related laws and regulations, and shall scrupulously respect consumers' right of privacy, and protect personal data provided by consumers.

Article 26 The Corporation may establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engage in commercial dealings, the Corporation shall assess whether there is any record of a supplier's impact on the environment and society, and avoid business cooperation with suppliers who present any conflict with corporate social responsibility policy.

When the Corporation enters into a contract with any major supplier, the content may include terms stipulating mutual compliance with each other's corporate social responsibility policy. The contract may be terminated or rescinded at any time if the supplier has violated such policy, and has caused significant negative impact on the environment and society of the community of the supply source.

Article 27 The Corporation shall evaluate the impact of its business operations on the community, and adequately employ personnel from the locale of the business operations, to enhance community acceptance.

The Corporation may, through commercial activities, in-kind donations, volunteer service, or other public-interest professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in community development and community education related events held by citizen organizations, charitable groups, and local government agencies, to promote community development.

Article 27-1

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The Corporation may, through endowments, sponsorship, procurement, strategic cooperation, volunteer technical service, or other supporting models etc., dedicate resources to cultural art activities or cultural creativity industry to promote cultural development.

Chapter5 Enhancing Disclosure of Sustainable Development Information

Article 28 The Corporation shall disclose information in accordance with relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies, and shall fully disclose relevant and reliable sustainable development information, to improve information transparency.

Article 29 The Corporation shall adopt internationally recognized standards or guidelines to produce sustainable development reports, to disclose the status of its implementation of sustainable development. It also may obtain third-party assurance or verification of reports, to enhance the reliability of the information in the reports. The content of reports should include:

1. Policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development.
2. Major stakeholders and related concerns.
3. Performance results and review of the implementation of corporate governance, fostering of a sustainable environment, preserving of public welfare, and promoting of economic development.
4. Future directions for improvement and goals.

Chapter6 Supplementary Provisions

Article 30 The Corporation shall continually monitor the development of relevant domestic and foreign sustainable development standards and changes in the business environment, as a basis for examining and improving its established sustainable development system, to obtain better results from its implementation of sustainable development.

Article 31 These Principles and any amendments hereto, shall be implemented after they have been passed by a resolution of the Board and submitted in a report to a shareholders' meeting.

Appendix V

Taiwan High Speed Rail Corporation Shareholding of All Directors		
All directors	Minimum required shareholding (number of common shares)	Shareholding as of March 27, 2023 (number of common shares)
Director	120,000,000	3,452,526,178
Title	Name	Shareholding as of March 28, 2022 (number of common shares)
Chairman	China Aviation Development Foundation	260,040,000
	Representative: Yao-Chung Chiang	
Director	China Aviation Development Foundation	2,420,000,000
	Representative: Lee-Ching Ko	
Director	Ministry of Transportation and Communications, R.O.C.	242,148,000
	Representative: Wen-Jong Chi	
Director	Ministry of Transportation and Communications, R.O.C.	200,000,000
	Representative: Chin-Hong Pan	
Director	China Steel Corporation	190,060,578
	Representative: Chao-Tung Wong	
Director	Taiwan Sugar Corporation	120,000,000
	Representative: Chao-Yih Chen	
Director	TECO Electric & Machinery Co., Ltd.	20,277,600
	Representative: Mao-Hsiung Huang	
Director	Management Committee of National Development Fund, Executive Yuan	—
	Representative: Shien-Quey Kao	
Director	Taipei Fubon Commercial Bank Co., Ltd.	—
	Representative: Chu-Min Hong	
Independent Director	Kenneth Huang-Chuan Chiu	—
Independent Director	Duei Tsai	—
Independent Director	Pai-Ta Shih	—
Independent Director	Yung-Cheng (Rex) Lai	—
Shares held by all directors		3,452,526,178

