

Handbook for the 2024 Annual Shareholders' Meeting

Stock Code: 2633

Method Of Convening: Physical Shareholders' Meeting

Date: May 23, 2024 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 2024 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," the Corporate Governance & 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 of Directors, said report shall be included in the Annual Meeting Handbook. The Corporation's Report on Implementation of Corporate Governance for the current year was approved at the 10th meeting of the 10th Board on February 21, 2024, and is hereby presented to the shareholders' general meeting.

I. Background

For the purpose of sound corporate governance, as well as assurance of shareholder equity, consolidation of Board function, promotion of information transparency, and achievement of sustainable development, the Corporation Guidelines for Corporate Governance were formally approved at the shareholders' general meeting held on May 28, 2003. Additionally, independent directorship was introduced to establish an infrastructure for corporate governance. Accordingly, relevant corporate governance systems and measures were initiated and executed over the last 20 years with considerable effectiveness.

II. Corporate Governance Guidance

To achieve business autonomy, the Corporation referred to important corporate governance principles both at home and abroad, the corporate governance experiences of leading enterprises, and domestic applicable laws and regulations when formulating the Corporation Guidelines for Corporate Governance (hereinafter "GCG"). These standards were established and amended at the 2003, 2004, 2006, 2007, 2012, 2013, 2019, 2021, 2022, and 2023 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 our Articles of Incorporation, we have also established relevant functional committees in a sequential manner based on our actual business and stage-task requirements. Currently, our Board of Directors have established the Corporate Governance & Nomination, Audit, Remuneration, and Special Committees for functional purposes. The Board formulated applicable corporate governance bylaws 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 amendments to the Securities and Exchange Act by adding provisions to our 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 our 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. Beginning in 2024, the Financial Supervisory Commission's Corporate Governance 3.0 Blueprint for Sustainable Development will 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 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.

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2. Restructuring of Board of Directors According to Shareholder Structure

In consideration of appropriate Board scale, representation of shareholder interests, business nature of BOT models, and corporate development, as well as shareholder structure and discussion efficiency, a total of 15 directors are serving on the 10th Board, including 5 independent directors and 10 non-independent directors elected at the shareholders' general meeting held on May 25, 2023.

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

To implement efficient decision-making and robust supervision, our 4th Board of Directors established the Corporate Governance Committee and quasi Audit Committee in accordance with Article 5-1-01 of the GCG, and the Board 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 bylaw and guidelines.

Furthermore, the 15 directors comprising the 10th Board were elected for three years of office (May 25, 2023 to May 24, 2026). 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 include at least two independent directors.

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4. Primary tasks and execution responsibilities for Board of Directors and functional committees (from January 2023 to March 2024)

(1) Board of Directors

① Composition: 13 directors for the 9th Board and 15 directors for the 10th Board.

② Number of meetings: 16.

③ Primary tasks :

The Board is responsible for major Corporation financial, business, and operational decisions, and oversees the duties performed by Management (see Schedule for details).

④ Execution:

The Board of Directors adheres to applicable laws and regulations, resolutions of shareholders' meetings, and Corporation bylaws to faithfully perform the foregoing primary tasks. Board duties are diverse and therefore not enumerated here. The Board of Directors announces and discloses all major resolutions on the Market Observation Post System as required. Functional committees bring their respective preview functions 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 for the 9th Board (including the Chairman) and all committee members elected the Chairman as convener; 7 directors for the 10th Board (including the Chairman) and all committee members elected the Chairman as convener.

② Number of meetings: 14.

③ Primary tasks:

Review diverse backgrounds and independent standards of independent directors, non-independent directors, and managers, including professional knowhow, technical knowledge, expertise, and gender; plan composition of the Board and functional committees; review succession plans for directors and managers;

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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 (see Schedule for details).

④ Execution:

- 1) Discuss proposals for evaluating implementations of Board of Directors, functional committees, and annual work plans.
- 2) Discuss report on execution of corporate governance.
- 3) Discuss renewal of director and officer 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, sustainable development and ethical management executions, and implementation of information disclosures.

(3) Audit Committee

① Composition: All 4 independent directors of the 9th Board, with the committee being convened by 1 of the independent directors; all 5 independent directors of the 10th Board, with the committee being convened by 1 of the independent directors.

② Number of meetings: 15.

③ Primary tasks:

Review and oversee corporate financial statements and risk control/management affairs (see Schedule for details).

④ Execution:

- 1) Review annual budgets, budget implementation reports, and financial

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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,” “Procedures for Providing Endorsement and Guarantee,” and “Handling Procedure to Engage in the Amount Loaned to the Others.”
- 3) Review results of annual self-evaluations of internal control systems and statements of internal control system at all levels of the organization. The Corporation’s 2023 “Final report on self-assessments of internal control systems” and self-assessment implementation reports from all levels of the organization were completed in accordance with the cyclical internal control procedures of each unit. The “2023 annual report on self-assessments of internal control systems” was submitted to the 9th Audit Committee meeting of the 10th Board on February 19, 2024 and the 10th meeting of the 10th Board on February 21, 2024 for confirmation of the Corporation’s internal control systems in 2023, including understanding of operational performance, efficiency, and goal attainment rates; and understanding of reliability, timeliness, transparency, and legal compliance of reporting measures; as well as efficient implementation to ensure that relevant goals are met.
- 4) Review transactions involving director 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 2023 and only made donations to related parties. Related proposals for 2023 (including the Corporation's “Donation and Sponsorship Plan for 2023” and “Plan for Donation of Rail Components to the Preparatory Office of National Railway Museum”) 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.”

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- 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 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 Committee and the Board periodically review the Corporation's risk management implementations. The "2023 Annual Progress Report of Risk Management Implementations" was submitted to the 4th Audit Committee meeting of the 10th Board on September 12, 2023 and the 5th meeting of the 10th Board on September 13, 2023 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: 3 independent directors for the 9th Board, with the committee being convened by 1 of the independent directors; 4 independent directors for the 10th Board, with the committee being convened by 1 of the independent directors.

- ② Number of meetings: 13.

- ③ Primary Tasks:

Formulate and regularly review evaluations of director and manager performance, salary, and compensation (see Schedule for details).

- ④ Execution:

The Remuneration Committee implements 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 rationale of remuneration and performance assessment results, please refer to Sub-Item (5) Formulation of Reasonable

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Remuneration Policies and Connection Between and Rationale of Remuneration and Performance Assessment Results under Item 5 Measures Specific to Corporate Governance in Management Presentations.

(5) Special Committee

① Composition: 6 directors for the 9th Board and convened by 1 director elected by committee members; 7 directors for the 10th Board and convened by 1 director elected by committee members.

② Number of meetings: 11.

③ Primary Tasks:

Provide advice on the Corporation's major legal or contractual disputes and important system reforms, assist the Board of Directors in supervising manager execution of decisions, and review the Corporation's procurement-related proposals to be submitted to the Board of Directors as required by procurement bylaws (see Schedule for details).

④ Execution:

The Special Committee implements 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 2023, in order to strengthen our corporate governance system, the functional committees of the Corporation pre-assessed proposals to establish or revise fundamental and management bylaws relating to corporate governance and submitted these to the Board for approval; the corporate bylaws concerned included the "Sustainable Development Best Practice Principles," "Regulations of Disclosure Information," "General Rules of Corporate Auditing," "THSRC Organizational Regulation," "Internal Control System," and "Regulation of Related Party Transaction."

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(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 adjusted in accordance with these principles.

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.

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 as well as expand their participation and work rotation experience in different operational units.

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

The Corporation referenced corporate governance initiatives and established the following demarcation of authority for business decision-making: 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

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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 is constantly reviewed and revised based on these principles.

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

- ① Purchase of D&O is considered a component of corporate governance. From the Corporation’s perspective, D&O not only facilitates acquisition of talent, but also encourages dauntless service, thus contributing to corporate governance. For directors and officers, D&O helps to avoid legal damage 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 Connection Between and Rationale of Remuneration and Performance Assessment Results:

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 positions 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

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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 bylaws, 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 accordance with 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 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, 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 respectively reference our "Regulations Governing Board Performance Evaluations" and our "Regulations Governing Performance Management" (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.

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Results of performance self-assessments for the Corporation’s Board of Directors, Board members, and functional committees in 2023 all significantly exceeded standards. Additionally, results of performance assessments for managers in 2023 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 as well as Corporation operations and finances, and are linked to 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 the Board of Directors. CPA assessment results for 2023 were approved by the 9th Audit Committee meeting of the 10th Board of Directors dated February 19, 2024 and the 10th meeting of the 10th Board of Directors dated February 21, 2024, confirming that the Corporation’s CPA fulfilled the following 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

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No.	Evaluation Item	Evaluation Results	Passed Independence Assessment
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
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 of 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

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No.	Evaluation Item	Evaluation Results	Passed Independence Assessment
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 pressured 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 Management, perform relevant duties, and actively fulfill their preview role for the Board of Directors.

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 bylaws 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

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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. Achieving Sustainable Development and Maintaining Social Contribution

The Corporation has viewed achievement of sustainable development as the foundation of our core services since our establishment. We are committed to social care, environmental protection, and corporate governance, and consider sustainable development to be one of our core values for promoting balance and sustainability on economic, social, and ecological aspects for the purpose of achieving sustainable management.

The Corporation adheres to the spirit of international human rights conventions and the characteristics of the 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

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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 strategic 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 constantly review our Corporate Governance 3.0 Strategic Development Blueprint and align this with corresponding United Nations Sustainable Development Goals 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 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 six consecutive years (from 2017 to 2022) 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 and consistently review the framework and mechanisms of corporate governance in order to improve our corporate governance system and set Taiwan High Speed Rail Corporation as a benchmark for corporate governance.

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Schedule

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 adoption and amendment of internal control systems, and evaluating effectiveness of internal control systems. 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, the Guidelines for Corporate Governance, 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; assess performance of the Board, committees, directors, and managerial officers; and assess independence of 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 director training and succession plans for directors and managerial officers (succession planning). 6). Plan and review implementation performance of the Board and its committees.

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Item	Primary Tasks
	<ul style="list-style-type: none"> 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 sustainable development tasks, 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. 7). Review the public offering, issuance, or private placement of equity-type securities.

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Item	Primary Tasks
	<ul style="list-style-type: none"> 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 signed by the Chairman, management, and accounting managers. 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 performance evaluation and remuneration policies, systems, standards, and structures for directors and managerial officers. 2). Regularly evaluate attainment of performance targets by the

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Item	Primary Tasks
	<p>Corporation’s directors and managerial officers, and formulate individual remuneration standards and amounts in accordance with assessment results of performance evaluation 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> <ol style="list-style-type: none"> 1). Provide counsel and suggestions in accordance with Board resolutions on major legal or contractual disputes and important management system changes of the Corporation, and assist the Board in supervising the implementation of said resolutions by managerial departments. 2). Review proposals relating to procurement matters that should be submitted to the Board by managerial departments according to Corporation bylaws. 3). Other duties as required by the Corporation’s Articles of Incorporation, Guidelines for Corporate Governance, or resolutions passed by the Board.

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Communication items between independent directors and chief internal auditor for 2023:

Date	Communication Method (Audit Committee Term-Sitting)	Report Highlight	Communication Results	The Corporation's Responses to Independent Director Opinions
2023/2/20	Audit Committee Meeting (9-33)	2022 Q4 audit office project implementation report	Acknowledged by all Audit Committee members in attendance.	No objections from independent directors.
2023/5/8	Audit Committee Meeting (9-36)	2023 Q1 audit office project implementation report	Acknowledged by all Audit Committee members in attendance.	No objections from independent directors.
2023/8/8	Audit Committee Meeting (10-3)	2023 Q2 audit office project implementation report	Acknowledged by all Audit Committee members in attendance.	No objections from independent directors.
2023/10/17	Audit report (Independent report made by internal audit managers to independent directors)	Audit plans for 2024	Acknowledged by independent directors.	No objections from independent directors.
2023/10/17	Audit Committee Meeting (10-5)	Formulation of 2024 audit report for auditing office	Approved and acknowledged by all Audit Committee members in attendance.	No objections from independent directors.
2023/11/7	Audit Committee Meeting (10-6)	2023 Q3 audit office project implementation report	Acknowledged by all Audit Committee members in attendance.	No objections from independent directors.

Management Presentation

Communication items between independent directors and CPAs for 2023:

Date	Communication Method (Audit Committee Term-Sitting)	Report Highlight	Communication Results	The Corporation's Responses to Independent Director Opinions
2023/2/20	Audit Committee Meeting (9-33)	<ol style="list-style-type: none"> 1. 2022 financial report and conclusions of CPA audit report 2. Statement of Independence 3. Key audit items 4. New disclosures in 2022 financial report 	Approved after discussion by all Audit Committee members in attendance.	No objections from independent directors.
2023/5/8	Audit Committee Meeting (9-36)	<ol style="list-style-type: none"> 1. 2023 Q1 financial report and conclusions of CPA audit report 2. Statement of Independence 	Approved after discussion by all Audit Committee members in attendance.	No objections from independent directors.
2023/8/8	Audit Committee Meeting (10-3)	<ol style="list-style-type: none"> 1. 2023 Q2 financial report and conclusions of CPA audit report 2. Statement of Independence 	Approved after discussion by all Audit Committee members in attendance.	No objections from independent directors.
2023/11/7	Audit Committee Meeting (10-6)	<ol style="list-style-type: none"> 1. 2023 Q3 financial report and conclusions of CPA audit report 2. Statement of Independence 3. New disclosures in 2023 Q3 financial report 4. Audit plans and key audit items for 2023 financial reports 	Approved after discussion by all Audit Committee members in attendance.	No objections from independent directors.
2023/11/7	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 Director Remuneration for 2023

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 2023 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 2023/12/31)

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	13,449	13,449	0	0	13,449	13,449	0	0	0	0	0	0	0	0	13,449	13,449	None
Chairman Representative: Yao-Chung Chiang		7,068	7,068	0	0	0	0	481	481	7,549	7,549	0	0	0	0	0	0	0	0	7,549	7,549	None
Director Representative: Yu-Fen Hung		0	0	0	0	0	0	140	140	140	140	0	0	0	0	0	0	0	0	140	140	None
Director Representative: Wei-Cheng Hsieh		0	0	0	0	0	0	130	130	130	130	0	0	0	0	0	0	0	0	130	130	None
Director Former Representative: Lee-Ching Ko		0	0	0	0	0	0	16	16	16	16	0	0	0	0	0	0	0	0	16	16	None
Ministry of Transportation and Communications, R.O.C.		0	0	0	0	10,425	10,425	162	162	10,587	10,587	0	0	0	0	0	0	0	0	10,587	10,587	None
Director Representative: Cheng-Chung Young		0	0	0	0	0	0	60	60	60	60	0	0	0	0	0	0	0	0	60	60	None
Director Former Representative: Wen-Jong Chi		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Director Former Representative: Chin-Hong Pan		0	0	0	0	0	0	93	93	93	93	0	0	0	0	0	0	0	0	93	93	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			
															Cash	Stock	Cash	Stock				
China Steel Corporation		0	0	0	0	5,213	5,213	100	100	5,313 0.07	5,313 0.07	0	0	0	0	0	0	0	0	5,313 0.07	5,313 0.07	None
Director Representative: Chien-Chih Hwang		0	0	0	0	0	0	0	0	0 0.00	0 0.00	0	0	0	0	0	0	0	0	0 0.00	0 0.00	None
Director Former Representative: Chao-Tung Wong		0	0	0	0	0	0	0	0	0 0.00	0 0.00	0	0	0	0	0	0	0	0	0 0.00	0 0.00	None
Taiwan Sugar Corporation		0	0	0	0	5,213	5,213	124	124	5,337 0.07	5,337 0.07	0	0	0	0	0	0	0	0	5,337 0.07	5,337 0.07	None
Director Representative: Ming-Jou Yang		0	0	0	0	0	0	0	0	0 0.00	0 0.00	0	0	0	0	0	0	0	0	0 0.00	0 0.00	None
Director Former Representative: Chao-Yih Chen		0	0	0	0	0	0	0	0	0 0.00	0 0.00	0	0	0	0	0	0	0	0	0 0.00	0 0.00	None
Management Committee of National Development Fund, Executive Yuan		0	0	0	0	5,213	5,213	81	81	5,294 0.07	5,294 0.07	0	0	0	0	0	0	0	0	5,294 0.07	5,294 0.07	None
Director Representative: Shien-Quey Kao		0	0	0	0	0	0	93	93	93 0.00	93 0.00	0	0	0	0	0	0	0	0	93 0.00	93 0.00	None
TECO Electric & Machinery Co., Ltd.		0	0	0	0	5,213	5,213	0	0	5,213 0.07	5,213 0.07	0	0	0	0	0	0	0	0	5,213 0.07	5,213 0.07	None
Director Representative: Mao-Hsiung, Huang		0	0	0	0	0	0	194	194	194 0.00	194 0.00	0	0	0	0	0	0	0	0	194 0.00	194 0.00	None
Taipei Fubon Commercial Bank Co., Ltd.		0	0	0	0	5,213	5,213	0	0	5,213 0.07	5,213 0.07	0	0	0	0	0	0	0	0	5,213 0.07	5,213 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			
														Cash	Stock	Cash	Stock					
Director Former Representative: Chu-Min Hong		0	0	0	0	0	0	144	144	144	144	0	0	0	0	0	0	0	0	144	144	None
Director Former Representative: Kuo-Chih Liu		0	0	0	0	0	0	32	32	32	32	0	0	0	0	0	0	0	0	32	32	None
Independent Director Kenneth Huang-Chuan Chiu		720	720	0	0	0	0	420	420	1,140	1,140	0	0	0	0	0	0	0	0	1,140	1,140	None
Independent Director Dwei Tsai		317	317	0	0	0	0	470	470	787	787	0	0	0	0	0	0	0	0	787	787	None
Independent Director Ming-Teh Wang		434	434	0	0	0	0	240	240	674	674	0	0	0	0	0	0	0	0	674	674	None
Independent Director Pai-Ta Shih		720	720	0	0	0	0	420	420	1,140	1,140	0	0	0	0	0	0	0	0	1,140	1,140	None
Independent Director Yung-Cheng (Rex) Lai		720	720	0	0	0	0	394	394	1,114	1,114	0	0	0	0	0	0	0	0	1,114	1,114	None

1. Please describe policies, systems, standards, and structures for director and 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 directors is based on overall operational performance, future industrial risks, and development trends, as well as 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. Additionally, remuneration for independent directors not only adheres to the aforementioned policies, standards, and evaluations, but also references MOTC remuneration standards for privatized state-owned enterprises; independent directors are not entitled to profit sharing.

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.

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. 3: Report on Allocation of 2023 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 2023 (i.e. pre-tax profit prior to deduction of distributable director and employee compensation) amounts to NT\$9,987,509,136 (no accumulated losses offset). In accordance with the provisions stipulated in the preceding regulations and Articles of Incorporation, a resolution was reached at the 9th meeting of the 10th Board on January 17, 2024, for the distribution of 2023 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\$49,937,546.
- (2) For employees' compensation
 1. Percentage allocated: 2 %.
 2. Amount allocated: NT\$199,750,183.

Management Presentation

Report No. 4: Report on Adjustments to the Estimated Amortization Lives of Certain Operating Concession Assets

1. According to Article 6 of the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” adjustments in amortization periods should be backed by supporting documents and reasons for adjustment, and attesting CPAs should be requested to provide an analysis and review opinion on the reasonableness of the nature of the changes. These changes shall then be submitted as a proposal for adoption by resolution of the board of directors and for recognition by the supervisors, after which they shall be publicly disclosed and filed, and shall also be submitted to the next following shareholders meeting.
2. As the Corporation has accumulated a wealth of experience since commencing operations and developed independence maintenance capabilities, internal and external technological environment changes and expected asset use benefits were assessed during mid-term rolling stock inspections and scheduled major inspections, and the estimated amortization periods of certain operating concession assets were found to differ from previous estimates. After requesting that attesting CPAs provide an item-by-item analysis and review opinion on the reasonableness of the nature of the changes, a proposal was submitted to the 8th meeting of the 10th Board on December 13, 2023, where it was approved then publicly disclosed and filed on the same day. The amortization lives of the operating concession assets were adjusted on December 1, 2023.
3. These adjustments increased amortization costs for 2023 by around NT\$81 million and increased amortization costs for 2024 by around NT\$775 million.

Management Presentation

Report No. 5: Report on contracts “Phase 3 Lease for Office Space at Nangang Software Park” and “Phase 3 Lease for Parking Spaces at Nangang Software Park” signed with related party Century Development Corporation

1. Handled in accordance with Paragraph 1, Article 11 of the Corporation’s “Regulation of Related Party Transaction.”
2. The Corporation’s proposal to sign contracts “Phase 3 Lease for Office Space at Nangang Software Park” and “Phase 3 Lease for Parking Spaces at Nangang Software Park” with related party Century Development Corporation was approved at the 7th meeting of the 10th Board on November 8, 2023.
3. Actual transaction details were as follows:
 - (1) Location: 13~15F, No. 66, Jingmao 2nd Rd., Nangang District, Taipei City, Taiwan.
 - (2) Contract period: January 1, 2024 to December 31, 2026.
 - (3) Contract amount: NT\$216,534,000 (tax inclusive).

Proposals

Proposal No. 1: Proposed by the Board

Proposal: Proposal of 2023 Annual Business Report and Financial Statements of the Corporation.

Explanation: The Corporation's 2023 Business Report (please refer to p.35-p.43 of the Annual Meeting Handbook) and Financial Statements (please refer to p.44-p.48 of the Annual Meeting Handbook) were approved on February 21, 2024 at the 10th meeting of the 10th Board. The financial statements were audited by certified public accountants, and an audit report thereto was issued on February 21, 2024 (please refer to p.49-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 2023

Business report and future prospects

Since Taiwan High Speed Rail Corporation (hereinafter “THSRC” or “the Corporation”) commenced operations in 2007, ridership has grown steadily year by year. However, the Corporation faced great challenges from the coronavirus (COVID-19) pandemic during 2020–2022. Following the easing of the pandemic, ridership volumes for the year reached greater heights and set a new record of 330,000 passengers per day. As one of the main transportation operators in Taiwan’s western corridor, THSRC has continuously implemented various preventive measures to ensure the safety and well-being of our passengers.

Looking ahead to the future, we will continue to adhere to our vision of “To be the Platform for Advancement and Enjoyment” and work to provide excellent service, comfortable travel, and customer satisfaction to our passengers while fulfilling our social responsibilities.

1. Business report for 2023

(1) Operational performance

1) Rail Operations

Pandemic control measures were gradually relaxed in 2023, normal life resumed, and our ridership volumes exceeded pre-pandemic levels. Starting from July 1, THSRC increased the number of weekly train services from 1,016 to 1,025, and began providing 1,039 train services starting from October 16, providing a total of 54,991 train services over the course of the year, an increase of 937 train services compared to 2022. Our loading factor for the year reached 70.67% (up by 17.36% compared to 2022) and passenger volumes reached 73.09 million, up by 34.95% compared to 2022. Our total passenger-kilometers were 12,565 million km, up by 34.56% compared to 2022. Average daily ridership reached 200,000 passengers, an increase of 52,000 passengers compared to 148,000 passengers in 2022.

In terms of operational safety, no accidents or injuries occurred in 2023. Our average punctuality rate (arrival within five minutes of scheduled time) was 99.58%, up by 0.11% compared to 2022, and our average reliability rate (excluding delays due to force majeure) was 100%.

Proposals

Operational Statistics

Indicators	2022	2023	Change
1. Train Services	54,054	54,991	+1.73%
2. Ridership (in millions)	54.16	73.09	+34.95%
3. Seat-Kilometers (in millions)	17,517	17,780	+1.50%
4. Passenger-Kilometers (in millions)	9,338	12,565	+34.56%
5. Punctuality Rate (as % of trains arriving within five minutes of scheduled time)	99.47%	99.58%	+0.11%
6. Loading Factor (Passenger-km/Seat-km)	53.31%	70.67%	+17.36%

2) Marketing and Passenger services

Products, services, and activities launched in 2023:

A. Product Promotions

- (a) We launched a range of T Holiday packages and combo tickets for hotels, transportation, and various travel commodities.
- (b) We subsequently launched a number of large-scale projects to meet new post-pandemic lifestyles, including the “Perfect travel on the HSR,” “Real face-to-face travel,” and “ITF International Travel Fair-Travel wishlist” projects.
- (c) Collaborated with the Ministry of Transportation and Communications (MOTC) Tourism Bureau to launch the “Go 2 Taiwan” promotional event, encouraging foreign travelers to visit Taiwan and drive local economic development.
- (d) We continued to maintain regular promotions such as early bird discounts, college student discounts, credit card discounts, and periodic/multi-ride tickets to meet different customer needs.

B. Service Diversification

- (a) We continued to launch cumulative rewards for corporate members as well as promotions for specific trains to increase ridership.
- (b) Launched new functions on our mobile ticketing app “T Express” to enable mobile

Proposals

ticket purchases of non-reserved seats in HSR stations and station entry through scanning of barcodes on smartwatches to provide new passenger experiences and convenient ticketing services.

- (c) In response to aging societies, we optimized automated ticketing machine interfaces in all stations, enlarging fonts on all information page displays to provide elder-friendly ticketing services.
- (d) Integrated mobile payment functions on train trolleys.
- (e) Reduced plastic packaging for on-train products, for example by replacing rubber bands on HSR meal boxes with stickers, replacing disposable plastic tableware with bamboo tableware, eliminating use of plastic straws, replacing traditional bottled water with lightweight (reduced plastic) bottles, and offering bring-your-own-cup discounts for hot beverage purchases.

(2) Budget Implementation

Our estimated operating revenue for 2023 was NT\$45.17 billion. Due to the easing of the pandemic, our actual operating revenue was NT\$49.81 billion. Our budget achievement rate was 110.3% and our actual net income was NT\$7.82 billion.

(3) Revenue, Expenditure, and Profitability Analysis

Our revenue for 2023 reached NT\$49.81 billion, up by 34.1% compared to 2022; net income before tax was NT\$9.74 billion, up by 128.3% compared with the previous year.

Ridership volumes for 2023 continued to grow steadily, reflecting the high demand for intercity travel on the HSR along the western corridor.

Financial Data

Unit: NT\$ in billions

Indicators	2022	2023
Operating Revenue	37.13	49.81
Gross Profit	11.24	22.19
Operating Income	9.92	20.53

Proposals

Income Before Income Tax	4.27	9.74
Income Tax Expense	4.96	1.91
Net Income	3.77	7.82

(4) Research and Development

Main research and development activities in 2023 were as follows:

1) Civil Facilities:

- A. Establishment of artificial intelligence drone for HSR viaduct inspections.
- B. Updated and upgraded slope real-time monitoring system.
- C. Conducted research on amplification of seismic responses at viaducts in the Chiayi section.
- D. Conducted 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. Rectified 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. Added CCTV surveillance systems in front of THSR trains.
- D. Development of Railway Turnout Monitoring System (TMS).
- E. Establishment of intelligent repair and management system for track, power, and tram line systems.

3) Information Systems:

- A. Planning and establishment of new-generation information network architectures.
- B. Development of Advanced Open Reservation System (AORS).
- C. Establishment of non-reserved ticket purchase function on T Express.
- D. Establishment of Malware Scan Kiosk.

4) Localization of maintenance materials and equipment.

Proposals

2. Business Plan for 2024

(1) Business Strategy

We adhere to our corporate vision, “To be the platform for advancement and enjoyment,” and continue to provide safe, excellent, and innovative passenger services as well as work towards a better life in Taiwan. We formulated the following strategic projects that adhere to our “six major strategies”:

- 1) Respond to environmental changes and mitigate disaster risks.
- 2) Accelerate digital optimization and strive for digital transformation.
- 3) Refine services and operations management for demographic and technological changes.
- 4) Create demand in a post-pandemic environment to increase revenues.
- 5) Strengthen supplier management and build partnerships.
- 6) Implement carbon reduction actions and fulfill corporate social responsibilities

(2) 4T Main Strategies and Major Projects

1) Transportation

We continue to improve operational safety and actively respond to transportation impacts caused by climate change by establishing warning systems. We optimized our tangible and intangible assets related to passenger services in response to passenger needs and competition from autonomous cars to enhance our competitiveness and passenger comfort.

Main implementation items include:

- A. Reinforce tunnel entrances and slopes along the HSR line, formulate slope grading mechanisms, and conduct professional slope inspection, investigation, and improvement projects in response to extreme climate threats.
- B. Assess safety impacts of the Chekualin Fault on bridge structures, implement design and improvement projects, and use drones to inspect civil structures and survey disaster sites to strengthen disaster resilience and warning capabilities.
- C. Update and upgrade core electrical engineering systems.
- D. Improve and optimize service facilities at HSR stations and on trains, including train and station restrooms, station lactation rooms, station waiting seats, train cushions, and

Proposals

curtains.

- E. Procure new generation rolling stock and construct second rolling stock inspection plant at Zuoying maintenance depot to enhance HSR competitiveness.
- F. Plan installation of station platform gates, upgrade Passenger Information System, increase passenger service elevators, and optimize transportation service equipment.
- G. Establish and promote T-MaaS (Transportation Mobility as a Service) services to enhance passenger convenience and user experiences.

2) Technology

We strive to innovate, enhance our technological capabilities, utilize new technologies, and promote smart transportation as we continue to enhance our operations, services, safety, and decision-making efficiency and quality while using big data and digital tools to optimize customer experiences and provide better convenience. Main implementation items include:

- A. Develop Advanced Open Reservation System (AORS).
- B. Install new generation AFCS cloud-based equipment at HSR stations as well as paperless and digital multi-ride, periodic ticket, and e-coupon systems.
- C. Expand data transmission systems (DTS) and fiber optic cable (FOC) systems to optimize information management as well as management of tangible and intangible resources relating to passenger services.
- D. Establish HSR public and hybrid clouds, and use cloud solutions to achieve a zero-outage information architecture for THSRC.

3) Taiwan

We continue to work with local enterprises and institutes to promote economic growth. Main implementation items include:

- A. Promote localization of rail industries, including OCS maintenance vehicles, and foster development capabilities of local rail industries.
- B. Promote local cultural events and domestic travel.
- C. Integrate ESG concepts with train services, promote green procurement, achieve

Proposals

sustainable development, and fulfill corporate social responsibilities.

D. Continue to revitalize affiliated businesses while strengthening collaboration with local brands and social enterprises.

4) Touch

We continue to cultivate talent to enhance employee development, establish management mechanisms for sustainable supply chains, and promote various energy-saving measures to generate positive environmental benefits. Main implementation items include:

A. Expand space for Southern District Operations Section, redesign uniforms, formulate manpower adjustment plans for aging employees, and impart the professional experiences of senior employees to create a friendly workplace.

B. Maintain a talent pool of potential upper management talents and implement capability development programs for key personnel to enhance employee competitiveness and value.

C. Promote management of sustainable supply chains and collaborate with suppliers to jointly create social and environmental value.

D. Establish charging equipment for electric vehicles in station parking lots, install solar power generation equipment, and replace station elevators to enhance energy efficiency.

E. Issue green bonds to enhance environmental competitiveness.

(3) Ridership Forecast

Due to economic growth, population growth, digital services, convenience of ticketing services, promotion of membership services, and improved travel products, we estimate that the annual ridership volume for 2024 will exceed 73.58 million passengers.

3. Future Outlook

THSRC will continue to incorporate the “4T” strategy into daily operations through proactive actions such as improving travel quality and innovative services. Faced with rapidly changing external environments, THSRC will continue to advance with the times and build more inclusive, resilient, and sustainable transportation operations.

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

According to domestic economic outlook data released by the Directorate-General of Budget, Accounting and Statistics on November 28, 2023, continued improvements in the job market and salary levels, increases in cross-regional travel volumes, and new emerging technologies and applications are driving consumption abilities and willingness to consume. Economic growth rates for 2024 are estimated to reach 3.35%. THSRC will continue to formulate suitable operational strategies to achieve our business targets in the face of market changes.

In terms of the legal environment, the Ministry of Transportation and Communications recently amended the Railway Act and a number of sub laws. In 2023, revisions were made to the “Railway Act”, “Railway Operating Regulations”, and “Railway Train Driver Certification Management Rules.” The above amendments positively ensured the safety of railway operations and protected the rights and interests of passengers. THSRC is optimistic about related outcomes and abides by relevant laws and regulations; we will adjust internal by-laws accordingly to ensure regulatory compliance as we continue to make strides toward sustainable business operations.

THSRC complies with all relevant regulations. Under our legal compliance mechanisms, all units regularly identify and compile applicable laws for compliance. We have an effective grasp on and appropriate response measures to changes in legal environments. Amendments to relevant laws in 2023 had no significant impacts on 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 to provide high-quality passenger services as we strive for long-term sustainability and generate value for our shareholders.

Looking at overall operational conditions, it is expected that the two major economies of the United States and China will face adverse factors in consumption and investment, respectively. The performance of other major economies is expected to recover, and the economic performance of emerging markets and developing economies are also expected to be better than for 2023. Major international forecasting agencies believe that global economic growth rates for 2024 will be lower than the previous year as global inflationary pressures are still high. Faced with challenges from extreme climates, aging societies, low birthrates, and aging operating equipment, which raise maintenance costs and trigger different problems, THSRC will continue to focus on developing smart transportation, increasing safety and efficiency of emergency responses, establishing local

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maintenance capabilities, developing localization materials, and formulating other strategic plans. Additionally, we will continue to enhance our strengths through industry cooperation and integrate with local cultures to provide our passengers with better transportation quality.

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TAIWAN HIGH SPEED RAIL CORPORATION
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 17,569,018	4	\$ 16,558,946	4
1139	Financial assets for hedging	6(2)	94,908	-	72	-
1170	Notes and accounts receivable	6(15)	509,512	-	413,946	-
1220	Current tax assets	4(23)	28,217	-	180,600	-
130X	Inventories	6(3)	2,651,680	1	2,425,999	1
1476	Other financial assets	6(4) and 8	18,121,004	5	11,496,900	3
1479	Other current assets	7	1,012,975	-	1,060,231	-
11XX	Total current assets		<u>39,987,314</u>	<u>10</u>	<u>32,136,694</u>	<u>8</u>
Non-current assets						
1600	Property, plant and equipment	6(5)	251,631	-	128,514	-
1755	Right-of-use assets	6(6) and 7	447,510	-	405,315	-
1821	Operating concession assets	6(7) and 7	351,993,627	87	359,479,197	90
1801	Computer software, net	6(7)	148,496	-	134,962	-
1840	Deferred tax assets	4(23) and 6(17)	7,401,472	2	6,174,444	2
1980	Other financial assets	6(4) and 8	2,160,013	1	2,079,603	-
1990	Other non-current assets	6(2)	314,166	-	1,403	-
15XX	Total non-current assets		<u>362,716,915</u>	<u>90</u>	<u>368,403,438</u>	<u>92</u>
1XXX	Total assets		<u>\$ 402,704,229</u>	<u>100</u>	<u>\$ 400,540,132</u>	<u>100</u>

(Continued)

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TAIWAN HIGH SPEED RAIL CORPORATION
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(8)	\$ 48,099	-	\$ 5,737	-
2110	Short-term notes and bills payable	6(8) and 7	21,938,192	6	21,960,820	6
2170	Accounts payable	7	237,135	-	403,869	-
2209	Operating concession liabilities	6(10) and 7	973,782	-	426,563	-
2200	Other payables	6(8)(12)	10,081,258	3	3,418,404	1
2211	Payable for construction	7	1,016,403	-	941,566	-
2230	Current tax liabilities	4(23)	3,092,765	1	-	-
2250	Provisions	6(11) and 7	4,371,701	1	284,781	-
2320	Current portion of long-term liabilities	6(9)	4,998,681	1	-	-
2399	Other current liabilities	6(6)(12)(15) and 7	1,104,374	-	1,508,643	-
21XX	Total current liabilities		<u>47,862,390</u>	<u>12</u>	<u>28,950,383</u>	<u>7</u>
Non-current liabilities						
2511	Financial liabilities for hedging	6(2)	367,963	-	-	-
2530	Bonds payable	6(9)	22,479,136	6	27,473,537	7
2541	Long-term debt	6(8), 7 and 8	199,852,375	50	217,622,140	54
2550	Provisions	6(11) and 7	10,000,000	2	3,149,335	1
2580	Lease liabilities	6(6) and 7	278,006	-	238,113	-
2611	Long-term interest payable	6(8)	-	-	5,390,517	1
2612	Operating concession liabilities	6(10) and 7	49,789,923	12	49,759,974	13
2670	Other non-current liabilities	6(12)(13)(17)	738,136	-	666,066	-
25XX	Total non-current liabilities		<u>283,505,539</u>	<u>70</u>	<u>304,299,682</u>	<u>76</u>
2XXX	Total liabilities		<u>331,367,929</u>	<u>82</u>	<u>333,250,065</u>	<u>83</u>
Equity						
6(14)						
Share capital						
3110	Common stock		56,282,930	14	56,282,930	14
Capital surplus						
3200	Capital surplus		172,981	-	172,981	-
Retained earnings						
3310	Legal reserve		4,590,376	1	4,212,542	1
3350	Unappropriated retained earnings		10,290,013	3	6,621,614	2
3XXX	Total equity		<u>71,336,300</u>	<u>18</u>	<u>67,290,067</u>	<u>17</u>
3X2X	Total liabilities and equity		<u>\$ 402,704,229</u>	<u>100</u>	<u>\$ 400,540,132</u>	<u>100</u>

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

Proposals

TAIWAN HIGH SPEED RAIL CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

		For the Year Ended December 31					
		2023		2022			
Items	Notes	AMOUNT	%	AMOUNT	%		
4000	Operating revenue	\$ 49,812,023	100	\$ 37,133,233	100		
5000	Operating costs	(27,618,817)	(55)	(25,890,103)	(70)		
5900	Gross profit	22,193,206	45	11,243,130	30		
6000	Operating expenses	(1,661,185)	(3)	(1,322,722)	(4)		
6900	Net operating income	<u>20,532,021</u>	<u>42</u>	<u>9,920,408</u>	<u>26</u>		
Non-operating income and expense							
7100	Interest income	419,962	1	205,005	1		
7510	Interest expense	(6,815,554)	(14)	(6,231,824)	(17)		
7625	Stabilization reserve (expense) reverse	(11,220,855)	(23)	398,767	1		
7590	Other gains and losses	<u>6,822,247</u>	<u>14</u>	(26,731)	-		
7000	Total non-operating income and expense	(10,794,200)	(22)	(5,654,783)	(15)		
7900	Profit before income tax	9,737,821	20	4,265,625	11		
7950	Income tax expense	(1,913,538)	(4)	(496,288)	(1)		
8200	Profit for the year	<u>\$ 7,824,283</u>	<u>16</u>	<u>\$ 3,769,337</u>	<u>10</u>		
Other comprehensive income							
Other comprehensive income that will not be reclassified to profit or loss							
8311	(Losses) gains on remeasurements of defined benefit plan	(\$ 8,868)	-	\$ 11,256	-		
8349	Income tax relating to components item that will not be reclassified subsequently to profit or loss	<u>1,774</u>	<u>-</u>	(2,251)	-		
8300	Other comprehensive (loss) income for the year	<u>(\$ 7,094)</u>	<u>-</u>	<u>\$ 9,005</u>	<u>-</u>		
8500	Total comprehensive income for the year	<u>\$ 7,817,189</u>	<u>16</u>	<u>\$ 3,778,342</u>	<u>10</u>		
Basic earnings per share							
9750	Basic earnings per share	<u>\$ 1.39</u>		<u>\$ 0.67</u>			
Diluted earnings per share							
9850	Diluted earnings per share	<u>\$ 1.39</u>		<u>\$ 0.67</u>			

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

Proposals

TAIWAN HIGH SPEED RAIL CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Share capital- common stock	Capital surplus	Retained Earnings		Total equity
			Legal reserve	Unappropriated retained earnings	
<u>For the year ended December 31, 2022</u>					
Balance at January 1, 2022	\$ 56,282,930	\$ 172,981	\$ 3,852,440	\$ 7,469,620	\$ 67,777,971
Appropriations of 2021 earnings					
Legal reserve	-	-	360,102	(360,102)	-
Cash dividends of NT\$0.758 per share	-	-	-	(4,266,246)	(4,266,246)
	-	-	360,102	(4,626,348)	(4,266,246)
Profit for the year	-	-	-	3,769,337	3,769,337
Other comprehensive income	-	-	-	9,005	9,005
Total comprehensive income	-	-	-	3,778,342	3,778,342
Balance at December 31, 2022	\$ 56,282,930	\$ 172,981	\$ 4,212,542	\$ 6,621,614	\$ 67,290,067
<u>For the year ended December 31, 2023</u>					
Balance at January 1, 2023	\$ 56,282,930	\$ 172,981	\$ 4,212,542	\$ 6,621,614	\$ 67,290,067
Appropriations of 2022 earnings					
Legal reserve	-	-	377,834	(377,834)	-
Cash dividends of NT\$0.67 per share	-	-	-	(3,770,956)	(3,770,956)
	-	-	377,834	(4,148,790)	(3,770,956)
Profit for the year	-	-	-	7,824,283	7,824,283
Other comprehensive loss	-	-	-	(7,094)	(7,094)
Total comprehensive income	-	-	-	7,817,189	7,817,189
Balance at December 31, 2023	\$ 56,282,930	\$ 172,981	\$ 4,590,376	\$ 10,290,013	\$ 71,336,300

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

Proposals

TAIWAN HIGH SPEED RAIL CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	For the Year ended December 31	
	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 9,737,821	\$ 4,265,625
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation	230,040	223,028
Amortization	13,441,734	13,412,502
Interest expense	6,815,554	6,231,824
Interest income	(419,962)	(205,005)
(Gain) loss on foreign currency exchange, net	(35,640)	39,847
Stabilization reserve expense(reverse)	11,220,855	(398,767)
Loss on disposal of intangible assets	62,093	179,046
Gain on contract modification	(6,832,216)	-
Others	20,974	25,531
Changes in operating assets and liabilities		
Changes in operating assets		
Financial assets for hedging	72	(584)
Notes and accounts receivable	(95,566)	252,011
Inventories	(225,681)	(80,001)
Other current assets	50,067	164,523
Other non-current assets	(2,881)	(471)
Changes in operating liabilities		
Accounts payable	(160,740)	(140,111)
Other payables	644,242	268,275
Provisions	-	(885,959)
Other current liabilities	(410,549)	236,965
Other non-current liabilities	37,795	(5,897)
Cash inflow generated from operations	34,078,012	23,582,382
Interest received	417,285	188,183
Interest paid	(6,423,940)	(6,035,505)
Interest paid with respect to operating concession liabilities	(426,563)	(8,049,281)
Income tax refunded	106,641	141,601
Net cash flows from operating activities	<u>27,751,435</u>	<u>9,827,380</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of financial assets at fair value through profit or loss	(1,759,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	1,762,153	-
Acquisition of financial assets for hedging	(1,531,233)	-
Proceeds from disposal of financial assets for hedging	1,473,330	-
(Increase) decrease in other financial assets	(6,685,719)	12,705,174
Acquisition of property, plant and equipment	(54,346)	(46,898)
Acquisition of intangible assets	(6,080,530)	(5,191,424)
Proceeds from disposal of intangible assets	-	100
Net cash (used in) flows from investing activities	<u>(12,875,345)</u>	<u>7,466,952</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase (decrease) in short-term borrowings	42,671	(10,922)
Increase in short-term notes and bills payable	-	7,000,000
Repayment of long-term debt	(10,000,000)	(25,000,000)
Repayment of the principal portion of lease liabilities	(168,690)	(165,693)
Increase in other non-current liabilities	24,997	93,945
Cash dividends paid	(3,770,956)	(4,266,246)
Net cash flows used in financing activities	<u>(13,871,978)</u>	<u>22,348,916</u>
Effects due to changes in exchange rate on the balance of cash held in foreign currency	5,960	(5,966)
Net increase (decrease) in cash and cash equivalents	1,010,072	(5,060,550)
Cash and cash equivalents at beginning of year	16,558,946	21,619,496
Cash and cash equivalents at end of year	<u>\$ 17,569,018</u>	<u>\$ 16,558,946</u>

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

Proposals

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Taiwan High Speed Rail Corporation

Opinion

We have audited the accompanying balance sheet of Taiwan High Speed Rail Corporation (the "Company") as at December 31, 2023, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 financial statements are stated as follows:

Recognition of gain on contract modification

Description

Refer to Notes 4(20) and 6(8) of the financial statements for the accounting policies on borrowing costs and long-term debt, respectively. The Company entered into a Syndicated Loan Agreement with a group of eight syndicated banks, including the Bank of Taiwan, in January, 2010, and later signed the sixth amendment of the Syndicated Loan Agreement in December, 2023. According to the sixth amendment, the mark-up interest rate that was originally increased year by year was reduced and will be adjusted based on the annual Pre-Tax Income Margin. As a result, the Company recognized a gain on contract modification amounting to \$6,832,216 thousand in 2023. The calculation of gain on contract modification relies on the estimates of future cash flows. Given the estimates involve the preparation of medium and long-term financial forecasts which includes multiple assumptions and are subject to judgment and high uncertainty, which has significant impact on future cash flows and the estimation of the gain on contract modification. Thus, we consider the accuracy of the gain on contract modification as a key audit matter.

Proposals

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Understand and evaluate the internal controls for signing amendment contracts and preparing medium and long-term financial forecasts.
2. Obtain the Syndicated Loan Agreement and related amendment contracts, and identify changes of rights and obligations.
3. Use the work of valuation experts to assist in evaluating the reasonableness of key assumptions used in medium and long-term financial forecasts, and compare them with historical experience, economic environment and industry forecasts.
4. Recalculate and verify the accuracy of gain on contract modification.

Other Matter – The prior year financial statements were audited by other auditors

The financial statements for the year ended December 31, 2022, were audited by other auditors who expressed an unmodified opinion on those statements dated February 22, 2023.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements,

Proposals

whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Yu, Chih-Fan

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

February 21, 2024

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

Proposals

Audit Committee's Review Report on 2023 Financial Statements

Audit Committee's Review Report

The Board of Directors has prepared the Corporation's 2023 Business Report and Financial Statements. The CPA of PricewaterhouseCoopers, Taiwan, Chih-Fan Yu and Chien-Hung Chou, 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 21, 2024

Proposals

Proposal No. 2: Proposed by the Board

Proposal: Proposal of 2023 Profit Distributions of the Corporation.

Explanation:

1. As of year-end 2023, our distributable earnings amounted to NT\$9,508,291,637.
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\$1.02 per share for 2023 profit distribution, amounting to NT\$5,740,858,919 on a basis of 5,628,293,058 common shares outstanding.
3. The Corporation's profit distribution table for 2023 was approved at the 11th meeting of the 10th Board on March 13, 2024, 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

Fiscal Year 2023	Unit: NT\$
Unappropriated retained earnings at the beginning of the period	2,472,822,140
Add: Net income for 2023	7,824,282,730
Add: Re-measurements of defined benefit plan	(7,094,400)
Undistributed earnings	10,290,010,470
Less: 10% legal reserve	(781,718,833)
2023 distributable earnings	9,508,291,637
Distributable items:	
Cash dividends (NT\$1.02 per share)	(5,740,858,919)
Current-year undistributed earnings	3,767,432,718

Proposals

4. Following approval from the 2024 shareholders' annual general meeting, the ex-dividend date and cash dividend payment date will be determined by the Board.

Resolution:

Proposals

Audit Committee's Review Report

The Board of Directors has prepared the Corporation's 2023 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.13.2024

Discussion

Discussion No. 1: Proposed by the Board

Proposal: Revision of Articles of Incorporation.

Explanation:

1. Additional wording has been added to Paragraph 3, Article 27-1 of the Articles of Incorporation to clarify chairman resignation (retirement) procedures and consolation payments.
2. A comparison of amended articles in the Articles of Incorporation is shown in Attachment I (please refer to p.59 of the Annual Meeting Handbook).
3. This proposal was approved at the 10th meeting of the 10th Board dated February 21, 2024, and is hereby submitted to the shareholders' annual general meeting for approval.

Resolution:

Discussion

Discussion No. 2: Proposed by the Board

Proposal: Revision of Guidelines for Corporate Governance.

Explanation:

1. The Corporation actively promotes corporate sustainable development concepts and has compiled a five-year (2023 to 2027) medium and long-term strategic plan responding to domestic, international, and industrial concern for to sustainability issues which lists specific policies that adhere to the United Nations Sustainable Development Goals and incorporate ESG concepts into our business strategies. The Corporation's efforts in promoting corporate sustainable operations have been recognized and affirmed by professional independent institutions and stakeholders both at home and abroad. In order to further incorporate corporate sustainable development concepts into decision-making processes and business implementations, we plan to adjust the duties of the "Corporate Governance & Nominating Committee" and rename it the "Sustainable Development & Nominating Committee," as well as amend relevant articles of the Corporation's "Guidelines for Corporate Governance" in line with practical operational needs.
2. A comparison of amended articles in the Guidelines for Corporate Governance is shown in Attachment II (please refer to p.61 of the Annual Meeting Handbook).
3. This proposal was approved at the 10th meeting of the 10th Board dated February 21, 2024 and the 11th meeting of the 10th Board on March 13, 2024, 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 Articles of Incorporation

Amended Articles	Current Articles	Description
<p>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.</p> <p>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.</p> <p><u>Regarding resignation (retirement) payments for the chairman and related matters, the fixed salary of the chairman's last month in office will be used as the calculation base, and two bases will be paid for each full year of service. The length of service is calculated as a half year when it is</u></p>	<p>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.</p> <p>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.</p>	<p>Added Paragraph 3 to clarify chairman resignation (retirement) procedures and consolation payments.</p>

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Amended Articles	Current Articles	Description
<p><u>less than six months and as one year when it is more than six months. If there is a need for consolation payments, the Board of Directors is authorized to determine payment amounts based on the Corporation's regulations relating to occupational accident compensation and consolation payments.</u></p>		
<p>Article 39 These Articles of Incorporation were adopted on 13 April 1998. The first 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; <u>the twenty-second on 23 May 2024</u>; and took effect after approval at a regular shareholders' meeting.</p>	<p>Article 39 These Articles of Incorporation were adopted on 13 April 1998. The first 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; and took effect after approval at a regular shareholders' meeting.</p>	<p>Added date of current amendments to the Articles of Incorporation.</p>

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Taiwan High Speed Rail Corporation Comparative Table for the Current and Amended Guidelines for Corporate Governance

Amended Articles	Current Articles	Description
<p>1-04 (Functional committees) <u>The Corporation shall establish under the Board a Sustainable Development & Nominating Committee, an Audit Committee, and a Remuneration Committee, to strengthen active participation by the Directors and to increase the effectiveness and quality of oversight and decision-making by the Board.</u> (Remainder omitted)</p>	<p>1-04 (Functional committees) The Corporation shall establish under the Board a <u>Corporate Governance & Nominating Committee, an Audit Committee, and a Remuneration Committee, to strengthen active participation by the Directors and to increase the effectiveness and quality of oversight and decision-making by the Board.</u> (Remainder omitted)</p>	<p>To further incorporate corporate sustainable development concepts in all decision-making processes and business implementations, the “Corporate Governance & Nominating Committee” has been renamed the “Sustainable Development & Nominating Committee.”</p>
<p>2-01 (Protecting Shareholders' Rights and Interests) The Corporation's implementation of the corporate governance system shall protect the rights and interests of shareholders, treat all shareholders equitably, and seek to maximize the rights and interests of shareholders. <u>The Corporation shall establish internal regulations prohibiting company insiders from trading securities using undisclosed information.</u> (Remainder omitted)</p>	<p>2-01 (Protecting Shareholders' Rights and Interests) The Corporation's implementation of the corporate governance system shall protect the rights and interests of shareholders, treat all shareholders equitably, and seek to maximize the rights and interests of shareholders. (Remainder omitted)</p>	<p>Th Corporation formulated and implemented the “Regulations for Management of the Prevention of Insider Trading” in 2017. Paragraph 2 has been added to this article in accordance with Paragraph 3, Article 10 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.”</p>
<p>3-01 (Size and composition of the Board) (Paragraph 1 omitted) When the Corporation is to hold elections, the <u>Sustainable Development & Nominating Committee</u> shall review the size of</p>	<p>3-01 (Size and composition of the Board) (Paragraph 1 omitted) When the Corporation is to hold elections, the <u>Corporate Governance & Nominating Committee</u> shall review the size</p>	<p>Amended Paragraph 2 in accordance with amendments made to Article 1-04.</p>

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Amended Articles	Current Articles	Description
<p>the Board under the preceding paragraph and its composition, with consideration to the Corporation's stage of development, the representativeness of shareholding ratios, the Board's current composition, and the social and economic environments domestically and abroad. If it deems any adjustment or amendment necessary, it shall make a timely recommendation to the Board.</p>	<p>of the Board under the preceding paragraph and its composition, with consideration to the Corporation's stage of development, the representativeness of shareholding ratios, the Board's current composition, and the social and economic environments domestically and abroad. If it deems any adjustment or amendment necessary, it shall make a timely recommendation to the Board.</p>	
<p>3-03 (Rules of procedure for Board meetings) (Paragraph 1 omitted) The rules of procedure for Board meetings under the preceding paragraph, and any amendments to those rules, shall be drafted by the <u>Sustainable Development & Nominating Committee</u> and submitted for a resolution by the Board.</p>	<p>3-03 (Rules of procedure for Board meetings) (Paragraph 1 omitted) The rules of procedure for Board meetings under the preceding paragraph, and any amendments to those rules, shall be drafted by the <u>Corporate Governance & Nominating Committee</u> and submitted for a resolution by the Board.</p>	<p>Amended Paragraph 2 in accordance with amendments made to Article 1-04.</p>
<p>3-08 (Secretariat Division under the Board) A Secretariat Division is installed under the Board to be in charge of corporate governance affairs, and provides the Board and the functional committees with the necessary resources or assistance to execute their duties, to facilitate the smooth operation of the Corporation's corporate governance system.</p>	<p>3-08 (Secretariat Division under the Board) A Secretariat Division is installed under the Board to be in charge of corporate governance affairs, and provides the Board and the functional committees with the necessary resources or assistance to execute their duties, to facilitate the smooth operation of the Corporation's corporate governance system. <u>Said Secretariat shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities,</u></p>	<p>Paragraph 1 of this article has been amended to maintain flexibility of corporate employment and structure.</p>

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Amended Articles	Current Articles	Description
<p>The Secretariat Division has the following primary missions:</p> <p>1. Administrative tasks</p> <p>(1) General administrative affairs relating to the calling of, notices for, holding of, and record-keeping for shareholders' meetings, Board meetings, and committee meetings.</p> <p>(2) Production and preservation of meeting documents, records, and other materials.</p> <p>(3) Liaison with management.</p> <p>(4)Assisting in onboarding and continuous development of directors.</p> <p>(Remainder omitted)</p>	<p><u>financial, or futures related institution or a public company in handling legal affairs, financial affairs, stock affairs, or corporate governance affairs.</u></p> <p>The Secretariat Division has the following primary missions:</p> <p>1. Administrative tasks</p> <p>(1) General administrative affairs relating to the calling of, notices for, holding of, and record-keeping for shareholders' meetings, Board meetings, and committee meetings.</p> <p>(2) Production and preservation of meeting documents, records, and other materials.</p> <p>(3) Liaison with management.</p> <p>(4)Assisting in onboarding and continuous development of directors.</p> <p>(Remainder omitted)</p>	
<p>3-15 (Director resignation)</p> <p>If a Director resigns during the Director's term of office, the Director shall do so by written notice to the Board. The <u>Sustainable Development & Nominating Committee</u> shall immediately ascertain the circumstances and reasons for the Director's resignation, and assess its impact on the Corporation's overall operations, and report the same to the Board.</p> <p>(Paragraph 2 omitted)</p>	<p>3-15 (Director resignation)</p> <p>If a Director resigns during the Director's term of office, the Director shall do so by written notice to the Board. The <u>Corporate Governance & Nominating Committee</u> shall immediately ascertain the circumstances and reasons for the Director's resignation, and assess its impact on the Corporation's overall operations, and report the same to the Board.</p> <p>(Paragraph 2 omitted)</p>	<p>Amended Paragraph 1 in accordance with amendments made to Article 1-04.</p>
<p>3-18 (Division of duties)</p> <p>(Paragraph 1 omitted)</p> <p>The <u>Sustainable Development & Nominating Committee</u> shall produce, and submit to the Board, analysis and recommendations for</p>	<p>3-18 (Division of duties)</p> <p>(Paragraph 1 omitted)</p> <p>The <u>Corporate Governance & Nominating Committee</u> shall produce, and submit to the Board, analysis and recommendations for</p>	<p>Amended Paragraph 2 in accordance with amendments made to Article 1-04.</p>

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Amended Articles	Current Articles	Description
the separation of powers and duties between the Board and the management and between the Chairman and the President referred to in the preceding paragraph.	the separation of powers and duties between the Board and the management and between the Chairman and the President referred to in the preceding paragraph.	
<p>4-02 (Independent Director qualifications) (Paragraph 1 omitted)</p> <p>In addition to ensuring that candidates nominated for Independent Director meet the requirements of the preceding paragraph and the qualifications submitted by the <u>Sustainable Development</u> & Nominating Committee under Article 5-2-02 of these Guidelines and passed by a Board resolution, the Board when nominating candidates for Independent Director additionally shall thoroughly and carefully assess a candidate's suitability to serve as an Independent Director with consideration to the following matters: (Remainder omitted)</p>	<p>4-02 (Independent Director qualifications) (Paragraph 1 omitted)</p> <p>In addition to ensuring that candidates nominated for Independent Director meet the requirements of the preceding paragraph and the qualifications submitted by the <u>Corporate Governance</u> & Nominating Committee under Article 5-2-02 of these Guidelines and passed by a Board resolution, the Board when nominating candidates for Independent Director additionally shall thoroughly and carefully assess a candidate's suitability to serve as an Independent Director with consideration to the following matters: (Remainder omitted)</p>	Amended Paragraph 2 in accordance with amendments made to Article 1-04.
<p>4-03 (Nomination of Independent Director) (Paragraph 1 omitted)</p> <p>For nominations by the Board as referred to in the preceding paragraph, the <u>Sustainable Development</u> & Nominating Committee shall draft a recommended slate of candidates and submit it to the Board for deliberation. However, if the Corporate Governance & Nominating Committee is for some reason unable to assemble, or fails to submit a recommended</p>	<p>4-03 (Nomination of Independent Director) (Paragraph 1 omitted)</p> <p>For nominations by the Board as referred to in the preceding paragraph, the <u>Corporate Governance</u> & Nominating Committee shall draft a recommended slate of candidates and submit it to the Board for deliberation. However, if the Corporate Governance & Nominating Committee is for some reason unable to assemble, or fails to submit a recommended</p>	Amended Paragraphs 2 and 3 in accordance with amendments made to Article 1-04.

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Amended Articles	Current Articles	Description
<p>slate of candidates within an adequate time before the Board deliberations, the Board may proceed directly to resolve to nominate candidates.</p> <p>With respect to matters in connection with the recommending of Independent Director candidate nominees, the <u>Sustainable Development & Nominating Committee</u>, may, based on the current composition and structure of the Board, and making accommodations for the Corporation's subsequent development needs, adopt rules for the recommendation of Independent Director nominees, and submit them to the Board for deliberation. (Paragraph 4 omitted)</p>	<p>slate of candidates within an adequate time before the Board deliberations, the Board may proceed directly to resolve to nominate candidates.</p> <p>With respect to matters in connection with the recommending of Independent Director candidate nominees, the <u>Corporate Governance & Nominating Committee</u>, may, based on the current composition and structure of the Board, and making accommodations for the Corporation's subsequent development needs, adopt rules for the recommendation of Independent Director nominees, and submit them to the Board for deliberation. (Paragraph 4 omitted)</p>	
<p>4-04 (Assessment of Independent Director Qualifications) When the <u>Sustainable Development & Nominating Committee</u> recommends Independent Directors, it shall first obtain the consent of each nominee, and then state its opinion on whether each nominee meets the qualifications and conditions set out in Article 4-02 of these Guidelines, and attach thereto each nominee's educational background, work experience, current occupation and any concurrent occupations, and submit the opinion and related documents to the Board for deliberation.</p> <p>When a shareholder nominates an</p>	<p>4-04 (Assessment of Independent Director Qualifications) When the <u>Corporate Governance & Nominating Committee</u> recommends Independent Directors, it shall first obtain the consent of each nominee, and then state its opinion on whether each nominee meets the qualifications and conditions set out in Article 4-02 of these Guidelines, and attach thereto each nominee's educational background, work experience, current occupation and any concurrent occupations, and submit the opinion and related documents to the Board for deliberation.</p> <p>When a shareholder nominates an Independent Director, the</p>	<p>Amended Paragraphs 1 and 2 in accordance with amendments made to Article 1-04.</p>

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Amended Articles	Current Articles	Description
<p>Independent Director, the shareholder shall duly submit the relevant documents in accordance with law. The <u>Sustainable Development</u> & Nominating Committee shall deliberate them and state its opinion on whether the nominee meets the statutory qualifications and conditions for an Independent Director, and submit the opinion and related documentation to the Board for deliberation.</p> <p>(Subsequent paragraphs omitted)</p>	<p>shareholder shall duly submit the relevant documents in accordance with law. The <u>Corporate Governance</u> & Nominating Committee shall deliberate them and state its opinion on whether the nominee meets the statutory qualifications and conditions for an Independent Director, and submit the opinion and related documentation to the Board for deliberation.</p> <p>(Subsequent paragraphs omitted)</p>	
<p>4-05 (Term of Independent Directors)</p> <p>Independent Directors shall serve the same term as the Directors, and may be re-elected to consecutive terms. However, in the case of an Independent Director who has served three or more consecutive terms the <u>Sustainable Development</u> & Nominating Committee shall report to the Board, and state whether it considered any alternative candidates when it prepared the slate of recommended candidates and its reasons for continuing to recommend the candidate's re-election.</p>	<p>4-05 (Term of Independent Directors)</p> <p>Independent Directors shall serve the same term as the Directors, and may be re-elected to consecutive terms. However, in the case of an Independent Director who has served three or more consecutive terms the <u>Corporate Governance</u> & Nominating Committee shall report to the Board, and state whether it considered any alternative candidates when it prepared the slate of recommended candidates and its reasons for continuing to recommend the candidate's re-election.</p>	<p>Amended wording in accordance with amendments made to Article 1-04.</p>
<p>5-1-01 (Establishment of committees)</p> <p>The Corporation shall establish under the Board a <u>Sustainable Development</u> & Nominating Committee, Audit Committee, and Remuneration Committee, and may in due course establish other functional committees.</p>	<p>5-1-01 (Establishment of committees)</p> <p>The Corporation shall establish under the Board a <u>Corporate Governance</u> & Nominating Committee, Audit Committee, and Remuneration Committee, and may in due course establish other functional committees.</p>	<p>Amended wording in accordance with amendments made to Article 1-04.</p>

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Amended Articles	Current Articles	Description
<p>5-1-03 (Selection of committee members) The <u>Sustainable Development & Nominating Committee</u>, after inquiring into the willingness of prospective committee members and considering the professional background of each prospective member, shall submit to the board proposals and recommendations for the members of each functional committee. (Subsequent paragraphs omitted)</p>	<p>5-1-03 (Selection of committee members) The <u>Corporate Governance & Nominating Committee</u>, after inquiring into the willingness of prospective committee members and considering the professional background of each prospective member, shall submit to the board proposals and recommendations for the members of each functional committee. (Subsequent paragraphs omitted)</p>	<p>Amended Paragraph 1 in accordance with amendments made to Article 1-04.</p>
<p>5-1-06 (Committee duties) Except as otherwise provided by law or regulation, the Articles of Incorporation, these Guidelines, or other basic bylaws of the Corporation, the procedures, content, and scope of the duties to be exercised by each functional committee shall be submitted by the <u>Sustainable Development & Nominating Committee</u> to the Board for adoption by resolution of the Board.</p>	<p>5-1-06 (Committee duties) Except as otherwise provided by law or regulation, the Articles of Incorporation, these Guidelines, or other basic bylaws of the Corporation, the procedures, content, and scope of the duties to be exercised by each functional committee shall be submitted by the <u>Corporate Governance & Nominating Committee</u> to the Board for adoption by resolution of the Board.</p>	<p>Amended wording in accordance with amendments made to Article 1-04.</p>
<p>Section 2 <u>Sustainable Development & Nominating Committee</u></p>	<p>Section 2 <u>Corporate Governance & Nominating Committee</u></p>	<p>Amended section title in accordance with amendments made to Article 1-04.</p>
<p>5-2-01 (<u>Sustainable Development & Nominating Committee</u> members) The <u>Sustainable Development & Nominating Committee</u> is composed of 5 to 7 members, at least half of whom shall be Independent Directors.</p>	<p>5-2-01 (<u>Corporate Governance & Nominating Committee</u> members) The <u>Corporate Governance & Nominating Committee</u> is composed of 5 to 7 members, at least half of whom shall be Independent Directors.</p>	<p>Amended wording and article title in accordance with amendments made to Article 1-04.</p>
<p>5-2-02 (Primary missions of the <u>Sustainable Development & Nominating Committee</u>) The <u>Sustainable Development &</u></p>	<p>5-2-02 (Primary missions of the <u>Corporate Governance & Nominating Committee</u>) The <u>Corporate Governance &</u></p>	<p>Amended article title and wording of Paragraph 1, Subparagraphs 6 and 7</p>

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Amended Articles	Current Articles	Description
<p>Nominating Committee has the following primary missions: (Paragraphs 1~5 omitted)</p> <p>6. Drafting, amendment, and review of these Guidelines and important <u>sustainable development</u> bylaws and rules.</p> <p>7. Planning and recommendations for the <u>sustainable development</u> system, and review of the effectiveness of its implementation.</p> <p>8. Other duties as set out in the Articles of Incorporation, these Guidelines, or Board resolutions. After the close of each fiscal year, the <u>Sustainable Development & Nominating Committee</u> shall report to the Board on its execution of duties. Before the annual general meeting of shareholders each year, the <u>Corporate Governance & Nominating Committee</u> shall issue a report on the implementation of corporate governance by the Corporation, and the report, after review by the Board, shall be included in the Shareholders' Meeting Agenda Handbook.</p>	<p>Nominating Committee has the following primary missions: (Paragraphs 1~5 omitted)</p> <p>6. Drafting, amendment, and review of these Guidelines and important <u>corporate governance</u> bylaws and rules.</p> <p>7. Planning and recommendations for the <u>corporate governance</u> system, and review of the effectiveness of its implementation.</p> <p>8. Other duties as set out in the Articles of Incorporation, these Guidelines, or Board resolutions. After the close of each fiscal year, the <u>Corporate Governance & Nominating Committee</u> shall report to the Board on its execution of duties. Before the annual general meeting of shareholders each year, the <u>Corporate Governance & Nominating Committee</u> shall issue a report on the implementation of corporate governance by the Corporation, and the report, after review by the Board, shall be included in the Shareholders' Meeting Agenda Handbook.</p>	<p>of Paragraph 1, and Paragraphs 2 and 3 in accordance with amendments made to Article 1-04, and added new sustainable development tasks.</p>
<p>5-2-03(Functional subcommittees of the <u>Sustainable Development & Nominating Committee</u>)</p> <p>For the execution of its duties in accordance with these Guidelines, the <u>Sustainable Development & Nominating Committee</u> may establish subcommittees for purposes of handling corresponding duties and</p>	<p>5-2-03(Functional subcommittees of the <u>Corporate Governance & Nominating Committee</u>)</p> <p>For the execution of its duties in accordance with these Guidelines, the <u>Corporate Governance & Nominating Committee</u> may establish subcommittees for purposes of handling corresponding duties and</p>	<p>Amended wording and article title in accordance with amendments made to Article 1-04.</p>

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Amended Articles	Current Articles	Description
functions.	functions.	
5-2-04 (Organizational charter) For the execution of its duties in accordance with these Guidelines, the <u>Sustainable Development & Nominating Committee</u> may adopt an organizational charter, and implement it after submitting it the Board for passage by a resolution. The content of the organizational charter shall include at least the <u>Sustainable Development & Nominating Committee's</u> purpose of establishment, authority and duties, and the procedures for exercising its powers.	5-2-04 (Organizational charter) For the execution of its duties in accordance with these Guidelines, the <u>Corporate Governance & Nominating Committee</u> may adopt an organizational charter, and implement it after submitting it the Board for passage by a resolution. The content of the organizational charter shall include at least the <u>Corporate Governance & Nominating Committee's</u> purpose of establishment, authority and duties, and the procedures for exercising its powers.	Amended wording in accordance with amendments made to Article 1-04.
5-2-05(Submitting a recommended slate of Director candidates) The <u>Sustainable Development and Nominating Committee</u> shall follow the provisions of Articles 2-06, 4-03, and 4-04 of these Guidelines to carry out the nomination and recommendation of Independent Director candidates. (Subsequent paragraphs omitted)	5-2-05(Submitting a recommended slate of Director candidates) The <u>Corporate Governance and Nominating Committee</u> shall follow the provisions of Articles 2-06, 4-03, and 4-04 of these Guidelines to carry out the nomination and recommendation of Independent Director candidates. (Subsequent paragraphs omitted)	Amended wording in accordance with amendments made to Article 1-04.
5-2-06 (Performance evaluation) After the close of each fiscal year, the <u>Sustainable Development & Nominating Committee</u> shall submit an evaluation and recommendations with respect to the execution of duties by all of the Board and the functional committees, and submit it to the Board for review.	5-2-06 (Performance evaluation) After the close of each fiscal year, the <u>Corporate Governance & Nominating Committee</u> shall submit an evaluation and recommendations with respect to the execution of duties by all of the Board and the functional committees, and submit it to the Board for review.	Amended wording in accordance with amendments made to Article 1-04.
5-2-08 (Reporting on any changes in the identity of the Independent Directors) If there is any change	5-2-08 (Reporting on any changes in the identity of the Independent Directors) If there is any change	Amended wording in accordance with amendments made to

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Amended Articles	Current Articles	Description
<p>in an Independent Director's occupation, identity/status, or shareholding, or something else occurs that could cause the person to no longer meet the qualifications and conditions for Independent Director as set out in these Guidelines, that Independent Director shall immediately report to the <u>Sustainable Development & Nominating Committee</u>.</p>	<p>in an Independent Director's occupation, identity/status, or shareholding, or something else occurs that could cause the person to no longer meet the qualifications and conditions for Independent Director as set out in these Guidelines, that Independent Director shall immediately report to the <u>Corporate Governance & Nominating Committee</u>.</p>	<p>Article 1-04.</p>
<p>5-3-06 (Evaluation of the attesting CPAs (external auditor)) <u>The Audit Committee shall reference Audit Quality Indicators (AQIs) and evaluate the independence and suitability of CPAs at the end of each year, and report findings to the Board.</u></p> <p>If the Corporation engages the same external auditor for <u>seven</u> years without replacement, or if the external auditor is subject to disciplinary action or another circumstance prejudicial to its independence, the Audit Committee shall consider the necessity of replacing the external auditor, and submit its conclusion to the board of directors. (Remainder omitted)</p>	<p>5-3-06 (Evaluation of the attesting CPAs (external auditor)) After the close of each fiscal year, the Audit Committee shall evaluate the <u>professionalism</u> and independence of the external auditor, and the <u>reasonableness of the remuneration paid for its engagement</u>, and report to the Board.</p> <p>If the Corporation engages the same external auditor for <u>numerous</u> years without replacement, or if the external auditor is subject to disciplinary action or another circumstance prejudicial to its independence, the Audit Committee shall consider the necessity of replacing the external auditor, and submit its conclusion to the board of directors. (Remainder omitted)</p>	<ol style="list-style-type: none"> 1. In compliance with Paragraph 3, Article 29 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies,” adjustments have been made to the reference evaluation indicators in Paragraph 1 of this article, and the time period in Paragraph 2 of this article has been adjusted in accordance with relevant regulations. 2. As evaluations related to CPA “suitability” (encompassing “professionalism” and “reasonableness of

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Amended Articles	Current Articles	Description
		the remuneration paid for engagement” has been added to Paragraph 1 of this article, the wording in Paragraph 1 has been simplified in accordance with relevant regulations.
<p><u>7-02-01 (Corporate Governance Officer)</u> <u>The Corporation shall establish one corporate governance officer who serves as the highest-ranking manager responsible for corporate governance affairs; said officer shall have obtained the qualifications of a practicing lawyer or accountant, or have served in a managerial position at a unit handling legal, legal compliance, internal audit, finance, shareholder, or corporate governance affairs at a securities, financial, or futures institute, or a publicly listed company for more than three years. The position can be held concurrently by other personnel within the Corporation.</u></p>		Qualifications for the corporate governance officer have been added in accordance with amendments to Article 3-1 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Article 3-08 of these Guidelines.
<p>8-01 (Definition of related parties) The Corporation shall adopt rules for handling related party transactions. <u>The aforementioned rules shall include management procedures for purchase and sales transactions, acquisition or disposal of assets, fund loans, or endorsements and guarantees.</u></p>	<p>8-01 (Definition of related parties) The Corporation shall adopt rules for handling related party transactions.</p>	Amendments have been made to the latter half of Paragraph 1 in this article in accordance with Paragraph 2, Article 17 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed

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Amended Articles	Current Articles	Description
(Remainder omitted)		Companies.”
<p>11-01 (Interpretation) The interpretation and practical implementation of these Guidelines shall seek the substantial spirit of corporate governance rather than paying excessive attention to literal wording. If any question arises, the <u>Sustainable Development & Nominating Committee</u> shall present it to the Board for deliberation and settlement.</p>	<p>11-01 (Interpretation) The interpretation and practical implementation of these Guidelines shall seek the substantial spirit of corporate governance rather than paying excessive attention to literal wording. If any question arises, the <u>Corporate Governance & Nominating Committee</u> shall present it to the Board for deliberation and settlement.</p>	<p>Amended wording in accordance with amendments made to Article 1-04.</p>
<p>11-02 (Adoption, amendment, repeal) These Guidelines, and any amendments hereto, shall take force after they have been submitted to the Board by the <u>Sustainable Development & Nominating Committee</u>, passed by the Board, and submitted to and approved by a shareholders' meeting.</p>	<p>11-02 (Adoption, amendment, repeal) These Guidelines, and any amendments hereto, shall take force after they have been submitted to the Board by the <u>Corporate Governance & Nominating Committee</u>, passed by the Board, and submitted to and approved by a shareholders' meeting.</p>	<p>Amended wording in accordance with amendments made to Article 1-04.</p>

Appendix I

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 other attendance document. The Corporation may not arbitrarily add

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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 or otherwise at a place convenient for the shareholders to attend and

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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 accountants or other relevant persons to attend a shareholders' meeting

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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.

If the meeting has been postponed twice as stated in the preceding paragraph

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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 voting rights of the shareholders present.

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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 than in the nature of an agenda item.

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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 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

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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 incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the

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

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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 approval of more than one-half of the voting rights of the shareholders present. Notwithstanding the foregoing, a vote on the election of

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

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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.
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

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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.

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

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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.

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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 III

Taiwan High Speed Rail Corporation Guidelines for Corporate Governance

1. General Principles

1-01 (Purpose)

These Guidelines are adopted to establish an optimal corporate governance system that protects shareholder rights and interests, strengthens the operations of the Board of Directors ("Board"), and fulfills social responsibilities of the Corporation.

1-02 (Legal bases)

The Corporation shall implement its corporate governance system in accordance with these Guidelines, except as otherwise provided by law or regulation or the Articles of Incorporation or otherwise resolved by a shareholders' meeting.

1-03 (Independent Directors)

The Corporation, as provided by the Articles of Incorporation, shall install Independent Directors to enhance the professionalism and objectivity of Board resolutions.

1-04 (Functional committees)

The Corporation shall establish under the Board a Corporate Governance & Nominating Committee, an Audit Committee, and a Remuneration Committee, to strengthen active participation by the Directors and to increase the effectiveness and quality of oversight and decision-making by the Board.

The Board may in due course establish other functional committees as appropriate to the ongoing operations of the corporate governance system.

1-05 (Shareholder disputes)

The Corporation shall appoint personnel exclusively dedicated to handling shareholder proposals or disputes.

1-06 (Provision of resources)

The Corporation shall provide the Board and the functional committees with the resources necessary to execute their duties, including the planning and allocation of budget, funding, human resources, and physical resources, and the hiring of outside experts.

1-07 (Fiduciary duty)

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The Directors shall act in good faith, with loyalty, due diligence, and care, in accordance with laws and regulations, the Articles of Incorporation, these Guidelines, shareholders' meeting resolutions, and other relevant bylaws of the Corporation. If a Director breaches such duty, causing damages to the Corporation or infringing the rights or interests of any third party, the Director shall be held liable under the law.

1-08 (Liability insurance)

The Corporation may take out liability insurance for Directors and managerial officers during their term of office, with respect to their liability under the law for their actions in the exercise of their duties.

The content of liability insurance contracts under the preceding paragraph shall be resolved by the Board.

1-09 (Deleted)

2. Protecting the Rights and Interests of Shareholders

2-01 (Protecting Shareholders' Rights and Interests)

The Corporation's implementation of the corporate governance system shall protect the rights and interests of shareholders, treat all shareholders equitably, and seek to maximize the rights and interests of shareholders.

Shareholders, in accordance with the class of shares they hold, enjoy rights and bear obligations as set out in laws and regulations and the Articles of Incorporation. Shareholders holding the same class of shares shall enjoy equal rights and bear equal obligations.

2-02 (Shareholders' rights to be informed, participate, and vote)

The Board shall fully utilize all means and methods, including but not limited to contemporary information technology and equipment, to ensure that shareholders are able to fully enjoy their shareholder rights, such as the rights to be informed, participate, and vote.

2-03 (Shareholders' right to place proposals on the agenda)

When the Board calls the annual general shareholders' meeting, it shall give public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days, as provided for by the Company Act and related laws and regulations.

Proposals submitted by shareholders under the preceding paragraph shall be specified as motions for board meetings and be specified in the meeting notice

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as subjects to be discussed at the general shareholders' meeting, unless there is a basis in law or regulation for not placing the proposal on the agenda. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.

Proposals raised by shareholders at a shareholders' meeting (including motions for amendment to a proposal or alternative proposals) shall meet the following requirements:

1. Comply with the procedures and requirements set out in laws and regulations, the Articles of Incorporation, and the Corporation's shareholders' meeting rules of procedure.
2. Address a specific issue and propose a concrete matter for resolution.

2-04 (Material financial and business transactions)

In entering into material financial and business transactions such as acquisition or disposal of assets, engaging in derivatives transactions, lending funds to others, and making endorsements or providing guarantees for others, the Corporation shall faithfully comply with applicable laws and regulations, shareholders' meeting resolutions, and relevant bylaws and rules of the Corporation, to protect the rights and interests of shareholders.

2-05 (Cumulative voting)

In the 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 numbers of non-independent Directors and independent Directors to be elected shall be calculated separately, and the candidates receiving a prevailing number of ballots in each group shall be elected, in accordance with the provisions of the Securities and Exchange Act and related laws and regulations and the Articles of Incorporation.

2-06 (Nomination and election of Directors)

The candidate nomination system shall be adopted for the election of the Corporation's independent Directors and non-independent Directors. Shareholders shall elect the Directors from the slate of nominated candidates of which the Board gives public notice.

The nomination of the roster of candidates under the preceding paragraph shall be done in accordance with laws and regulations, the Articles of Incorporation, and these Guidelines.

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Elections of independent Directors and non-independent Directors shall be held together, with the numbers of Directors to be elected calculated separately for each group.

2-07 (Remuneration of Directors)

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. Expenses incurred by Directors in the faithful execution of their duties, as well as injury suffered or debt incurred therefrom, shall be borne by the Corporation.

2-08 (Information Disclosure)

To encourage shareholders to actively participate in corporate governance, and ensure that they are able to be informed about the Corporation's finances, business, and other operational developments, the Corporation shall make timely, true, and complete disclosures of information in accordance with laws and regulations and these Guidelines, to strengthen information transparency.

3. The Board of Directors

3-01 (Size and composition of the Board)

As provided by the Articles of Incorporation, the Corporation's Board shall have not less than 9 and not more than 17 Directors, with the number to be determined by the Board of Directors.

When the Corporation is to hold elections, the Corporate Governance & Nominating Committee shall review the size of the Board under the preceding paragraph and its composition, with consideration to the Corporation's stage of development, the representativeness of shareholding ratios, the Board's current composition, and the social and economic environments domestically and abroad. If it deems any adjustment or amendment necessary, it shall make a timely recommendation to the Board.

3-02 (Duties and primary missions of the Board)

The Board is charged with making significant financial, business, and operational decisions of the Corporation and overseeing the performance of functions by management, and has the following primary missions:

1. Reviewing and deliberating the adoption and amendment of an internal control system, and evaluation of effectiveness of an internal control

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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.
12. Supervising the Corporation's operating results and risks, and ensuring compliance with relevant laws and regulations.
13. Planning directions for future development.
14. Enhancing the Corporation's image and fulfilling social responsibility.
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.

3-03 (Rules of procedure for Board meetings)

The Corporation shall formulate rules of procedure for Board meetings, to govern key agenda content, procedures, matters to be recorded in the meeting minutes, public notices, and other matters for compliance.

The rules of procedure for Board meetings under the preceding paragraph, and any amendments to those rules, shall be drafted by the Corporate Governance & Nominating Committee and submitted for a resolution by the

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Board.

3-04 (Frequency of Board meetings)

Board meetings shall be held at least once every 2 months, and shall be called and chaired by the Chairman. However, the first meeting of each newly elected Board shall be convened and chaired by the director that received votes representing the largest portion of voting rights. In case the director elect receiving the ballot representing the largest number of votes fails to convene the meeting within the legal time limit, then the majority or more of the directors elect may convene the meeting on their own.

3-05 (Audio recording of the entire proceedings)

When the Board or a committee meets, the entire proceedings shall be recorded and preserved by means of audio recording or another electronic medium.

3-06 (Meeting minutes)

When the Board or a committee meets, detailed and accurate minutes of the meeting shall be taken.

The minutes of a meeting of the Board or a committee must be signed or sealed by the meeting chair and the minutes taker.

The minutes of a Board or committee meeting are important documents of the Corporation, and shall be kept safe permanently during the life of the Corporation.

3-07 (Deleted)

3-08 (Secretariat Division under the Board)

A Secretariat Division is installed under the Board to be in charge of corporate governance affairs, and provides the Board and the functional committees with the necessary resources or assistance to execute their duties, to facilitate the smooth operation of the Corporation's corporate governance system. Said Secretariat shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities, financial, or futures related institution or a public company in handling legal affairs, financial affairs, stock affairs, or corporate governance affairs.

The Secretariat Division has the following primary missions:

1. Administrative tasks

- (1) General administrative affairs relating to the calling of, notices for, holding of, and record-keeping for shareholders' meetings, Board meetings, and committee meetings.

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- (2) Production and preservation of meeting documents, records, and other materials.
- (3) Liaison with management.
- (4) Assisting in onboarding and continuous development of directors and supervisors.

2. Information disclosure tasks

- (1) Assistance with deliberation, supervision, or processing relating to the planning and review of systems for liaison and interaction between the Corporation and shareholders, employees, consumers, stakeholders, and the general public.
- (2) Assistance with deliberation and supervision relating to the Corporation's information disclosure system.

3. Professional tasks

Allocating appropriate professional personnel to carry out the following matters:

- (1) Assisting the Board or committees with drawing up annual work plans and meeting agendas, and collecting, researching, analyzing, or providing related materials.
- (2) Providing analysis and opinions on the legality, appropriateness, and feasibility of proposals to be deliberated by the Board or committees, for reference by the Board or committees during deliberations.
- (3) Ensuring that the operations of the Corporation's shareholders' meeting, Board, and committees do not violate laws or regulations, the Articles of Incorporation, shareholders' meeting resolutions, and these Guidelines.
- (4) Assisting with the drafting of bylaws required for the corporate governance system.

3-09 (Proposal procedure (1))

Proposals that are required to be deliberated by the Board or a committee under these Guidelines shall be compiled and submitted by the Secretariat Division. The Secretariat Division shall assist the Board chair or the committee convener, after soliciting the opinions of the individual Directors or committee members, to determine the time and agenda for the meeting, and handle meeting notice matters.

3-10 (Proposal procedure (2))

For any proposal that should undergo preliminary deliberation by a committee, the Secretariat Division shall first submit the proposal to the committee for

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preliminary deliberation, and only after such preliminary deliberation may it submit the proposal to the Board.

To ensure that deliberation procedures proceed smoothly and efficiently, the Secretariat Division, for any proposal that should undergo preliminary deliberations by a committee, shall submit the proposal to the committee convener and ask the convener to convene the committee and deliberate the proposal at an appropriate time before the convening of the Board meeting.

If the committee convener fails to convene the committee to deliberate a proposal in accordance with these Guidelines, the Secretariat Division shall immediately inquire into the circumstances and reasons for the failure, and shall submit a report to the Board containing the management's proposal together with a statement of the reasons why the committee failed to convene and conduct preliminary deliberations in accordance with these Guidelines, and request the Board's further instructions.

3-11 (Research and Analysis by the Secretariat Division)

For proposals to be deliberated by the Board or a committee, the Secretariat Division may, at the request of the Board or the committee, submit research and analysis or solicit opinions from outside experts.

3-12 (Deliberation procedure)

After a committee has conducted preliminary deliberation of a proposal, the Secretariat Division shall submit the conclusions of the discussion together with the original proposal content to the Board for its deliberation. The committee convener or the convener's deputy shall report their deliberative opinion to the Board, so that the board can deliberate the proposal objectively and efficiently.

If any committee member in attendance holds a dissenting opinion, the committee convener may consider the reasons for the dissent and the impact on the Corporation, and decide at his or her discretion whether to additionally conduct preliminary deliberation of the dissenting opinion or submit it directly for a resolution by the Board.

If a proposal undergoing preliminary deliberation by a committee does not obtain assent of the majority of members in attendance, unless the Chairman instructs that the proposal shall directly be put to the Board for deliberation, the proposal may be returned to management for fresh study and discussion.

3-13 (Good faith reliance by the Board)

When the Board, in accordance with these Guidelines, deliberates proposals submitted by the committees and management, it shall rely in good faith on the truthfulness and completeness of the deliberations of the committee, the proposal by management, and the materials submitted by the committee and

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by management. Unless the Board knows or negligently fails to know other facts, the Board may confine its deliberations to the content and scope of the deliberative opinion of the committee, the proposal by management, and the materials submitted by them.

3-14 (Handling of Director dissent)

When the Board deliberates on the proposals listed below, if any Director expresses dissent, and the dissent is on record or stated in a written statement, the Corporation shall send the materials related to the Director's dissent to each Independent Director:

16. A proposal for adoption or amendment of the Corporation's Procedures for the Acquisition or Disposal of Assets, Operational Procedures for Endorsements and Guarantees, or Operational Procedures for Loaning Funds to Others.
17. A proposal for acquisition or disposal of assets that is required to be submitted for deliberation by the Board pursuant to the Corporation's Procedures for the Acquisition or Disposal of Assets or pursuant to law.
18. A proposal for adoption or amendment of the Corporation's internal control system or internal audit guidelines.
19. Any other proposal for which Director dissent materials are required to be sent to the Independent Directors pursuant to law or regulation or the Corporation's bylaws.

3-15 (Director resignation)

If a Director resigns during the Director's term of office, the Director shall do so by written notice to the Board. The Corporate Governance & Nominating Committee shall immediately ascertain the circumstances and reasons for the Director's resignation, and assess its impact on the Corporation's overall operations, and report the same to the Board.

When a Director's engagement with the Corporation is terminated because of resignation, discharge, expiration of term, or any other reason, the Director shall continue to bear the duty of confidentiality with respect to all trade secrets of the Corporation known to the Director, after the termination of the engagement and until such time as the trade secret becomes public information.

3-16 (Deleted)

3-17 (Board meetings without the presence of managerial officers)

At least once every year, the Board should hold a meeting from which any managerial officers and Directors who concurrently serve as managerial officers shall physically absent themselves or take leave, at which to discuss

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the Corporation's finances, business, and other operational condition.

3-18 (Division of duties)

Clear distinctions shall be drawn between the powers and duties of the Board and the management and between the powers and duties of the Chairman and the President.

The Corporate Governance & Nominating Committee shall produce, and submit to the Board, analysis and recommendations for the separation of powers and duties between the Board and the management and between the Chairman and the President referred to in the preceding paragraph.

3-19 (External auditor)

The Corporation's Board shall engage professional, responsible, and independent attesting CPAs as the external auditor, which shall perform regular reviews of the Corporation's financial reports.

3-20 (Legal counsel)

The Corporation shall engage a professional and competent lawyer as legal counsel, to provide adequate legal consultation services to the Board, the functional committees, and the management, and to assist them to develop and update their knowledge of laws and regulations and related developments in practice, to ensure that corporate governance matters proceed smoothly in accordance with the relevant legal framework and statutorily prescribed procedures.

When Directors or the management, in the course of performing their duties, become involved in litigation, or in a dispute with shareholders, the Corporation may retain legal counsel to provide assistance as necessary with respect to operations and management and to risk control.

3-21 (Briefings)

After the Directors take office, the Corporation shall arrange briefings to introduce matters related to the Corporation's finances, business, relevant laws, personnel, and other aspects of its operations and management.

4. Independent Directors

4-01 (Number)

The Corporation shall have independent Directors as stipulated in Article 17-1 of the Corporation's Articles of Incorporation.

4-02 (Independent Director qualifications)

Independent Directors of the Corporation shall meet statutory qualifications,

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and additionally, the candidates nominated by the Board shall possess a macro and international perspective and outstanding operational or management expertise, to meet the requirements of the Corporation's operations and development and to raise the Corporation's image and standing. Independent directors of the Corporation may not concurrently serve as independent director for more than three other public companies, and may not hold office concurrently as a director (including independent director) or supervisor of more than five other TWSE/TPEX listed companies.

In addition to ensuring that candidates nominated for Independent Director meet the requirements of the preceding paragraph and the qualifications submitted by the Corporate Governance & Nominating Committee under Article 5-2-02 of these Guidelines and passed by a Board resolution, the Board when nominating candidates for Independent Director additionally shall thoroughly and carefully assess a candidate's suitability to serve as an Independent Director with consideration to the following matters:

20. Whether there is any interest relationship, in terms of identity, property, finances, profession, occupation, or other economic stake, between the candidate or any related party thereof and the Corporation or any Director, managerial officer, employee, or other related party of the Corporation, that could affect the candidate's independence.
21. Based on consideration of the candidate's subjective willingness and on objective factors such as his or her identity, occupation, or concurrent occupations, whether the candidate would be able to fully participate on the Board and functional committees and focus on and devote his or her efforts to executing the duties of an Independent Director.

4-03 (Nomination of Independent Directors)

Independent Director candidates shall be nominated by shareholders and the Board in accordance with Article 2-06 of these Guidelines.

For nominations by the Board as referred to in the preceding paragraph, the Corporate Governance & Nominating Committee shall draft a recommended slate of candidates and submit it to the Board for deliberation. However, if the Corporate Governance & Nominating Committee is for some reason unable to assemble, or fails to submit a recommended slate of candidates within an adequate time before the Board deliberations, the Board may proceed directly to resolve to nominate candidates.

With respect to matters in connection with the recommending of Independent Director candidate nominees, the Corporate Governance & Nominating Committee, may, based on the current composition and structure of the Board, and making accommodations for the Corporation's subsequent development needs, adopt rules for the recommendation of Independent Director nominees, and submit them to the Board for deliberation.

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If a Director is nominated or recommended as a candidate, the Director shall recuse himself or herself from drafting and deliberation of the slate of candidates, and may not participate in the deliberation and voting, neither in his or her own capacity, nor acting on behalf of another person.

4-04 (Assessment of Independent Director Qualifications)

When the Corporate Governance & Nominating Committee recommends Independent Directors, it shall first obtain the consent of each nominee, and then state its opinion on whether each nominee meets the qualifications and conditions set out in Article 4-02 of these Guidelines, and attach thereto each nominee's educational background, work experience, current occupation and any concurrent occupations, and submit the opinion and related documents to the Board for deliberation.

When a shareholder nominates an Independent Director, the shareholder shall duly submit the relevant documents in accordance with law. The Corporate Governance & Nominating Committee shall deliberate them and state its opinion on whether the nominee meets the statutory qualifications and conditions for an Independent Director, and submit the opinion and related documentation to the Board for deliberation.

Independent Director candidates that are recommended or nominated under the preceding two paragraphs and that pass deliberation by the Board shall be included in the slate of Independent Director candidates, which shall duly be publicly announced and submitted to the shareholders' meeting for election.

The Board may not refuse Independent Director nominations by shareholders, unless a nominee fails to meet statutory qualifications or conditions or there is some other statutory grounds for refusal.

4-05 (Term of Independent Directors)

Independent Directors shall serve the same term as the Directors, and may be re-elected to consecutive terms. However, in the case of an Independent Director who has served three or more consecutive terms the Corporate Governance & Nominating Committee shall report to the Board, and state whether it considered any alternative candidates when it prepared the slate of recommended candidates and its reasons for continuing to recommend the candidate's re-election.

4-06 (By-Elections to Fill Independent Director Vacancies)

When there is any vacancy in an Independent Director seat, such that the number of Independent Directors falls below the number originally elected, a by-election shall be held at the next shareholders' meeting to fill the vacancy. In the event that the independent directors have all been dismissed, the Corporation shall convene a shareholders' meeting to hold a by-election to fill

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the vacancies within 60 days from the date on which the situation arose.

4-07 (Independent Director Participation in Deliberations)

When the Board or functional committees meet for deliberations, they shall give full consideration to the opinions of each Independent Director. If an Independent Director has expressed dissent or reservations, the Independent Director's specific opinion shall be recorded in the minutes of the Board or functional committee meeting.

For a proposal on which an Independent Director has expressed dissent, if the proposal is passed by the Board or the functional committee, the reasons for its passage shall be specified in the minutes of the Board or functional committee meeting.

5. Functional Committees

Section 1 General Provisions

5-1-01 (Establishment of committees)

The Corporation shall establish under the Board a Corporate Governance & Nominating Committee, Audit Committee, and Remuneration Committee, and may in due course establish other functional committees.

5-1-02 (Positioning of committees)

The functional committees are organs charged with conducting preliminary deliberations on matters before the matters are put to the Board.

The functional committees shall be accountable to the Board, and proposals deliberated by the committees shall be put to the Board for resolution, unless otherwise provided by these Guidelines or the related bylaws of the Corporation.

The functional committees are subordinate to the Board. Unless otherwise provided by these Guidelines, the committees may not externally issue any document or make any other expression of intent in their own names nor may they represent the Corporation or the Board to do so.

5-1-03 (Selection of committee members)

The Corporate Governance & Nominating Committee, after inquiring into the willingness of prospective committee members and considering the professional background of each prospective member, shall submit to the board proposals and recommendations for the members of each functional committee.

The selection of a member of any functional committee shall require the assent of a majority of the Directors present at a meeting attended by two-

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thirds or more of the Board.

Unless otherwise provided by law or regulation, the members of the functional committees shall be selected by the Board from among the Directors.

5-1-04 (Committee conveners)

Each functional committee shall have one convener, who shall be selected by and from among the members of the committee, and who shall handle the overall administration of meeting matters. However, for the Audit Committee and the Remuneration Committee, an Independent Director shall serve as convener.

5-1-05 (Rules of procedure)

The Corporation's rules of procedure for Board meetings shall apply mutatis mutandis to the convening, attendance, resolutions, minutes, and other matters of committee meetings.

5-1-06 (Committee duties)

Except as otherwise provided by law or regulation, the Articles of Incorporation, these Guidelines, or other basic bylaws of the Corporation, the procedures, content, and scope of the duties to be exercised by each functional committee shall be submitted by the Corporate Governance & Nominating Committee to the Board for adoption by resolution of the Board.

5-1-07 (Good faith reliance by the functional committees)

When a committee, in accordance with these Guidelines, deliberates proposals submitted by management, it shall rely in good faith on the professional opinions of management and the truthfulness and completeness of the assessments, judgments, and materials submitted by management. Unless the committee knows or negligently fails to know of other facts, the scope of the committee's duty of review shall be confined to the content of the proposals and recommendations of management and the materials provided by management for review.

Section 2 Corporate Governance & Nominating Committee

5-2-01 Corporate Governance & Nominating Committee members

The Corporate Governance & Nominating Committee is composed of 5 to 7 members, at least half of whom shall be Independent Directors.

5-2-02 (Primary missions of the Corporate Governance & Nominating Committee)

The Corporate Governance & Nominating Committee has the following primary missions:

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1. Formulating the qualifications for Independent Directors and the composition of the Board and the committees.
2. Nominating Independent Directors and non-Independent Directors.
3. Formulating and assessing slates of potential candidates for Independent Director and non-Independent Director seats.
4. Formulating and reviewing the execution of duties for all Directors and Functional Committees.
5. Reviewing the status of information disclosures.
6. Drafting, amendment, and review of these Guidelines and important corporate governance bylaws and rules.
7. Planning and recommendations for the corporate governance system, and review of the effectiveness of its implementation.
8. Other duties as set out in the Articles of Incorporation, these Guidelines, or Board resolutions.

After the close of each fiscal year, the Corporate Governance & Nominating Committee shall report to the Board on its execution of duties.

Before the annual general meeting of shareholders each year, the Corporate Governance & Nominating Committee shall issue a report on the implementation of corporate governance by the Corporation, and the report, after review by the Board, shall be included in the Shareholders' Meeting Agenda Handbook.

5-2-03 (Functional subcommittees of the Corporate Governance & Nominating Committee)

For the execution of its duties in accordance with these Guidelines, the Corporate Governance & Nominating Committee may establish subcommittees for purposes of handling corresponding duties and functions.

5-2-04 (Organizational charter)

For the execution of its duties in accordance with these Guidelines, the Corporate Governance & Nominating Committee may adopt an organizational charter, and implement it after submitting it the Board for passage by a resolution. The content of the organizational charter shall include at least the Corporate Governance & Nominating Committee's purpose of establishment, authority and duties, and the procedures for exercising its powers.

5-2-05 (Submitting a recommended slate of Director candidates)

The Corporate Governance and Nominating Committee shall follow the provisions of Articles 2-06, 4-03, and 4-04 of these Guidelines to carry out

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the nomination and recommendation of Independent Director candidates.

The provisions of the preceding paragraph shall apply mutatis mutandis to the nomination and recommendation of candidates for non-Independent Directors of the Corporation.

5-2-06 (Performance evaluation)

After the close of each fiscal year, the Corporate Governance & Nominating Committee shall submit an evaluation and recommendations with respect to the execution of duties by all of the Board and the functional committees, and submit it to the Board for review.

5-2-07 (Deleted)

5-2-08 (Reporting on any changes in the identity of the Independent Directors)

If there is any change in an Independent Director's occupation, identity/status, or shareholding, or something else occurs that could cause the person to no longer meet the qualifications and conditions for Independent Director as set out in these Guidelines, that Independent Director shall immediately report to the Corporate Governance & Nominating Committee.

Section 3 Audit Committee

5-3-01 (Audit Committee members)

The Audit Committee shall be composed of all the Independent Directors. It may not be fewer than three persons, one of whom shall be convener. Its members shall be free of any circumstance set out in Article 4-02, paragraph 2, subparagraph 1 of these Guidelines.

5-3-02 (Deleted)

5-3-03 (Primary missions of the Audit Committee)

The Audit Committee has the following primary missions:

1. Adopting or amending the internal control system pursuant to Article 14 1 of the Securities and Exchange Act.
2. Evaluating the effectiveness of the Corporation 's internal control
3. Adopting or amending the procedures for material financial or operational acts such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, or providing endorsements or guarantees for others , pursuant to Article 36 1 of the Securities and Exchange Act .

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4. Reviewing matters that may involve the personal interest of a Director.
5. Reviewing material asset and derivatives transactions.
6. Reviewing material loans of funds or endorsements or guarantees.
7. Reviewing the public offering and issuance of securities or private placement of equity securities.
8. Evaluating the appointment, dismissal, and compensation of the attesting CPAs (external auditor).
9. Evaluating the appointment and dismissal the Corporation's chief financial officer, chief accountant, or chief internal auditor.
10. Reviewing annual financial reports.
11. Reviewing the Q1 to Q3 quarterly financial reports.
12. Reviewing the Corporation's accounting system and financial condition.
13. Evaluation of the Corporation's risk management policies and risk measurement standards.
14. Reviewing the procedures for material financial and operational acts.
15. Evaluating, examining, and monitoring existing or potential risks to the Corporation of any kind.
16. Examining the Corporation's compliance with laws, regulations, and rules.
17. Other material matters as provided by the competent authority.
18. Other duties pursuant to the Articles of Incorporation or Board resolutions.

After the close of each fiscal year, the Audit Committee shall report to the Board on its execution of duties.

With respect to proposals relating to matters listed in the subparagraphs of paragraph 1, the Board shall give full consideration to the opinions of the Audit Committee. If the Audit Committee has expressed dissent or reservations about a proposal, and the proposal is nevertheless passed by the Board, the reasons for its passage shall be specified in the Board meeting minutes.

5-3-04 (Organizational charter)

For the execution of its duties in accordance with these Guidelines, the Audit Committee may adopt an organizational charter, and implement it after submitting the charter, and likewise any amendments thereto, to the Board for passage by a resolution.

The content of the organizational charter shall include at least the Audit

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Committee's purpose of establishment, authority and duties, and the procedures for exercising its powers.

Powers conferred by the Securities and Exchange Act, the Company Act, or any other law, that are to be exercised by supervisors, except those powers set out in Article 14-4, paragraph 4, of the Securities and Exchange Act, shall be exercised by the Audit Committee.

The provisions of Article 14-4, paragraph 4, of the Securities and Exchange Act regarding provisions of the Company Act involving acts done by supervisors or the role of supervisors as representatives of the Corporation, shall apply mutatis mutandis to the Independent Director members of the audit committee.

5-3-05 (Internal audit report)

The Corporation's internal auditors shall be detached, independent, objective, and impartial, in faithfully executing their audit duties, and shall, after having presented the audit and follow-up reports to their departmental superiors for approval, deliver them to the Audit Committee.

If an internal auditor discovers any material violation or any likelihood of material damage to the Corporation, the auditor shall immediately prepare and present a report to their departmental superiors for approval, and then notify the Audit Committee.

5-3-06 (Evaluation of the attesting CPAs (external auditor))

After the close of each fiscal year, the Audit Committee shall evaluate the professionalism and independence of the external auditor, and the reasonableness of the remuneration paid for its engagement, and report to the Board.

If the Corporation engages the same external auditor for numerous years without replacement, or if the external auditor is subject to disciplinary action or another circumstance prejudicial to its independence, the Audit Committee shall consider the necessity of replacing the external auditor, and submit its conclusion to the board of directors.

To avoid prejudicing the objectiveness and independence of the external auditor, if the external auditor is to be engaged to perform to engage any type of service other than auditing and attestation of the financial reports, including without limitation any tax-related services, on-site audits related to investment or mergers/acquisitions, or other customized services or consulting services, unless otherwise resolved by the Board, the proposed engagement for any such non-audit services shall be submitted for approval by the Audit Committee in advance.

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5-3-07 (Meetings)

The Audit Committee shall convene at least once quarterly, and may call a meeting at its discretion whenever necessary.

5-3-08 (Meetings with management, internal auditors, and the external auditor)

The Audit Committee shall regularly meet with management, the internal auditors, and the attesting CPAs (external auditor), to review the Corporation's annual audit plan, examine the Corporation's financial reports, and gain an understanding of the financial condition of the Corporation.

5-3-09 (Establishing channels and procedures for making and handling of complaints)

The Audit Committee shall task management with establishing complaint mechanisms and handling procedures for complaints related to the accounting and internal control systems, financial auditing and corporate auditing, and compliance with laws and regulations, which shall include channels for receiving and processing complaints and measures for the confidentiality and protection of persons making complaints.

Section 4 Remuneration Committee

5-4-01 (Remuneration Committee members)

The Remuneration Committee is composed of 3 to 5 members. Its members shall be free of any circumstance set out in Article 4-02, paragraph 2, subparagraph 1 of these Guidelines, and more than half of the members shall be an Independent Director.

5-4-02 (Primary missions of the Remuneration Committee)

The Remuneration Committee has the following primary missions:

1. Prescribe and periodically review the performance evaluation and remuneration policy, system, standards, and structure for directors and managerial officers.
2. Periodically evaluate and prescribe the remuneration of directors and managerial officers.

After the close of each fiscal year, the Remuneration Committee shall report to the Board on its execution of duties.

If the Board's resolution on any proposal listed in the subparagraphs of paragraph 1 surpasses the recommendations of the Remuneration Committee, the Board shall specify the differences and the reasons in the Board meeting minutes.

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5-4-03 (Principles for the exercise of powers of the Remuneration Committee)

When the Remuneration Committee performs its official powers, it shall follow the principles listed below:

1. It shall ensure that the performance evaluation and remuneration of Directors and managerial officers are geared toward productivity and incentivization and take into reference the typical pay levels adopted by peer companies, and give consideration to the reasonableness of the correlation with individual performance, the Corporation's business performance, and future risk exposure.
2. It may not give an incentive for the Directors or managerial officers to engage in remuneration-pursuing activity exceeding the risks that the Corporation can tolerate.
3. It shall take into consideration the characteristics of the industry and the nature of the Corporation's business when determining the ratio of compensation based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration.

5-4-04 (Organizational charter)

For the execution of its duties in accordance with these Guidelines, the Remuneration Committee may adopt rules for the exercise of its powers or an organizational charter, and implement them after submitting them, and likewise any amendments thereto, to the Board for passage by a resolution.

The content of the rules for the exercise of powers or organizational charter under the preceding paragraph shall include at least the Remuneration Committee's purpose of establishment, authority and duties, and the procedures for exercising its powers.

5-4-05 (Meetings)

The Remuneration Committee shall meet at least twice each year.

6. (Deleted)

6-01 (Deleted)

6-02 (Deleted)

6-03 (Deleted)

6-04 (Deleted)

6-05 (Deleted)

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6-06 (Deleted)

6-07 (Deleted)

6-08 (Deleted)

6-09 (Deleted)

6-10 (Deleted)

6-11 (Deleted)

6-12 (Deleted)

6-13 (Deleted)

6-14 (Deleted)

6-15 (Deleted)

7. Management

7-01 (Deleted)

7-02 (Reports by the President)

The President shall, in accordance with laws and regulations, the Articles of Incorporation, shareholders' meeting resolutions, or Board resolutions, report to the Board on the Corporation's finances, business, and operations, and report to the Board on future operational and development plans.

7-03 (Reports by managerial officers)

Except as otherwise provided by these Guidelines or otherwise resolved by the Board, the President and the managerial officers of relevant divisions shall attend Board meetings as non-voting participants to report to the Board or to respond to inquiries on the Corporation's finances, business, and operations, to assist the Directors to ascertain the current status of the Corporation and make appropriate resolutions.

The provisions of the preceding paragraph shall apply mutatis mutandis when a committee notifies management to attend committee meetings as non-voting participants.

7-04 (Preparation of materials and obligation of disclosure)

Except for matters involving secrets of the Corporation, for which the management may be exempted from the requirement to prepare and issue materials in hard copy, when the Board or the committees meet, management

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shall prepare materials relating to the proposals to be discussed at the meeting and make them available, before or at the time of the meeting, for reading by the Corporation, the Board, or the committee, or a request may be made for management to appear and present, or make available, necessary explanations at the meeting.

7-05 (Queries or explanations and reports)

In the exercise of their powers, Directors may, after the Chairman or the committee convener has notified the Secretariat Division, make requests to refer to and read relevant materials at any time, and may request management to give explanations or reports.

7-06 (Management's duty of care)

When management prepares any proposal that is to be deliberated by the Board or committees pursuant to these Guidelines, it shall, based on objective and professional due diligence and care and subjective good faith conviction, and after thorough and prudent evaluation, submit concrete and specific recommendations, and specify the method and basis of the evaluation, the reasons for the recommendations, and other matters meriting attention. If the content of a proposal involves any economic interest connected with a major shareholder, Director, member of management, or departmental employee, or a family member of any of the above, or any other stakeholder, the specifics thereof shall be stated along with the proposal.

"Objective and professional due diligence and care" in the preceding paragraph includes without limitation exerting the utmost professional ability to prudently evaluate and confirm that the content of the proposal and recommendations are legal, appropriate, necessary, feasible, and consistent with the rights and interests of the Corporation and the shareholders. If there is any involvement of any economic interest connected with any stakeholder under the preceding paragraph, management shall furthermore evaluate and confirm that there is no conflict of interest with, or other circumstance prejudicial to, the rights and interests of the Corporation and shareholders.

"Subjective good faith conviction" in paragraph 1 means the conviction, based solely on concern for the rights and interests of the Corporation and the shareholders, that the content of the proposal and recommendations are consistent with the duty of due diligence and care under the preceding paragraph, and the willingness to take responsibility for the content of the proposal and the results of its execution, and not to look to the deliberations and resolutions by the Board or committee as a release from responsibility. This shall not apply, however, where the Board or committee's deliberation or resolution differs from the content proposed or recommended by management and management does not express support and affirmation on the spot.

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8. Prevention of Conflict of Interest

8-01 (Definition of related parties)

The Corporation shall adopt rules for handling related party transactions.

The definitions of related parties and transactions referred to in the preceding paragraph shall be as set out in the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and shall be expressly set out in the rules under the preceding paragraph.

When judging whether a counterparty to a transaction is a related party, consideration shall be given to the actual substance as well as the legal form of the relationship.

8-02 (Clear identification of relationships between related parties)

The Corporation shall clearly identify the division of authority and responsibility between it and its related parties with respect to management of personnel, assets, and financial matters.

The Corporation shall establish sound systems for the management of finances, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, conduct an overall risk assessment of major banks, customers, and suppliers dealt with, and establish appropriate control mechanisms and firewalls to reduce risk.

8-03 (Managerial officers may not concurrently serve at related parties)

Unless otherwise provided by law or regulation, a managerial officer of the Corporation may not concurrently serve as a managerial officer of a related party.

8-04 (Non-competition by Directors)

A director who intends to engage in any conduct, for himself/herself/itself or on behalf of another person, that is within the scope of the Corporation's operations shall explain the major content of the conduct to the shareholders' meeting and obtain its permission.

8-05 (Deliberation of related party transactions)

Transactions between the Corporation and related parties shall be deliberated by the Audit Committee under the rules adopted pursuant to Article 8-01, paragraph 1 of these Guidelines.

8-06 (Related party transactions shall comply with relevant laws and regulations and official interpretations)

The Corporation's transactions with related parties shall comply with relevant

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laws and regulations including the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, Regulations Governing Establishment of Internal Control Systems by Public Companies, and with interpretations issued by the competent authorities, the Articles of Incorporation, and these Guidelines.

8-07 (Principles for related party transactions)

The Corporation's transactions with related parties shall be based on the principles of fairness and reasonableness, so as to prevent non arm's-length transactions and tunneling of interests.

8-08 (Obligations of a government or juristic person shareholder with controlling power and management's reporting obligations)

A government or juristic person shareholder having controlling power over the Corporation, and any representative it appoints to serve as a Director, may not directly or indirectly do any of the following:

1. Cause the Corporation to conduct any operations that are not at arm's length or otherwise involve illegal interests.
2. Improperly intervene in the Corporation's decision-making or obstruct operational activities.
3. Restrict or impede the Corporation's production management through unfair competitive practices such as monopolizing procurement or closing off sales channels.

If the management learns of a circumstance under any of the subparagraphs of the preceding paragraph, it shall promptly report to the Board or the Audit Committee, and the Board or Audit Committee shall take appropriate measures.

8-09 (Direct or obligations and recusal)

Where a government or juristic person shareholder or its representative is elected as a Director, the government or juristic person shareholder shall ensure that its appointed representative shall fulfill its duty of loyalty, duty of due diligence and care, and duty of confidentiality, to the Corporation.

A director who has a personal interest, or represents a government entity or institution with interests in the matter under discussion at a board meeting shall explain to the board meeting the essential contents of such interest. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion, such director shall be deemed to have a personal interest in the matter.

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When an item on the agenda of a Board meeting the personal interest of a Director, or an interest of a Government or juristic person represented by the Director, if there is any likelihood of prejudice to the interest of the Corporation, the Director shall physically absent and recuse himself or herself, and may not participate in the discussion and the voting, and also may not appoint another Director as his or her proxy to exercise voting rights, nor accept a proxy to exercise voting rights for another Director.

Under any of the following circumstances with respect to any meeting agenda item, a Director should refrain from being present for discussion and voting on the item by the Board or the relevant committee, and also should not appoint another Director as his or her proxy to exercise voting rights, nor accept a proxy to exercise voting rights for another Director:

1. There is a substantive interest relationship with an affiliated enterprise or related party of the Director or the Director's representative, such that there is a likelihood of prejudicing the interest of the Corporation.
2. The circumstance of the preceding subparagraph exists with respect to an affiliated enterprise or related party of the government or juristic person shareholder represented by the Director.
3. Any other circumstance in which the Board deems recusal necessary based on considerations of avoidance of conflicts of interest

If a Director does not recuse himself or herself under the preceding two paragraphs, the non-recusal shall be specified in the Board minutes, and may be disclosed on the Corporation's website or other appropriate place.

8-10 (Major shareholders with controlling power)

The Corporation shall keep an accurate list of major shareholders, and ascertain their ultimate controllers, for reference in identifying interested parties.

"Major shareholder" in the preceding paragraph means a shareholder who owns 5 percent or more of the equity shares or whose equity shareholding ratio is among the top 10 shareholders.

8-11 (Mutatis mutandis application where necessary to prevent conflicts of interest)

With respect to transactions between the Corporation and non-related parties, where necessary to prevent a conflict of interest, the provisions of this Chapter shall apply mutatis mutandis.

9. Respecting the Rights and Interests of Stakeholders

9-01 (Protecting stakeholders' rights and interests)

The Corporation shall maintain open channels of communication with

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government agencies, banks and other creditors, employees, suppliers, contractors, community, or other stakeholders of the Corporation, and respect and safeguard their legal rights and interests. When a stakeholder's legal rights or interests are harmed, the Corporation shall handle the matter in a proper manner and in good faith.

9-02 (Providing information)

The Corporation shall provide sufficient, true, and complete information to banks and other creditors to facilitate their evaluation of the operational and financial condition of the Corporation.

9-03 (Employee relations)

The Corporation shall strive to provide a safe and healthy work environment, establish good channels of communication with employees, and encourage employees to communicate directly with the management and Directors, so as to adequately reflect employees' opinions about the management and financial condition of the Corporation, or about matters that bear on the rights and interests of employees.

9-04 (Social responsibility)

The Corporation shall devote attention to public policy, economic development, consumer rights and interests, community concerns, environmental protection and sanitation, public safety, and other public interest issues, to raise the Corporation's image, and to faithfully fulfill its social responsibilities.

9-05 (Code of conduct)

The Corporation shall adopt a Code of Ethical Conduct, to guide all of its employees in complying with laws and regulations, upholding the rights and interests of the Corporation and its shareholders, and faithfully fulfilling social responsibilities.

The Corporation's management shall supervise and ensure that employees comply with the Code of Conduct under the preceding paragraph.

The Corporation shall see to it that its contractors, firms it does business with, counterparties to trades, or stakeholders, know and jointly put into practice the Code of Ethical Conduct under paragraph 1.

If any personnel of the Corporation discover any violation or substantial likelihood of violation of the Code of Ethical Conduct, the personnel shall file a complaint by the complaint mechanism set out in Article 5-3-09 of these Guidelines.

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9-06 (Whistleblowing System)

The Corporation has established and announced channels for internal and external whistleblowers and has whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting is independent, provides encrypted protection for the files furnished by whistleblowers, and appropriately restricts access to such files. It also formulates internal procedures and incorporates those procedures into the Corporation's internal control system for management purposes.

10. Enhancing Information Disclosure

10-01 (Purpose and principles for information disclosures)

The Corporation shall carry out information disclosures in accordance with relevant laws and regulations and these Guidelines, adhering to the principles of timely, accurate, and complete public disclosure, so that all shareholders and stakeholders are kept timely and fully informed of relevant information of the Corporation and can easily obtain such information, in order to put corporate governance into practice and protect the rights and interests of investors.

10-02 (Adoption of information disclosure rules)

The Corporation shall adopt information disclosure rules, specifying the information to be disclosed, the timing, methods, and procedures for disclosure, the responsible units, the spokesperson system, and the methods and policies for holding investor conferences and press conferences.

10-03 (Deleted)

10-04 (Deleted)

10-05 (Deleted)

10-06 (Deleted)

10-07 (Deleted)

11. Supplementary Provisions

11-01 (Interpretation)

The interpretation and practical implementation of these Guidelines shall seek the substantial spirit of corporate governance rather than paying excessive attention to literal wording. If any question arises, the Corporate Governance & Nominating Committee shall present it to the Board for deliberation and settlement.

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11-02 (Adoption, amendment, repeal)

These Guidelines, and any amendments hereto, shall take force after they have been submitted to the Board by the Corporate Governance & Nominating Committee, passed by the Board, and submitted to and approved by a shareholders' meeting.

Appendix IV

Taiwan High Speed Rail Corporation Shareholding of All Directors		
All directors	Minimum required shareholding (number of common shares)	Shareholding as of March 25, 2024 (number of common shares)
Director	120,000,000	3,452,526,178
Title	Name	Shareholding as of March 25, 2024 (number of common shares)
Chairman	China Aviation Development Foundation	260,040,000
	Representative: Yao-Chung Chiang	
Director	China Aviation Development Foundation	
	Representative: Yu-Fen Hung	
Director	China Aviation Development Foundation	
	Representative: Wei-Cheng Hsieh	
Director	Ministry of Transportation and Communications, R.O.C.	2,420,000,000
	Representative: Huan-Tung Tseng	
Director	Ministry of Transportation and Communications, R.O.C.	
	Representative: Cheng-Chung Young	
Director	China Steel Corporation	242,148,000
	Representative: Chien-Chih Hwang	
Director	Taiwan Sugar Corporation	200,000,000
	Representative: Ming-Jou Yang	
Director	Management Committee of National Development Fund, Executive Yuan	120,000,000
	Representative: Shien-Quey Kao	

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Director	TECO Electric & Machinery Co., Ltd.	190,060,578
	Representative: Mao-Hsiung Huang	
Director	Taipei Fubon Commercial Bank Co., Ltd.	20,277,600
	Representative: Yi-Ling Wu	
Independent Director	Kenneth Huang-Chuan Chiu	—
Independent Director	Duei Tsai	—
Independent Director	Ming-Teh Wang	—
Independent Director	Pai-Ta Shih	—
Independent Director	Yung-Cheng (Rex) Lai	—
Shares held by all directors		3,452,526,178

