

Taiwan High Speed Rail Corporation
Minutes for 2019 Annual Shareholders' Meeting

DATE: May 30, 2019 at 9:00 a.m.

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

Attending directors: Chairman Chiang Yao-Chung, Independent Director Ding Kung-Wha (Convener of Audit Committee), Independent Director Chiu Kenneth Huang-Chuan (Convener of Remuneration Committee), Independent Director Poo David Da-Wei, Director Liu Min-Ching, Director Huang Mao-Hsiung, Director Chiang Chin-Shan, and Director Kao Shien-Quey.

(A total of 8 directors were in attendance at the Annual Shareholders' Meeting, representing more than one-half of all 13 Corporation directors.)

Other attendees:

Deloitte & Touche: Mei-Yen Chiang, Kwan-Chung Lai

Baker McKenzie: Lindy L. Y. Chern, Joseph C. S. Fu

Ministry of Transportation and Communications and Railway Bureau guidance personnel:

Deputy Chief Engineer Lu Hsin-Hsi, Chief Liu Zhen-Xian, Executive Officer Hsu Cheng-Yen, Director Chen Huei-Chun, Officer Chung Chih-Fang

Chairman: Chairman Chiang Yao-Chung

Recorded by: Barret Wang

Attending shareholders: Total number of outstanding Corporation shares amounted to 5,628,293,058 shares. Of these, holders of 4,757,712,918 common shares attended in person, holders of 3,693,813,892 common shares attended electronically, 0 common shares were publicly solicited proxies, and 207,342,257 common shares were non-solicited proxies. The total number of participating common shares was 4,965,055,175 shares; the attendance rate was 88.21%.

Meeting commencement: The Chairman announced the commencement of the meeting as shares represented by attending shareholders had reached the number legally required for shareholders' meetings.

Chairman's opening speech: Omitted.

I. Management Presentations:

Report No. 1: Report on the Company execution of corporate governance. (Please refer to Appendix 1).

Report No. 2: Report on allocation of 2018 remuneration to board of directors and employees. (Please refer to Appendix 2).

Report No. 3: Report on changes in the estimated useful lives of certain operating concession assets. (Please refer to Appendix 3).

Summary of Shareholder Inquiries:

※ Shareholder No. 163628 noted that the Corporation had performed well on all financial indicators for 2018, and that these substantial achievements were due to strategic guidance from the Board of Directors and the efforts of the management team and THSRC staff members. It is hoped that the Corporation will continue to reach new heights, increase distribution rates for employee compensation, and become a leading Taiwanese enterprise and a top-ranking caring enterprise.

※ Shareholder No. 87437 inquired whether the Corporation's management team had formulated any response measures relating to the frequent airline strikes that had occurred in recent years.

The Chairman provided full explanation and response to the above inquiries, and these were acknowledged by the shareholders.

Resolution: Following the first to third management presentations, the Chairman received no objections from all shareholders present, and the reports were acknowledged by the shareholders.

II. Proposals

Proposal No. 1: Proposed by the Board

Proposal: Proposal of 2018 Annual Business Report and financial statements of the Company.

Explanation: The 2018 business report (please refer to Appendix 4) along with financial statements (please refer to Appendix 5) of the Company have been approved on February 20, 2019 by the 23th meeting of the 8th Board. The financial statements were audited by certified public accountants, and audit report thereto was issued on February 20, 2019 (please refer to Appendix 6), distributed to Audit Committee for review (please refer to Appendix 7), and is hereby submitted for adoption at shareholders' annual general meeting.

Summary of Shareholder Inquiries: No inquiries were raised by shareholders.

Chairman's decision: Because disapproval votes and abstention votes were placed by a number of shareholders during the electronic voting process, it was decided to put the proposal to a vote. In order to save time, it was decided that a vote would be taken respectively for each item after both proposal items had been discussed.

Resolution: Voting results for this proposal was as follows:

(For this proposal, holders of 4,766,584,377 common shares attended in person, holders of 3,693,813,892 common shares attended electronically, 0 common shares were publicly solicited proxies, and 207,372,257 common shares were non-solicited proxies. The total number of participating common shares was 4,973,956,634 shares, amounting to 88.37% of all outstanding common shares.)

Total number of shareholder votes present during vote: 4,973,956,634

Voting results	Proportion of shareholder votes present during vote (%)
Approval votes: 4,765,634,593 (Including 3,496,741,443 electronic votes)	95.81%
Disapproval votes: 2,331,645 (Including 2,331,645 electronic votes)	0.04%
Invalid votes: 6,600	0.00%
Abstention votes/no votes: 205,983,796 (Including 194,740,804 electronic votes)	4.14%
Attending shareholders represented more than one-half of the total number of outstanding Corporation shares, and the number of approval votes exceeded more than one-half of total votes present during vote. The proposal was approved.	

Proposal No. 2: Proposed by the Board

Proposal: Proposal of 2018 profit distributions of the Company.

Explanation:

1. As of end of 2018, the distributable earnings amounted to NTD 10,487,382,953.
2. In order to stabilize and balance payout policy and consideration for long-term corporate financial planning, the Company proposes cash dividends of NTD 1.12 per share for 2018 profit distribution, amounting to NTD 6,303,688,225 on a basis of 5,628,293,058 common shares outstanding.
3. The Company's profit distribution table has been approved at the 24th meeting of the 8th

Board dated March 20, 2019, circulated to Audit Committee for review (please refer to Appendix 8), and is being submitted to shareholders' annual general meeting for adoption.

Taiwan High Speed Rail Corporation
PROFIT DISTRIBUTION TABLE

Fiscal Year 2018	Unit: NTD
Unappropriated retained earnings at the beginning of the period	940,652,608
Add: Effect of retrospective application	484,132
Adjusted unappropriated retained earnings at the beginning of the period	941,136,740
Add: Net income for 2018	10,696,381,001
Less: Re-measurements of defined benefit plan	(80,496,688)
Undistributed earnings	11,557,021,053
Less: 10% legal reserve	(1,069,638,100)
2018 distributable earnings	10,487,382,953
Distributable items:	
Cash dividends (NTD 1.12 per share)	(6,303,688,225)
<u>Current-year undistributed earnings</u>	<u>4,183,694,728</u>

4. Following approval from the 2019 shareholders' annual general meeting, the Board is hereby authorized to determine the ex-dividend date and the payment date of cash dividends..

Summary of Shareholder Inquiries: No inquiries were raised by shareholders.

Chairman's decision: Because disapproval votes and abstention votes were placed by a number of shareholders during the electronic voting process, it was decided to put the proposal to a vote. As discussions had concluded for both proposal items, a vote was taken on each item in turn.

Resolution: Voting results for this proposal was as follows:

(For this proposal, holders of 4,766,584,377 common shares attended in person, holders of 3,693,813,892 common shares attended electronically, 0 common shares were publicly solicited proxies, and 207,372,257 common shares were non-solicited proxies. The total number of participating common shares was 4,973,956,634 shares, amounting to 88.37% of all outstanding common shares.)

Total number of shareholder votes present during vote: 4,973,956,634

Voting results	Proportion of shareholder votes present during vote (%)
Approval votes: 4,763,839,457 (Including 3,503,468,366 electronic votes)	95.77%
Disapproval votes: 395,733 (Including 395,733 electronic votes)	0.00%
Invalid votes: 2,600	0.00%
Abstention votes/no votes: 209,718,844 (Including 189,949,793 electronic votes)	4.21%
Attending shareholders represented more than one-half of the total number of outstanding Corporation shares, and the number of approval votes exceeded more than one-half of total votes present during vote. The proposal was approved.	

III. Discussion:

Discussion No. 1: Proposed by the Board

Proposal: Revision of Guidelines for Corporate Governance.

Explanation:

1. In accordance with revisions made to the “Company Act”, “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, and the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” established by the Taiwan Stock Exchange Corporation and the Taipei Exchange, and in consideration of the operating needs of the Company, amendments are being proposed to the Company’s Guidelines for Corporate Governance.
2. A comparison of amended articles in the Guidelines for Corporate Governance is shown in the appendix (please refer to Appendix 9).
3. The proposal was approved at the 23th Board meeting of the 8th Board directors dated February 20, 2019, and is hereby submitted to the shareholders’ annual general meeting for approval.

Summary of Shareholder Inquiries: No inquiries were raised by shareholders.

Chairman’s decision: Because disapproval votes and abstention votes were placed by a number of shareholders during the electronic voting process, it was decided to put the discussion item to a vote. In order to save time, it was decided that a vote would be taken

respectively for each item after all four discussion items had been discussed.

Resolution: Voting results for this proposal was as follows:

(For this proposal, holders of 4,766,584,377 common shares attended in person, holders of 3,693,813,892 common shares attended electronically, 0 common shares were publicly solicited proxies, and 207,372,257 common shares were non-solicited proxies. The total number of participating common shares was 4,973,956,634 shares, amounting to 88.37% of all outstanding common shares.)

Total number of shareholder votes present during vote: 4,973,956,634

Voting results	Proportion of shareholder votes present during vote (%)
Approval votes: 4,770,968,844 (Including 3,502,055,694 electronic votes)	95.91%
Disapproval votes: 200,003 (Including 200,003 electronic votes)	0.00%
Invalid votes: 5,600	0.00%
Abstention votes/no votes: 202,782,187 (Including 191,558,195 electronic votes)	4.07%
Attending shareholders represented more than one-half of the total number of outstanding Corporation shares, and the number of approval votes exceeded more than one-half of total votes present during vote. The proposal was approved.	

Discussion No. 2: Proposed by the Board

Proposal: Revision of Rules of Procedure for Shareholders' Meetings.

Explanation:

1. In order to comply with revisions made to the "Company Act", following reference to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" provided by the Taiwan Stock Exchange Corporation, and in consideration of the operating needs of the shareholders' meeting, amendments are being proposed to the Company's Rules of Procedure for Shareholders' Meetings.
2. A comparison of amended articles in the Rules of Procedure for Shareholders' Meetings is shown in the appendix (please refer to Appendix 10).
3. The proposal was approved at the 23th Board meeting of the 8th Board directors dated February 20, 2019, and is hereby submitted to the shareholders' annual general meeting for

approval.

Summary of Shareholder Inquiries: No inquiries were raised by shareholders.

Chairman's decision: Because disapproval votes and abstention votes were placed by a number of shareholders during the electronic voting process, it was decided to put the discussion item to a vote. In order to save time, it was decided that a vote would be taken respectively for each item after all four discussion items had been discussed.

Resolution: Voting results for this proposal was as follows:

(For this proposal, holders of 4,766,584,377 common shares attended in person, holders of 3,693,813,892 common shares attended electronically, 0 common shares were publicly solicited proxies, and 207,372,257 common shares were non-solicited proxies. The total number of participating common shares was 4,973,956,634 shares, amounting to 88.37% of all outstanding common shares.)

Total number of shareholder votes present during vote: 4,973,956,634

Voting results	Proportion of shareholder votes present during vote (%)
Approval votes: 4,770,972,129 (Including 3,502,058,979 electronic votes)	95.91%
Disapproval votes: 201,254 (Including 201,254 electronic votes)	0.00%
Invalid votes: 2,600	0.00%
Abstention votes/no votes: 202,780,651 (Including 191,553,659 electronic votes)	4.07%
Attending shareholders represented more than one-half of the total number of outstanding Corporation shares, and the number of approval votes exceeded more than one-half of total votes present during vote. The proposal was approved.	

Discussion No. 3: Proposed by the Board

Proposal: Revision of Procedures for the Acquisition or Disposal of Assets.

Explanation:

1. In order to comply with revisions made to articles in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by the Financial Supervisory Commission, and in consideration of actual operating needs and replacement of supervisory duties by the establishment of the Audit Committee, amendments are being

proposed to the Company's Procedures for the Acquisition or Disposal of Assets.

2. A comparison of amended articles in the Procedures for the Acquisition or Disposal of Assets is shown in the appendix (please refer to Appendix 11).

3. The proposal was approved at the 23th Board meeting of the 8th Board directors dated February 20, 2019, and is hereby submitted to the shareholders' annual general meeting for approval.

Summary of Shareholder Inquiries: No inquiries were raised by shareholders.

Chairman's decision: Because disapproval votes and abstention votes were placed by a number of shareholders during the electronic voting process, it was decided to put the discussion item to a vote. In order to save time, it was decided that a vote would be taken respectively for each item after all four discussion items had been discussed.

Resolution: Voting results for this proposal was as follows:

(For this proposal, holders of 4,766,584,377 common shares attended in person, holders of 3,693,813,892 common shares attended electronically, 0 common shares were publicly solicited proxies, and 207,372,257 common shares were non-solicited proxies. The total number of participating common shares was 4,973,956,634 shares, amounting to 88.37% of all outstanding common shares.)

Total number of shareholder votes present during vote: 4,973,956,634

Voting results	Proportion of shareholder votes present during vote (%)
Approval votes: 4,770,917,561 (Including 3,502,033,411 electronic votes)	95.91%
Disapproval votes: 225,122 (Including 225,122 electronic votes)	0.00%
Invalid votes: 6,600	0.00%
Abstention votes/no votes: 202,807,351 (Including 191,555,359 electronic votes)	4.07%
Attending shareholders represented more than one-half of the total number of outstanding Corporation shares, and the number of approval votes exceeded more than one-half of total votes present during vote. The proposal was approved.	

Discussion No. 4: Proposed by the Board

Proposal: Revision of Procedures for the Handling of Derivative Transactions.

Explanation:

1. In order to comply with revisions made to articles in the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” by the Financial Supervisory Commission, and in consideration of actual operating needs, amendments are being proposed to the Company’s Procedures for the Handling of Derivative Transactions.
2. A comparison of amended articles in the Procedures for the Handling of Derivative Transactions is shown in the appendix (please refer to Appendix 12).
3. The proposal was approved at the 23th Board meeting of the 8th Board directors dated February 20, 2019, and is hereby submitted to the shareholders' annual general meeting for approval.

Summary of Shareholder Inquiries: No inquiries were raised by shareholders.

Chairman’s decision: Because disapproval votes and abstention votes were placed by a number of shareholders during the electronic voting process, it was decided to put the discussion item to a vote. As discussions had concluded for all discussion items, a vote was taken on each item in turn.

Resolution: Voting results for this proposal was as follows:

(For this proposal, holders of 4,766,584,377 common shares attended in person, holders of 3,693,813,892 common shares attended electronically, 0 common shares were publicly solicited proxies, and 207,372,257 common shares were non-solicited proxies. The total number of participating common shares was 4,973,956,634 shares, amounting to 88.37% of all outstanding common shares.)

Total number of shareholder votes present during vote: 4,973,956,634

Voting results	Proportion of shareholder votes present during vote (%)
Approval votes: 4,770,853,259 (Including 3,502,005,109 electronic votes)	95.91%
Disapproval votes: 257,960 (Including 257,960 electronic votes)	0.00%
Invalid votes: 6,600	0.00%
Abstention votes/no votes: 202,838,815 (Including 191,550,823 electronic votes)	4.07%
Attending shareholders represented more than one-half of the total number of outstanding Corporation shares, and the number of approval votes exceeded more than one-half of total votes present during vote. The proposal was approved.	

IV. Extempore motions:

Chairman's decision: the extempore motion put forward by Shareholder No. 34 did not meet the criteria for extempore motions and was not related to any of the proposals put forward at the current shareholders' meeting. However, in consideration of the opportunity giving to the shareholders for expressing their views, Shareholder No. 34 was still invited to speak.

Summary of Shareholder Inquiries:

※ Shareholder No. 34 stated that in consideration of contributions made to the Corporation by retired employees, it is hoped that the Corporation could assist in establishing a social club for retired employees.

The Chairman provided full explanation and response to the above inquiries, and these were acknowledged by the shareholders.

V. Meeting Closed: May 30, 2019 at 10:21 a.m.

Notes:

1. The proportion of shareholder votes present during vote for approval votes, disapproval votes, abstention votes, invalid votes, and no votes were automatically calculated and were rounded unconditionally to the second decimal place; this difference in decimal points may cause the total proportion to be unequal to 100.00%.
2. According to Article 9 of the Rules of Procedure for Shareholders' Meetings, if a shareholder attending a shareholders' meeting intends to propose an extraordinary motion, the proposal shall be submitted in writing by a shareholder with voting power who is attending the meeting, and the proposal shall be seconded by signature of another or other shareholders attending the meeting and the proposer and seconder(s) shall collectively hold shares representing at least 0.02 percent of the total voting rights of issued shares of the Corporation.
3. Only a summary of shareholder inquiries is contained in these Minutes for the Annual Shareholders' Meeting. For details on inquiry and response content, please refer to the audio and video recordings of the meeting.

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Report No. 1: Report on Company execution of corporate governance.

I. Background

For the purpose of sound corporate governance, as well as assurance of shareholders' equity, consolidation of the Board of Directors' function, promotion of information transparency, and fulfillment of social responsibility, our Corporate Governance Standards were formally passed with a resolution at the May 28, 2003 shareholders' general meeting. Additionally, independent directorship was introduced so as to establish an infrastructure for corporate governance. Accordingly, relevant corporate governance systems and measures have been initiated and executed in the last 16 years with considerable effectiveness.

II. Corporate Governance Guidance

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

III. Execution of Corporate Governance System

In addition to the stipulation of independent directorship in the articles of incorporation, our Board of Directors established Corporate Governance & Nomination, Audit, Remuneration, and Special Committees for functional purposes. The Board formulated applicable by-laws and adopted specific corporate governance measures to establish a robust corporate governance system.

1. Establishment of Independent Directorship

In light of the observable effectiveness of our corporate governance system, the ability of

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independent directorship to progressively bring the functions set out in GCG into play, and for the purpose of alignment with legalization of independent directorship, we acted in concert with the amendment to the Securities and Exchange Act by adding provisions in the articles of incorporation for establishing independent directorship at the 2006 shareholders' general meeting. Accordingly, following election of the 4th directors and supervisors at the 2007 shareholders' general meeting, two or more independent directors have been elected each year according to law and regulations and the articles of incorporation.

2. Restructuring of Board of Directors according to shareholder structure

In consideration of appropriate Board scale, representation of shareholder interests, business nature of BOT, and corporate development, as well as shareholder structure and discussion efficiency, the number of directors serving on the 8th Board were reduced to 13 from the previous 15 directors serving on the 7th Board; Board members include 3 independent directors and 10 non-independent directors elected at the shareholders' general meeting held on May 24, 2017.

3. Institution of Functional Committee of Board of Directors

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

Furthermore, the 13 directors (including 3 independent directors) comprising the 8th Board

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were elected for three years of office (May 24, 2017 to May 23, 2020) at the shareholders' general meeting. The current Board oversees the Corporate Governance & Nomination Committee, Audit Committee, Remuneration Committee, and Special Committee; of these, the Audit Committee, Remuneration Committee, and Special Committee are convened by independent directors.

4. Primary tasks and execution responsibilities for Board of Directors and functional committees (from January 2018 to March 2019)

(1) Board of Directors

① Composition: 13 directors.

② Number of meetings: 15.

③ Primary tasks:

The Board of Directors are responsible for major Company finance, business, and operation decisions, and oversee the duties performed by the Management (see Schedule for details).

④ Execution:

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

(2) Corporate Governance & Nomination Committee

① Composition: 5 directors (including the Chairman), convened by the Chairman who is elected by all committee members.

② Number of meetings: 11.

③ Primary tasks: Responsible for the formation and planning of the Board of Directors and functional committees and nomination of independent directors and

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non-independent directors, research on corporate governance system, and review of effectiveness of corporate governance system and information disclosure implementation. (see Schedule for details).

④ Execution:

- 1) Discuss proposals for execution evaluation of Board of Directors and functional committee and annual work plan.
- 2) Discuss executive report on corporate governance.
- 3) Discuss renewal of Directors and Officers Liability Insurance.
- 4) Discuss corporate organizational structure adjustment procedural amendment.
- 5) Discuss amendments or amendment proposals to Company GCG.

(3) Audit Committee

- ① Composition: composed of all 3 independent directors, 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 budget, budget implementation report and financial statements.
 - 2) Discuss amendments to the Company's Internal Audit Standards, Internal Control System, and Regulations Governing Internal Control System Self-Examination.
 - 3) Review results of annual self-examination of internal control system and statements of internal control system at all levels of the organization.
 - 4) Review transactions involving directors' conflicts of interest, subject to recusal of exercise of voting rights, transactions with related parties, and transactions requiring prevention of conflict of interest.
 - 5) Review appointment of Certified Public Accountant.
 - 6) Review annual audit plans and executive reports thereof.

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(4) Remuneration Committee

- ① Composition: composed of all 3 independent directors, with the committee being convened by 1 of the independent directors.
- ② Number of meetings: 14.
- ③ Primary Tasks: to formulate and regularly review the evaluation of directors and managers' performance and salary and compensation (see Schedule for details).
- ④ Execution:

The Remuneration Committee applies the foregoing primary tasks when considering the Company's proposals for performance management and compensation.

(5) Special Committee

- ① Composition: 7 directors, convened by an independent director elected by committee members.
- ② Number of meetings: 15.
- ③ Primary Tasks: Provide advice on the Company's major legal or contractual disputes and important system reforms, assist the Board of Directors in supervising managers' execution of decisions, and review the Company's procurement-related proposals to be submitted to the Board of Directors as required by the by-laws (see Schedule for details).
- ④ Execution:

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

5. Measures Specific to Corporate Governance

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

In 2018, to ensure solid implementation of systemic corporate governance initiatives, our functional committees previewed, formulated, and revised rules and regulations and administrative codes for approval by the Board of Directors; such systemic initiatives included our Articles of Incorporation, Rules for the Election of Directors, Code of Ethical Conduct, Rules of Procedure for Board of Directors Meetings, Procedures for

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Nomination and Review of Director Candidates, Regulation of Related Party Transactions, Regulations of Responsibility & Authority, Internal Control System, and General-Rules of Internal Control Self- Assessments.

Additionally, in accordance with revisions made to Articles 203, 203-1, and 206 of the Company Act, the Company proposed addition of the following stipulations and syntax changes to the Rules of Procedure for Board of Directors Meetings: “The majority or more of the directors may, by filing a written proposal setting forth therein the subjects for discussions and the reasons, request the chairman of the board of directors to convene a meeting of the board of directors. If the chairman of the board of directors fails to convene a meeting of board of directors within 15 days after the filing of the request under the preceding paragraph, the proposing directors may convene a meeting of board of directors on their own” and “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 in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.”. Furthermore, in accordance with revisions made to the Company Act and actual Company operating procedures, revisions were proposed for our GCG and Rules of Procedure for Shareholders Meetings and submitted to the Shareholders Meeting for discussion.

(2) Demarcation of Authority between Board of Directors and Management

By reference to the spirit of the corporate governance initiatives, the demarcation of authority for business decision-making is as follows: in principle, the Board of Directors is responsible for making decisions pertaining to the Company’s major operations and development, as well as matters relating to major financial and business conduct; other affairs are delegated to the 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 Company’s business was revised accordingly.

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

- ① Purchase of D&O is a part of implementation of corporate governance initiatives. From the company's perspective, D&O not only facilitates the acquisition of talent, but also encourages their dauntless service, thus contributing to corporate governance. For directors and officers, D&O can help to avoid legal damage from fault or neglect related to performance of duties, especially from the legal risks attributable to fault or neglect of other directors or officers.
- ② The current insured D&O amount is NT\$ 900,000,000.

(4) Formulation of reasonable remuneration policies:

In accordance with our “Charter of Remuneration Committee”, the Company regularly reviews the performance of directors and managers, policies, systems, standards, and compensation structure, and also regularly reviews general compensation levels of the industry. To ensure competitiveness and motivation, employee compensation is determined by the Company's financial status, business performance, and policies, as well as the work duties, work abilities, and performance of the positions held. In addition, according to Article 35-1 of our “Articles of Incorporation”, if the Company is profitable in the present year, more than one percent of Company profits should be distributed to employees. Furthermore, to effectively promote individual performance goals and implement overall policies and operational strategies of the Company, our “Reward and Discipline Regulation” and “Performance Appraisal Regulation” establishes fair, objective, clear, and effective rewards and punishment standards to assess employee behavior and performance for effective promotion of employee potential and implementation of Company policies and operational strategies. Our “Salary Management Regulation” serves as a basis for determining employee salary levels, and we regularly review pay levels and remuneration policies, setting out salary allowances and bonuses according to our “Salary Payment Procedure” to provide allowances and reward employees for their hard work. Bonus levels are based on the company's financial status, operating conditions, and individual work performance.

When setting remuneration for our Chairman and Chief Executive Officer, we referenced

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the remuneration standards for executive officers of public institutions governed by the MOTC and submitted these remuneration plans to the Board of Directors for approval. Additionally, in order to fully demonstrate business achievements, the performance of our Chairman and Chief Executive Officer were evaluated using annual indicators based on Company operations, governance, and financial outcomes. Evaluation scope included 5 financial indicators (growth of operating income, EPS, net income before tax and amounts for income smoothing, productivity per person, and credit ratings or Taiwan ratings) and 2 non-financial indicators (customer satisfaction and corporate governance evaluations). THSRC 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.

(5) Periodic independence assessments of Certified Public Accountant:

According to Article 5-3-06 of the Company 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 2018 were approved by the the 21th Audit Committee Meeting of 8th Board of Directors dated February 19, 2019 and the 23th Board Meeting of the 8th Board of Directors dated February 20, 2019, confirming that the Company CPA fulfilled the following assessment standards for independence and competency:

No.	Evaluation Item	Evaluation results	Passed independence assessment
1	As of the most recent auditing and attestation, there have been no instances where CPA remained unchanged for 7 years, or where CPA was reassigned to the Company within 2 years.	Y	Y
2	CPA has no direct or indirect major financial stake in the Company.	Y	Y

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3	CPA is not involved in any financing or financial guarantee agreements involving the Company or company directors.	Y	Y
4	CPA does not have any potential employment relationship with the Company.	Y	Y
5	Accounting firm of CPA is not overly reliant on funds from any single client, including the Company.	Y	Y
6	CPA and members of the audit team are not currently serving as Company directors, managers, or in positions that have major impact on Company audits, and have not done so over the past 2 years.	Y	Y
7	Non-audit services provided by CPA to the Company have no direct impact on the major items of audit services provided.	Y	Y
8	CPA does not promote or sell shares or other securities issued by the Company.	Y	Y
9	CPA is not representing the Company in litigation of a third party or other disputes.	Y	Y
10	CPA and members of the audit team have no familial relationships with directors, managers, or people in positions that have major impact on Company audits at the Company.	Y	Y
11	CPA has not served as company director, manager, or in positions that have major impact on Company audits within 1 year of termination.	Y	Y

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12	The Company has not requested that members of the audit team accept improper accounting practices or improper disclosures on financial statements made by the Company.	Y	Y
13	The Company has not pressured accountants and facilitated improper reduction of audit duties in order to reduce audit fees.	Y	Y
14	CPA is not involved in decision-making managerial duties at the Company.	Y	Y

IV. Effectiveness of Corporate Governance System

1. Preliminary Review by Functional Committees

In accordance with the GCG, functional committees discuss their respective proposals submitted by the 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 in the Board of Directors and functional committees, independent directors frequently express their opinions, exert their independence and professionalism, and contribute to discussion efficiency and quality of decision making.

3. Management Implementation

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

4. Strengthen Information Disclosure

For the convenience of shareholders and stakeholders, our corporate governance information is disclosed on the Market Observation Post System (<http://mops.twse.com.tw>). In addition, we release our corporate governance information on our corporate website

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(<http://www.thsrc.com.tw>) to further enhance transparency.

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.

V. Concluding Remarks

In view of the effectiveness of the implementation of our corporate governance system, we participated in the 4th TWSE Corporate Governance Evaluation (for 2017) after one year of public listing and was ranked among the top 5% of publicly listed companies. Additionally, we were awarded an “Excellent” certification by the Taiwan Corporate Governance Association under their CG6011 corporate governance evaluations for 2017. In future, we will focus on the ongoing influence of functional committees and independent directors. Furthermore, we will uphold the principles of enterprise autonomy, consistently review the framework and mechanisms of corporate governance, and embrace corporate governance evaluations in order to build a sound corporate governance system and set Taiwan High Speed Rail Corporation as a benchmark for corporate governance.

Schedule

Item	Primary Tasks
Board of Directors	As per Article 3-02 of the GCG of the Company, the Board of Directors has the following primary tasks: 1) Discuss internal control system. 2) Discuss important Articles and by-laws. 3) Discuss the Company’s major financial plan, long-/short-term goals, business plan, budget and final report. 4) Draft loss make-up and capital increase/decrease proposal. 5) Discuss establishment, withdrawal, or change of branch companies. 6) Discuss matters involving directors’ own interests.

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Item	Primary Tasks
	<p>7) Discuss major asset or derivatives transactions, as well as major lending of capital, endorsement or provision of guarantee.</p> <p>8) Discuss offering, issuance or private placement of marketable securities.</p> <p>9) Discuss appointment, discharge, and compensation of Certified Public Accountant.</p> <p>10) Elect, discharge and supervise important officers and financial, accounting, and internal audit directors.</p> <p>11) Discuss items proposed by Chair of the Board and/or noticed by functional committees, and/or items submitted by the Management for Chair of the Board's perusal.</p> <p>12) Oversee company operational results and risks, and ensure compliance with applicable laws and regulations.</p> <p>13) Devise future development direction.</p> <p>14) Promote corporate image and fulfillment of social responsibility.</p> <p>15) Discuss other major items subject to resolutions of Board of Directors, as required by law and regulations, articles of incorporation, resolutions of shareholders' meeting, GCG or other applicable by-laws.</p>
Corporate Governance & Nomination Committee	<p>As per Article 3 of the Corporate Governance & Nomination Committee Organizational Procedures, the Corporate Governance & Nomination Committee is responsible for the following tasks:</p> <p>1) Confirm qualifications of independent and non-independent directors considering varied measures such as professional and technical knowledge, experience, and gender as well as impartiality.</p> <p>2) Plan composition of the Board and functional committees, and assess performance of the Board and functional committees.</p> <p>3) Nominate independent directors and non-independent directors.</p> <p>4) Identify and evaluate independent directors and potential independent director candidates.</p>

Appendix 1

Item	Primary Tasks
	<ul style="list-style-type: none"> 5) Devise and review overall execution of directorship and functional committees 6) Devise and review liability insurance for directors and managers 7) Review status of information disclosure. 8) Review the devising, suggestion and implementation effectiveness of corporate governance system and review relevant by-laws. 9) Review the effectiveness of corporate governance implementation 10) Other duties as required by articles of incorporation, GCG, or resolutions of Board of Directors.
Audit Committee	<p>As per Article 3 of the Audit Committee Organizational Procedures, the Audit Committee is responsible for the following tasks:</p> <ul style="list-style-type: none"> 1) Formulate or revise internal control system as required by Article 14-1 of the Securities and Exchange Act. 2) Evaluate the effectiveness of the Company's internal control system. 3) Formulate or revise, as required by Article 36-1 of the Securities and Exchange Act, the procedures for major financial business conduct regarding acquisition or disposal of assets, undertaking of derivatives transactions, lending of capital, endorsement, or provision of guarantee for others. 4) Approve items involving directors' own interest. 5) Approve major asset and derivatives transactions. 6) Approve major lending of capital, endorsement, or provision of guarantee. 7) Review marketable securities offering/issuance, or the private placement of securities of equity characteristics 8) Assess appointment, discharge, or compensation of the Certified Public Accountant. 9) Evaluate the Company's financial, accounting, or internal audit director's

Appendix 1

Item	Primary Tasks
	<p>appointment, dismissal and performance.</p> <p>10) Review annual and semi-annual financial statements.</p> <p>11) Review Q1 and Q3 financial statements.</p> <p>12) Review the Company's accounting system/financial condition.</p> <p>13) Evaluate the Company's risk management policies and risk measurement standards.</p> <p>14) Approve procedures for major financial/business conduct.</p> <p>15) Assess, examine, and oversee existing or potential risks in the Company.</p> <p>16) Examine the company's compliance to law and regulations.</p> <p>17) Review Company capital, financing, and credit plans</p> <p>18) Assess Company tax planning and compliance with tax regulations</p> <p>19) Other major matters as required by competent authorities.</p> <p>20) Other duties as required by articles of incorporation or resolutions of Board of Directors.</p>
Remuneration Committee	<p>As per Article 3 of the Remuneration Committee Organizational Procedures, the Remuneration Committee is responsible for the following tasks:</p> <p>1) Formulate and regularly review policies, systems, standards, and composition of performance evaluation and compensation of directors and officer.</p> <p>2) Regularly evaluate and formulate directors' and officers' compensation.</p>
Special Committee	<p>As per Article 3 of the Special Committee Organizational Procedures, the Special Committee is responsible for the following tasks:</p> <p>1) Provide counsel and suggestions on major legal or contractual disputes and important institutional changes approved by the Board of Directors</p> <p>2) Supervise procurement proposals made to the Board of Directors by functional managers.</p> <p>3) Other duties as required by articles of incorporation or resolutions of</p>

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Item	Primary Tasks
	Board of Directors.

Appendix 2

Report No. 2: Report on allocation of 2018 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 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 Company'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 meeting of board of directors 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 Company's profit for 2018 (i.e. pre-tax profit prior to deduction of distributable director and employee compensation) amounts to NT\$ 7,499,305,303 (no accumulated losses offset). In accordance with the 23th meeting of the 8th Board dated February 20, 2019, and provisions stipulated in the preceding regulations and Articles of Incorporation, a resolution was reached for the distribution of 2018 director and employee compensation, with the percentage and amount to be allocated as follows:
 - (1) For directors' compensation:
 1. Percentage allocated: 0.5%.
 2. Amount allocated: NT\$ 37,496,527.

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(2) For employees' compensation

1. Percentage allocated: 2 %.
2. Amount allocated: NTD 149,986,106.

Appendix 3

Report No. 3: Report on changes in the estimated useful lives of certain operating concession asset.

1. IAS 16 stipulates that corporations must review amortization methods, residual values, and useful lives of assets at least once at the end of each financial year.
2. In consideration of the fact the Company has accumulated ample experience sufficient for development of in-house maintenance capabilities, relevant Company experience and capabilities were used to assess the expected useful lives of assets, changes in external economic environments, and other factors. Assessments conducted using Employer’s Functional and Technical Requirements and the rolling stock mid-life refurbishment and general inspection program found that expected useful lives of assets differed from previous estimates, and amortization periods were adjusted accordingly.
3. Changes in amortization periods are shown below:

Changes in useful life of certain operating assets under concession	Pre-change Amortization period	Post-change Amortization period
Buildings		
Wayside signaling rooms and buildings	50 years	10 to 50 years
Machinery equipment		
Maintenance equipment and tools	5 to 35 years	5 to 35 years
Information technology equipment	2.5 to 35 years	2.5 to 35 years
Transport equipment		
Signaling system	5 to 35 years	5 to 35 years
Rolling stock system	7 to 35 years	7 to 35 years

Appendix 3

4. The Company convened the Assets Appraisal and Review Committee on September 6 and December 4 of 2018, and adjusted useful lives of certain operating assets under concession according to review results. These adjustments were approved at the 22th meeting of the 8th Board held on January 23, 2019, and amortization changes for intangible assets and operating assets under concession were made effective on January 1, 2019.
5. These changes are estimated to increase amortization fees for 2019 by 0.716 billion NT\$, mainly due to shutdown of equipment parts production from original manufacturer and internal maintenance schedule of “transportation equipment”, which will increase amortization fees for 2019 by 0.647 billion NT\$.

Appendix 4

The 2018 Business Report

Business report and future prospects

The Taiwan High Speed Rail Corporation (THSRC) celebrated its 20th anniversary in 2018. Since its establishment, HSR has become the transportation backbone of Taiwan's western corridor . We welcomed our 500 millionth passenger in 2018 and new records for daily ridership were set over the Mid-Autumn Festival consecutive holiday. Over the years, we have brought significant changes to people's life and drawn urban and rural communities closer together.

As a high-speed rail operator, we will continue to deliver on our commitment to excellence in service, customer satisfaction, and corporate responsibility, adhering to the principle of "To be the platform for advancement and enjoyment " for every action we take.

1. 2018 Business report

(1) Operational performance

A. Rail Operations

In 2018, THSRC celebrated its 12th year of operations. A total of 52,437 train services were provided during the course of the year 2018, an increase of 686 train services compared to 51,751 trains in 2017. Daily maximum train services reached to 162 north- and south-bound trains and this number was increased to 202 train services per day during consecutive holidays. Our loading factor was 67.01% (up by 1.85% compared to 65.16% in 2017) and passenger volume increased to 63.96 million, up by 3.39 million compared to 60.57 million in 2017. Our total passenger-kilometers were 11,559 million km, up by 4.11% compared to 11,103 million km in 2017. Average daily ridership reached 175,000 passengers, an increase of 9,000 passengers compared to 166,000 passengers in 2017.

In terms of operational safety, we are proud of our zero-accident record, no accidents or injuries to passengers the general public were caused by train service operations in 2018. Our average punctuality rate (arrival within five minutes of scheduled time) was 99.43%, slightly lower than our target of 99.50%, and our average reliability rate (excluding

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delays due to force majeure) was 100%, exceeding our target of 99.60%.

B. Marketing and Passenger service

Services and activities launched in 2018:

- (a) To increase membership and collection of passenger information, we continued to recruit TGo members through exclusive member benefits, cross-industry promotions, and ticket discounts.
- (b) We launched business member promotion packages during off-peak hours to fill available seats.
- (c) In response to advances in mobile payment, we added a “Samsung Pay” option to our station ticketing counters and ticket vending machines, and a “Taiwan Pay” option to our online booking system in 2018.
- (d) Free wireless internet access was made available in all HSR public service areas via the iTaiwan Wi-Fi network.
- (e) We cooperated with “Hami Book City” to provide “Fixed-Point Reading” services at all HSR stations and on all trains beginning on July 1, 2018, so that passengers can enjoy the fun of reading while taking HSR.
- (f) We launched the Taiwan High Speed Rail ARt program, allowing passengers to experience art during their HSR ride.

(2) Budget Implementation

In 2018, our estimated operating revenue was NT\$44.5 billion and actual operating revenue was NT\$45.42 billion. Budget achievement rate was 102.1% and our actual net income was NT\$10.7 billion.

(3) Revenue, Expenditure, and Profitability Analysis

In 2018, our revenue was NT\$45.42 billion and income before tax was NT\$7.31 billion, up by 4.6% and 12.8% compared to 2017. Net income reached NT\$10.7 billion due to the recognition of income tax benefits.

These figures highlight the efficiency of our management team. The one-day living circle realized by our services has caused great positive changes in corporate business models and

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the lives of the general public.

(4) Research and Development

Research and Development in 2018:

A. Facility Engineering:

- (a) Assessment of possible impacts of Type 1 active faults and seismic design enhancements of HSR structures.
- (b) Use of artificial intelligence drones for inspection of HSR viaducts.
- (c) Relevant research on seismic displacement after damper was placed on viaducts in the Kaohsiung section.
- (d) Research on seismic response on viaducts, especially amplification responses at different parts of the structure in the Chiayi section.

B. Signaling and Communications:

- (a) Establishment of Turnout Monitoring System on refuge sidings.
- (b) Research on improvements of turnout controller reliability.
- (c) Research on self-developed Passenger Information System.

C. Rolling Stock:

- (a) Self-design, testing, and installation of 110V/AC power sockets on disabled access seating areas on trains.
- (b) Addition of CCTV surveillance system in train compartments.

D. Information Technology:

- (a) Optimization of external ticketing system during peak hours.
- (b) Development of new ticket vending machines.
- (c) Establishment of network architecture distribution and performance improvement.
- (d) Establishment of ticketing mechanism for contactless smart cards.

E. Localization of Maintenance Materials and Equipment:

In order to expand localization of materials and equipment and to enhance development of the local railway industry, we have established a “Railway Industries Localization Project Team”, and the following is a brief summary of items successfully localized:

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- (a) Rolling Stock
 - i. Brake disc bolts and wheel tread cleaners
 - ii. Evaporators and compressors of train air conditioning systems
 - iii. Train pantograph components
 - iv. Oil coolers for main transformers and cooling tanks for traction converters
 - v. Air conditioner diffusers for 700T trains
 - vi. Paint materials for train bodies
- (b) Track and Power
 - i. Base plates for track lateral adjustment.
 - ii. Domestic production of OCS maintenance vehicles.
 - iii. Intelligent rail scooters.
- (c) Signaling and Communication
 - i. Uninterruptible Power Supply System (UPS) batteries for signaling and communication
 - ii. Battery Backup System for trackside TETRA bi-directional amplifiers.
 - iii. TEL IP SERVER for Direct Line Telephones

2. Business Plan for 2019

(1) Management Guidelines

We will continue to enhance the efficiency of revenue management, increase ridership during off-peak hours, improve convenience of ticket utilization and payment, expand the scope of cross-industry cooperation, and shape local tourism through rail travel. In addition, we plan to add overseas ticketing channels to increase brand awareness and integrate innovative technology and applications such as digital HSR services to enhance convenience of ticket purchasing. We also plan to promote our membership program and implement precision marketing strategies and big data analyses, and build a member platform.

(2) Expected Sales Volumes

Due to steady domestic economic growth, increasing convenience of digital ticket purchase services, and promotion of membership services and travel products, we estimate that the

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annual ridership volume for 2019 will exceed 64.85 million passengers.

(3) Major Production and Marketing Initiatives

Major Initiatives for 2019:

- A. Facilitation of timely train service adjustments and maintaining adaptability of seating supply and demand in response to growth in passenger numbers, as well as establishment of appropriate train schedules as necessary to meet market demands for transportation services.
- B. Development of diversified products based on different customer characteristics to increase revenue opportunities and customer loyalty, and to achieve revenue target growth.
- C. Promotion of the “Journey with THSR, Discover Taiwan” campaign through a variety of integrated THSR holiday packages, and hotel and travel coupons to attract more passengers.
- D. Enhancement of TGo membership system and related services through data analysis and provision of customer-based recommendations to increase purchase frequency, customer loyalty, ridership, and quality of customer relationships.
- E. THSRC plans to utilize passenger flows to develop affiliated business such as shops, parking lots, advertising, and so on. We will also continue to develop retail products and expand sales channels to enrich passenger experiences and increase non-ticket revenues.
- F. Integration of innovative technologies and applications in response to demand for timely and mobile ticket purchasing, making ticketing services available to all.

3. Future strategies

As THSRC seeks to be a “To be the platform for advancement and enjoyment,” a vision we will continue to implement the strategies of our 4T program: Transportation, Technology, Taiwan, and Touch:

(1) Transportation: To build professional transportation systems that provide high quality services and products.

- A. To implement comprehensive safety and emergency measures.

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- B. To enhance operational equipment at stations, build friendly travel environments, increase customer service equipment, and enhance service quality.
 - C. To improve operational processes and ensure maximum train capabilities.
 - D. To improve revenue management efficiency, provide a variety of products, and increase ridership during off-peak hours.
 - E. To strengthen maintenance equipment (and self-maintenance capabilities), so as to ensure system stability and accountability.
- (2) Technology: To implement intelligent transportation that improves operational efficiency and quality, and enhances service, safety, and emergency responses.
- A. To digitalize ticketing channels.
 - B. To utilize big data in the promotion of the membership economy.
 - C. To implement information technology that strengthens operational, maintenance, and service quality to improve efficiency.
 - D. To research and enhance core system capabilities.
- (3) Taiwan: To combine unique local cultures and landscapes to create a multicultural platform.
- A. To enhance local development capabilities and increase the percentage of local equipment and materials.
 - B. To promote localization for the railway industry.
 - C. To develop multiple products that combine local culture and activities and enhance common prosperity.
 - D. To develop affiliated business and optimize quality.
 - E. To integrate technical railway resources and evaluate possibilities for re-investment or technical exportation.
- (4) Touch: To establish brand culture, enhance talent skills and corporate efficiency, and participate in social caring and environmental protection.
- A. To build talent development plans.
 - B. To enhance management capabilities of managers.

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- C. To combine the Corporation's brand with arts and culture, broadening our cultural scope and depth.
- D. To optimize long term financial structure.
- E. To build a corporate governance culture that serves as an example to all other businesses, and carry out corporate social responsibilities.
- F. To promote environmental protection, energy efficiency, and carbon reduction goals.

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

According to domestic economic forecasts released by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on November 30, 2018, Taiwan's export capabilities are on the rise due to advances in semiconductors, high performance computing, smart technology, IoT, automobile electronics, and 5G mobile communications. However, the trade disputes between the U.S. and China may have an impact on some export growth momentum and on private consumption. Rising uncertainty in global economic and financial markets put the expected economic growth rate of 2019 at 2.41%, somewhat lower than the growth rate for 2018 (2.66%). Despite these challenges, we will continue to launch new products and provide high-quality services to achieve ridership and revenue growth targets.

In terms of the legal environment, the Ministry of Transportation and Communications recently amended the Railway Act and a number of sub laws, including Railway Repair, Construction, and Maintenance Rules; Railway Transport Rules; Supervision of Local Railway, Private Railway, and Special Railway Regulations; Railway Train-Control Rules; Regulations for Affiliated Businesses of Local Railway, Private Railway, and Special Railway Institutions; Railway Driver Licenses Regulations for National Railway and Private Railway Drivers; Regulations of Construction Restrictions along Railways; Regulations for Discretionary Management of Train Driver Rating of Private Railways; and Measures of Damages and Subsidies for Accidents by Railway Operators. Additionally, changes made to the Mandatory and Prohibitory Provisions of Standard Form Contract for Railway Passenger Transportation in 2018 also had a positive effect on railway operational safety and passenger rights.

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In addition, the government amended the “Protection of Children and Youths Welfare and Rights Act” on November 21, 2018 to add Article 33-3: “Passenger trains should retain a certain number of priority seats for families accompanying pregnant women and children.” We plan to adjust our operational processes in order to comply with relevant regulations.

Looking at overall operational conditions, THSRC is facing challenges from economic depression, decreasing birth rates, and aging populations. In addition, abnormal climate change and aging operation equipment will cause maintenance costs to increase. However, we will continue to focus on developing smart transportation, increasing safety and efficiencies of emergency responses, establishment of local maintenance capabilities, development of localization materials, and strategic planning. Additionally, we will continue to enhance our strengths through industry cooperation and integrate local cultures to provide our passengers with better transportation quality and establish a foundation for long-term sustainability.

Appendix 5

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

ASSETS	December 31			
	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 6,947,850	2	\$ 7,187,917	2
Financial assets at fair value through profit or loss	327,446	-	-	-
Available-for-sale financial assets	-	-	319,985	-
Hedging derivative financial assets	-	-	5	-
Notes and accounts receivable	505,565	-	347,275	-
Current tax assets	166,783	-	24,547	-
Inventories	2,028,925	1	1,927,723	1
Other financial assets	11,881,545	2	9,365,363	2
Other current assets	938,435	-	918,001	-
Total current assets	<u>22,796,549</u>	<u>5</u>	<u>20,090,816</u>	<u>5</u>
NON-CURRENT ASSETS				
Property, plant and equipment	98,085	-	107,354	-
Operating concession asset	401,168,964	93	413,166,373	94
Computer software, net	54,245	-	54,167	-
Deferred tax assets	6,808,133	2	4,504,698	1
Other financial assets	2,083,255	-	2,122,265	-
Other non-current assets	47,838	-	14,784	-
Total non-current assets	<u>410,260,520</u>	<u>95</u>	<u>419,969,641</u>	<u>95</u>
TOTAL	<u>\$ 433,057,069</u>	<u>100</u>	<u>\$ 440,060,457</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 147,865	-	\$ 39,888	-
Accounts payable	274,404	-	248,017	-
Operating concession liabilities	731,182	-	647,850	-
Other payables	3,031,763	1	2,950,253	1
Payable for construction	535,830	-	605,926	-
Current tax liabilities	123,204	-	1,102,942	1
Provisions	283,279	-	292,515	-
Current portion of long-term bills payable	7,986,870	2	-	-
Other current liabilities	699,649	-	662,017	-
Total current liabilities	<u>13,814,046</u>	<u>3</u>	<u>6,549,408</u>	<u>2</u>
NON-CURRENT LIABILITIES				
Long-term debt	276,093,677	64	286,082,766	65
Long-term bills payable	-	-	15,963,546	4
Provisions	9,560,897	2	4,145,851	1
Long-term interest payable	8,921,744	2	9,531,465	2
Operating concession liabilities	54,914,835	13	54,542,215	12
Other non-current liabilities	338,857	-	226,857	-
Total non-current liabilities	<u>349,830,010</u>	<u>81</u>	<u>370,492,700</u>	<u>84</u>
Total liabilities	<u>363,644,056</u>	<u>84</u>	<u>377,042,108</u>	<u>86</u>
EQUITY				
Capital stock				
Common stock	56,282,930	13	56,282,930	13
Capital surplus	172,981	-	172,981	-
Retained earnings				
Legal reserve	1,400,081	-	866,090	-
Unappropriated earnings	11,557,021	3	5,695,863	1
Total retained earnings	<u>12,957,102</u>	<u>3</u>	<u>6,561,953</u>	<u>1</u>
Unrealized gain on available-for-sale financial assets	-	-	485	-
Total equity	<u>69,413,013</u>	<u>16</u>	<u>63,018,349</u>	<u>14</u>
TOTAL	<u>\$ 433,057,069</u>	<u>100</u>	<u>\$ 440,060,457</u>	<u>100</u>

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

Appendix 5

TAIWAN HIGH SPEED RAIL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Years Ended December 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 45,415,007	100	\$ 43,435,042	100
OPERATING COSTS	<u>(25,081,394)</u>	<u>(55)</u>	<u>(24,613,645)</u>	<u>(57)</u>
GROSS PROFIT	20,333,613	45	18,821,397	43
OPERATING EXPENSES	<u>(1,188,649)</u>	<u>(3)</u>	<u>(1,066,413)</u>	<u>(2)</u>
INCOME FROM OPERATIONS	<u>19,144,964</u>	<u>42</u>	<u>17,754,984</u>	<u>41</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	106,859	-	96,076	-
Interest expense	(6,618,272)	(14)	(7,463,329)	(17)
Stabilization reserve expense	(5,415,046)	(12)	(3,865,562)	(9)
Other gains and losses	<u>93,318</u>	<u>-</u>	<u>(43,669)</u>	<u>-</u>
Total non-operating income and expenses	<u>(11,833,141)</u>	<u>(26)</u>	<u>(11,276,484)</u>	<u>(26)</u>
INCOME BEFORE INCOME TAX	7,311,823	16	6,478,500	15
INCOME TAX BENEFIT (EXPENSE)	<u>3,384,558</u>	<u>7</u>	<u>(1,138,595)</u>	<u>(3)</u>
NET INCOME	<u>10,696,381</u>	<u>23</u>	<u>5,339,905</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	(103,820)	-	(9,702)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	23,323	-	1,649	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>(208)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(80,497)</u>	<u>-</u>	<u>(8,261)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 10,615,884</u>	<u>23</u>	<u>\$ 5,331,644</u>	<u>12</u>

(Continued)

Appendix 5

TAIWAN HIGH SPEED RAIL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Years Ended December 31			
	2018		2017	
	Amount	%	Amount	%
EARNINGS PER SHARE				
Basic earnings per share	<u>\$ 1.90</u>		<u>\$ 0.95</u>	

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

(Concluded)

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TAIWAN HIGH SPEED RAIL CORPORATION

STATEMENTS OF CHANGES IN EQUITY

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

	Capital Stock Common Stock	Capital Surplus	Retained Earnings			Unrealized Gain/Loss on Available-for-sale Financial Assets	Total Equity
			Legal Reserve	Unappropriated Earnings	Total		
BALANCE AT JANUARY 1, 2018	\$ 56,282,930	\$ 172,981	\$ 866,090	\$ 5,695,863	\$ 6,561,953	\$ 485	\$ 63,018,349
Effect of retrospective application	-	-	-	485	485	(485)	-
BALANCE AT JANUARY 1, 2018 AFTER RETROSPECTIVE ADJUSTMENT	56,282,930	172,981	866,090	5,696,348	6,562,438	-	63,018,349
Appropriation of prior year's earnings							
Legal reserve	-	-	533,991	(533,991)	-	-	-
Cash dividends to shareholders - NT\$0.75 per share	-	-	-	(4,221,220)	(4,221,220)	-	(4,221,220)
	-	-	533,991	(4,755,211)	(4,221,220)	-	(4,221,220)
Net income for the year ended December 31, 2018	-	-	-	10,696,381	10,696,381	-	10,696,381
Other comprehensive loss for the year ended December 31, 2018	-	-	-	(80,497)	(80,497)	-	(80,497)
Total comprehensive income for the year ended December 31, 2018	-	-	-	10,615,884	10,615,884	-	10,615,884
BALANCE AT DECEMBER 31, 2018	\$ 56,282,930	\$ 172,981	\$ 1,400,081	\$ 11,557,021	\$ 12,957,102	\$ -	\$ 69,413,013
BALANCE AT JANUARY 1, 2017	\$ 56,282,930	\$ 172,981	\$ 451,180	\$ 4,155,897	\$ 4,607,077	\$ 693	\$ 61,063,681
Appropriation of prior year's earnings							
Legal reserve	-	-	414,910	(414,910)	-	-	-
Cash dividends to shareholders - NT\$0.6 per share	-	-	-	(3,376,976)	(3,376,976)	-	(3,376,976)
	-	-	414,910	(3,791,886)	(3,376,976)	-	(3,376,976)
Net income for the year ended December 31, 2017	-	-	-	5,339,905	5,339,905	-	5,339,905
Other comprehensive loss for the year ended December 31, 2017	-	-	-	(8,053)	(8,053)	(208)	(8,261)
Total comprehensive income for the year ended December 31, 2017	-	-	-	5,331,852	5,331,852	(208)	5,331,644
BALANCE AT DECEMBER 31, 2017	\$ 56,282,930	\$ 172,981	\$ 866,090	\$ 5,695,863	\$ 6,561,953	\$ 485	\$ 63,018,349

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

Appendix 5

TAIWAN HIGH SPEED RAIL CORPORATION

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 7,311,823	\$ 6,478,500
Adjustments for:		
Depreciation	35,921	37,137
Amortization	13,740,294	13,865,570
Write-downs (reversal) of inventories	(87)	14,322
Interest expense	6,618,272	7,463,329
Interest income	(106,859)	(96,076)
Loss on foreign currency exchange, net	4,185	8,096
Stabilization reserve expenses	5,415,046	3,865,562
Others	13,765	9,405
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(7,461)	-
Financial instruments for hedging	5	220
Notes and accounts receivable	(158,331)	202,758
Inventories	(101,115)	65,719
Other current assets	17,726	(29,152)
Other non-current assets	(6,170)	(6,455)
Accounts payable	24,424	1,677
Other payables	40,909	234,236
Payment for provisions	(6,480)	(9,971)
Other current liabilities	37,632	(298,665)
Other non-current liabilities	(7,295)	(924)
Cash generated from operations	32,866,204	31,805,288
Interest received	101,781	92,008
Interest paid	(6,061,159)	(6,381,962)
Interest paid with respect to operating concession liabilities	(647,850)	(3,180,612)
Income tax paid	(42,075)	(728,768)
Net cash generated from operating activities	<u>26,216,901</u>	<u>21,605,954</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	-	(372,500)
Proceeds from disposal of available-for-sale financial assets	-	365,430
Decrease (increase) in other financial assets	(2,465,579)	15,274,999
Acquisition of property, plant and equipment	(26,361)	(36,279)
Proceeds from disposal of property, plant and equipment	182	-
Acquisition of intangible assets	(1,864,550)	(1,354,079)
Proceeds from disposal of intangible assets	-	530
Net cash (used in) generated from investing activities	<u>(4,356,308)</u>	<u>13,878,101</u>

(Continued)

Appendix 5

TAIWAN HIGH SPEED RAIL CORPORATION

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in short-term borrowings	\$ 105,249	\$ (19,580)
Issuance of long-term bills payable	-	16,000,000
Repayment of long-term debt	(10,000,000)	(41,160,564)
Repayment of long-term bills payable	(8,000,000)	-
Increase in other non-current liabilities	15,468	23,525
Cash dividends	<u>(4,221,220)</u>	<u>(3,376,976)</u>
Net cash used in financing activities	<u>(22,100,503)</u>	<u>(28,533,595)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(157)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(240,067)	6,950,460
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,187,917</u>	<u>237,457</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 6,947,850</u>	<u>\$ 7,187,917</u>

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

(Concluded)

Appendix 6

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan High Speed Rail Corporation

Opinion

We have audited the accompanying financial statements of Taiwan High Speed Rail Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations of IFRS ("IFRIC"), and Interpretations of IAS ("SIC") endorsed by the Financial Supervisory Commission ("FSC") of Taiwan, the Republic of China ("ROC").

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the 2018 financial statements are as follows:

Provision for Stabilization Reserve

Refer to Note 4, n. for further information on accounting policy on provisions; Note 5, b. for further information on the accounting uncertainty associated with the judgments, and estimates and assumptions about provision for stabilization reserve. Please refer to Note 16 for the details of such provision.

Appendix 6

According to the Taiwan North-South High Speed Rail Construction and Operation Agreement (the “C&O Agreement”), which was amended on July 27, 2015, the Corporation established the financial stabilization mechanism (“FSM”) in 2016 in order to serve the purpose of returning the major portion of the excess earnings, which is defined under the C&O Agreement, to the ROC government. Started in 2017, the Corporation reports the status of the implementation of the aforementioned FSM to the Ministry of Transportation and Communications (“MOTC”), including the provision, contribution, and accumulated balance of the stabilization reserve in accordance with the C&O Agreement. Because 1) the provision for the stabilization reserve is related to the profitability of the remaining concession period under the C&O Agreement, 2) the reserve amount is material and can vary significantly, depending on the expiration or termination of the C&O Agreement, and 3) the implementation of the FSM involves critical accounting judgments and estimates, the recognition of provision for stabilization reserve is deemed a key audit matter.

Since earnings to be made in the remaining concession period, which will end in the year 2068 or any year where the C&O Agreement might be early terminated, cannot be reliably estimated, the stabilization reserve, totaling NT\$9,560,897 thousand as of December 31, 2018, was provided based on the earnings achieved in 2018 and on the requirements as stipulated in the C&O Agreement.

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

Railroad Transportation Revenue

Refer to Note 4, o. for revenue recognition policies and Note 20 for the details of revenue.

The railroad transportation revenue is the main source of revenue of the Corporation, and the related revenue amounted to NT\$44,098,796 thousand, representing 97% of total operating revenues for 2018. Among the regular ticket sales system, the Corporation also offers four types of pre-sales plans which all highly rely on the operation of the related ticketing systems. Therefore, the timing of revenue recognition has significant impact on the Corporation’s financial performance. Thus, recognition of railroad transportation revenue is considered as one of the key audit matters.

We tested the information environment relevant to the Automatic Fare Collection System, Operating Revenue Management System and the other related internal control systems. Additionally, we investigated information transfer process among the aforementioned systems to ensure that the operating revenue and the cash flows were processed properly. We obtained an understanding of how the reports of ticketing related systems were generated, and performed recalculations to check the accuracy of the revenue recognized and the balance of unearned revenue.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the ROC, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Appendix 6

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the ROC 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 performed in accordance with auditing standards generally accepted in the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

Appendix 6

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 2018 financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Mei-Yen Chiang and Kwan-Chung Lai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 20, 2019

Notice to Readers

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

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Appendix 7

Audit Committee's Review Report on 2018 Financial Statements

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 Business Report and Financial Statements. The CPA of Deloitte & Touche, Mei-Yen Chiang and Kwan-Chung Lai, were retained to audit THSRC's Financial Statements 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: Kung-Wha Ding

February 20, 2019

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Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 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: Kung-Wha Ding

March 20, 2019

Appendix 9

Taiwan High Speed Rail Corporation Comparative Table for the current and amended Guidelines for Corporate Governance

Amended Articles	Current Articles	Description
<p>1-08 (Liability insurance) The Corporation may <u>take out</u> 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.</p>	<p>1-08 (Liability insurance) The Corporation may <u>purchase</u> 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.</p>	<p>In order to comply with Article 39 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies (amended December 12, 2018), the (Chinese) wording for the first paragraph of this article has been amended.</p>
<p>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 <u>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</u>, as provided for by the Company Act and related laws and regulations. <u>Proposals submitted by shareholders under the preceding paragraph shall be specified as motions for board meetings and be specified in the meeting notice 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</u></p>	<p>2-03 (Shareholders' right to place proposals on the agenda) When the Board calls the annual general shareholders' meeting, it shall give public notice of the <u>place and time period for shareholders to submit proposals</u> for placement on the meeting agenda, as provided for by the Company Act and related laws and regulations. <u>Proposals submitted by shareholders under the preceding paragraph shall be specified in the meeting notice 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.</u></p>	<p>In order to comply with Article 172-1 of the Company Act, the first and second paragraph of this article have been amended.</p>

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Amended Articles	Current Articles	Description
<p><u>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.</u></p> <p>Proposals raised by shareholders at a shareholders' meeting (including motions for amendment to a proposal or alternative proposals) shall meet the following requirements:</p> <ol style="list-style-type: none"> 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. 	<p>Proposals raised by shareholders at a shareholders' meeting (including motions for amendment to a proposal or alternative proposals) shall meet the following requirements:</p> <ol style="list-style-type: none"> 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. 	
<p>2-06 (Nomination and election of Directors)</p> <p>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.</p> <p>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.</p> <p>Elections of independent Directors and non-independent Directors shall be held together, with the numbers of Directors to</p>	<p>2-06 (Nomination and election of Directors)</p> <p>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.</p> <p>The nomination <u>and review</u> 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.</p> <p>Elections of independent Directors and non-independent Directors shall be held together, with the numbers of Directors to</p>	<p>Paragraph 5 of Article 192-1 of the Company Act has removed the requirement for the board and other conveners to review candidates; the second paragraph of this article has been amended accordingly.</p>

Appendix 9

Amended Articles	Current Articles	Description
be elected calculated separately for each group.	be elected calculated separately for each group.	
<p>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:</p> <p>1. Reviewing and deliberating the <u>adoption and amendment of an internal control system, and evaluation of effectiveness of an internal control system.</u> (Remainder omitted)</p>	<p>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:</p> <p>1. Reviewing and deliberating the internal control system. (Remainder omitted)</p>	<p>In order to comply with Article 35 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies (amended December 12, 2018), the wording for the first subparagraph of the first paragraph of this article has been amended.</p>
<p>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 <u>convened</u> and chaired by the director that received votes representing the largest portion of voting rights. <u>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.</u></p>	<p>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 <u>called</u> and chaired by the director that received votes representing the largest portion of voting rights.</p>	<p>Paragraph 5 of Article 203 of the Company Act has removed the requirement stating that if the director elect receiving the ballot representing the largest number of votes fails to convene the meeting within a certain time limit, more than one-fifth of the directors elect should notify the governing authorities; instead, the majority or more of the directors elect may convene the meeting on their own. This article has been amended accordingly.</p>
3-08 (Secretariat Division under the Board)	3-08 (Secretariat Division under the Board)	In order to comply with Article 3-1 of the

Appendix 9

Amended Articles	Current Articles	Description
<p>A Secretariat Division is installed under the Board <u>to be in charge of corporate governance affairs</u>, 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, 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><u>(4) Assisting in onboarding and continuous development of directors and supervisors.</u></p> <p>(Remainder omitted)</p>	<p>A Secretariat Division is installed under the Board, 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>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>(Remainder omitted)</p>	<p>Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies (amended December 12, 2018) regarding corporate governance officer and corporate governance affairs, the wording for the first subparagraph (4) of the first paragraph of this article has been amended.</p>
<p>3-17 (Board meetings without the presence of managerial officers)</p> <p>At least once every year, the Board <u>should</u> hold a meeting from which any managerial</p>	<p>3-17 (Board meetings without the presence of managerial officers)</p> <p>At least once every year, the Board <u>shall</u> hold a meeting from which any managerial officers</p>	<p>In order to comply with actual operations of the Corporation's board meetings, the wording of the first</p>

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Amended Articles	Current Articles	Description
<p>officers and Directors who concurrently serve as managerial officers shall physically absent themselves or take leave, at which to discuss the Corporation's finances, business, and other operational condition.</p>	<p>and Directors who concurrently serve as managerial officers shall physically absent themselves or take leave, at which to discuss the Corporation's finances, business, and other operational condition.</p>	<p>paragraph of this article has been amended.</p>
<p>4-02 (Independent Director qualifications) Independent Directors of the Corporation shall meet statutory qualifications, 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. <u>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.</u> (Remainder omitted)</p>	<p>4-02 (Independent Director qualifications) Independent Directors of the Corporation shall meet statutory qualifications, 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. (Remainder omitted)</p>	<p>In accordance with Article 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, which states that independent directors of public companies may not concurrently serve as independent director for more than three other public companies; and in accordance with Article 24 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies (amended December 12, 2018), which stipulates that it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than five other TWSE/TPEX listed</p>

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Amended Articles	Current Articles	Description
		companies, additional wording has been placed at the end of the first paragraph of this article.
<p>4-04 (<u>Assessment</u> of Independent Director Qualifications)</p> <p>(Remainder omitted)</p>	<p>4-04 (<u>Review</u> of Independent Director Qualifications)</p> <p>(Remainder omitted)</p>	<p>Paragraph 5 of Article 192-1 of the Company Act has removed the requirement for the board and other conveners to review candidates; the title of this article has been amended accordingly.</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 <u>three</u> 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.</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 <u>two</u> 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.</p>	<p>In accordance with Article 5 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, which states that "If an independent director candidate included by a public company under the provisions of the preceding paragraph has already served as an independent director of the public company for three consecutive terms or more, the company shall publicly disclose, together with the review results under the preceding paragraph, the reasons why the candidate is</p>

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Amended Articles	Current Articles	Description
		nominated again for the independent directorship, and present the reasons to the shareholders at the time of the election at the shareholders meeting”, the wording for the first paragraph of this article has been amended.
<p>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.</p>	<p>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. <u>After the close of each fiscal year, the Corporate Governance & Nominating Committee shall review the organizational charter of the preceding paragraph.</u></p>	<p>In accordance with the actual operations of the Corporation's board meetings, organizational charters of all functional committees within the Corporation (including the Corporate Governance & Nominating Committee) are reviewed and amended at appropriate times to comply with the latest changes in regulations; these reviews are not limited to the close of each fiscal year, and therefore the second paragraph of this article has been removed.</p>
<p>5-2-05 (Submitting a recommended slate of Director candidates) The Corporate Governance and Nominating Committee shall follow the provisions of Articles</p>	<p>5-2-05 (Submitting a recommended slate of Director candidates) The Corporate Governance and Nominating Committee shall follow the provisions of Articles</p>	<p>Paragraph 5 of Article 192-1 of the Company Act has removed the requirement for the board and other conveners to review</p>

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Amended Articles	Current Articles	Description
<p>2-06, 4-03, and 4-04 of these Guidelines to carry out the <u>nomination and recommendation</u> of Independent Director candidates.</p> <p>The provisions of the preceding paragraph shall apply mutatis mutandis to the <u>nomination and recommendation</u> of candidates for non-Independent Directors of the Corporation.</p>	<p>2-06, 4-03, and 4-04 of these Guidelines to carry out the <u>recommendation and review</u> of Independent Director candidates.</p> <p>The provisions of the preceding paragraph shall apply mutatis mutandis to the <u>recommendation and review</u> of candidates for non-Independent Directors of the Corporation.</p>	<p>candidates; the wording of the first and second paragraph of this article have been amended accordingly.</p>
<p>5-3-02 (<u>Removed</u>)</p>	<p>5-3-02 (<u>Restrictions on Audit Committee members</u>)</p> <p><u>An Audit Committee member concurrently serving in a position comparable to audit committee member at any other public company, in principle may not do so at more than two such companies.</u></p> <p><u>An Audit Committee convener concurrently serving in a position comparable to audit committee convener at any other public company, in principle may not do so at more than one such company.</u></p>	<p>In accordance with the actual operations of the Corporation's board meetings, and in accordance with stipulations laid out in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and assessment indicators for corporate governance, which do not list restrictions or requirements for audit committee members (conveners) concurrently serving as audit committee members (conveners) at other companies, this article has been removed.</p>

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Amended Articles	Current Articles	Description
<p>5-3-03 (Primary missions of the Audit Committee)</p> <p>The Audit Committee has the following primary missions:</p> <ol style="list-style-type: none"> 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 system. 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. 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. <p>(Remainder omitted)</p>	<p>5-3-03 (Primary missions of the Audit Committee)</p> <p>The Audit Committee has the following primary missions:</p> <ol style="list-style-type: none"> 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 system. 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. 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 <u>and of their performance of their work.</u> 	<p>In accordance with actual operations of the Corporation's Audit Committee meetings, and to comply with the "Sample Template for XXX Co., Ltd. Audit Committee Charter" provided by the Taiwan Stock Exchange Corporation and the Corporation's Audit Committee Charter, the wording for Subparagraph 9 of the first paragraph of this article has been amended.</p>

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Amended Articles	Current Articles	Description
<p>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.</p> <p>The content of the organizational charter shall include at least the Audit Committee's purpose of establishment, authority and duties, and the procedures for exercising its powers.</p> <p>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.</p> <p>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.</p>	<p>(Remainder omitted)</p> <p>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.</p> <p>The content of the organizational charter shall include at least the Audit Committee's purpose of establishment, authority and duties, and the procedures for exercising its powers.</p> <p><u>After the close of each fiscal year, the Audit Committee shall review the organizational charter of the preceding paragraph.</u></p> <p>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.</p> <p>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.</p>	<p>In accordance with the actual operations of the Corporation's board meetings, organizational charters of all functional committees within the Corporation (including the Audit Committee) are reviewed and amended at appropriate times to comply with the latest changes in regulations; these reviews are not limited to the close of each fiscal year, and therefore the second paragraph of this article has been removed. The original third paragraph has now become the second paragraph, and all subsequent paragraphs follow on sequentially.</p>

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Amended Articles	Current Articles	Description
<p>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 <u>more than half</u> of the members shall be an Independent Director.</p>	<p>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 <u>at least one of the members</u> shall be an Independent Director.</p>	<p>In order to comply with Article 28-1 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies (amended December 12, 2018) and stipulations in the “Directions for establishment and duties of board of directors publicly listed companies” provided by the Taiwan Stock Exchange Corporation regarding requirements specifying that more than half of audit committee members must be independent directors, the wording for the first paragraph of this article has been amended.</p>
<p>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</p>	<p>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</p>	<p>In accordance with the actual operations of the Corporation’s board meetings, organizational charters of all functional committees within the Corporation (including the Remuneration Committee) are reviewed and amended at appropriate times to comply with the latest</p>

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Amended Articles	Current Articles	Description
<p>at least the Remuneration Committee's purpose of establishment, authority and duties, and the procedures for exercising its powers.</p>	<p>at least the Remuneration Committee's purpose of establishment, authority and duties, and the procedures for exercising its powers. <u>After the close of each fiscal year, the Remuneration Committee shall review the rules for the exercise of powers or organizational charter of paragraph 1.</u></p>	<p>changes in regulations; these reviews are not limited to the close of each fiscal year, and therefore the second paragraph of this article has been removed.</p>
<p>8-09 (Director 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. <u>A director who has a personal interest in the matter under discussion at a board meeting shall explain to the board meeting the essential contents of such personal 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, or the governments or juristic persons represented by the director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p>	<p>8-09 (Director 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.</p>	<p>In order to comply with revisions made to Article 206 of the Company Act where directors are deemed to have a personal interest in board meeting matters if they are related to director spouses and blood relatives within the second degree of kinship, or any company which has a controlling or subordinate relation with a director, and requirement to explain said personal interest to the board, a second paragraph has been added to this article and the wording of this article has been amended. The numbering of the Paragraph 2-4 in the original article have been amended accordingly.</p>

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Amended Articles	Current Articles	Description
<p>When an item on the agenda of a Board meeting concerns <u>the personal interest of a Director</u>, 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.</p> <p>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:</p> <ol style="list-style-type: none"> 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 	<p>When an item on the agenda of a Board meeting concerns <u>a personal interest of a Director, or an interest of a Government or juristic person represented by the Director</u>, 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.</p> <p>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:</p> <ol style="list-style-type: none"> 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 	

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Amended Articles	Current Articles	Description
<p>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.</p>	<p>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.</p>	

Appendix 10

Taiwan High Speed Rail Corporation Comparative Table for the current and amended Rules of Procedure for Shareholders' Meetings

Amended Articles	Current Articles	Description
<p>Article 2 (Attendance Sign-ins, <u>Proxies</u>, and Calculation of Shares Present at Shareholders' Meetings)</p> <p>The Corporation shall start to process meeting attendance sign-ins by shareholders at least 30 minutes before the start of a meeting.</p> <p>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.</p> <p>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.</p> <p>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</p>	<p>Article 2 (Attendance Sign-ins and Calculation of Shares Present at Shareholders' Meetings)</p> <p>The Corporation shall start to process meeting attendance sign-ins by shareholders at least 30 minutes before the start of a meeting.</p> <p>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.</p> <p>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.</p> <p>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</p>	<ol style="list-style-type: none"> 1. The title of this article has been amended in accordance with article content. 2. Amendments made to Article 6 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" provided by the Taiwan Stock Exchange Corporation states that corporations may not arbitrarily add requirements for other eligibility shareholder documents in order to protect shareholder rights. 3. Paragraph 2 of Article 179 in the Company Act regarding no voting power has already been included in Article 11 of these Rules of procedures, and therefore relevant content has been

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Amended Articles	Current Articles	Description
<p>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.</p> <p>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. <u>The Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders.</u> The shareholder attending the meeting shall surrender the attendance sign-in card in place of signing the attendance sheet.</p> <p>A non-shareholder proxy or proxy solicitor shall also carry an identity document for verification.</p> <p>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.</p> <p>The Corporation shall provide each shareholder attending a shareholders' meeting with a meeting agenda handbook, an</p>	<p>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.</p> <p>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 shareholder attending the meeting shall surrender the attendance sign-in card in place of signing the attendance sheet.</p> <p>A non-shareholder proxy or proxy solicitor shall also carry an identity document for verification.</p> <p>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.</p> <p>The Corporation shall provide each shareholder attending a shareholders' meeting with a meeting agenda handbook, an annual report (except in the case</p>	<p>removed and additional explanation regarding calculation of voting rights is included according to Paragraph 1 of Article 180 of the Company Act.</p>

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Amended Articles	Current Articles	Description
<p>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.</p> <p>When a government agency or juristic person is a shareholder, more than one person may attend a shareholders' meeting as its representative. 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.</p> <p><u>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.</u></p>	<p>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.</p> <p>When a government agency or juristic person is a shareholder, more than one person may attend a shareholders' meeting as its representative. 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.</p> <p><u>No voting rights may be exercised with respect to shares falling in any of the following circumstances, and such shares may not be included in calculating the total issued shares and the number of shares present:</u></p> <ol style="list-style-type: none"> <u>1. Shares of the Corporation held by itself in accordance with law.</u> <u>2. Shares of the Corporation held by a subordinate company in which the Corporation holds more than half of the total issued voting shares or total capital.</u> <u>3. Shares of the Corporation held by a company in which the Corporation and any subordinate company of the Corporation directly or indirectly hold a combined total of more than half of the total issued voting shares or total capital stock.</u> 	

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Amended Articles	Current Articles	Description
<p>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 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.</p>	<p>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 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. <u>When determining the place and time of a shareholders' meeting, the Corporation shall take into full account the opinions of its independent Directors, if any.</u></p>	<p>In consideration of the fact that the venue and time of the Corporation's shareholder meetings have already been discussed in board meetings, and with full consideration of all director suggestions, article content relating to this issue has been removed.</p>
<p>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 <u>at least</u> 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.</p>	<p>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 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.</p>	<p>In accordance with Article 8 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" provided by the Taiwan Stock Exchange Corporation regarding documentation storage, the time limit for preservation of video recordings have been amended to "at least" one year.</p>
<p>Article 4 (Chair and Non-Voting Participants of Shareholders'</p>	<p>Article 4 (Chair and Non-Voting Participants of Shareholders'</p>	<p>In accordance with Article 7 of the</p>

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Amended Articles	Current Articles	Description
<p>Meetings) <u>If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson of the Board of Directors.</u> 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.</p> <p>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.</p> <p>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.</p> <p>The Corporation may appoint its attorneys at law or certified public accountants or other relevant persons to attend a</p>	<p>Meetings) <u>Unless otherwise provided by law, the Chairperson of the Board of Directors shall chair every shareholders' meeting.</u> 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.</p> <p>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.</p> <p>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.</p> <p>The Corporation may appoint its attorneys at law or certified public accountants or other relevant persons to attend a shareholders' meeting as non-voting participants.</p>	<p>“Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” provided by the Taiwan Stock Exchange Corporation, the wording of the first paragraph of this article has been amended.</p>

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Amended Articles	Current Articles	Description
shareholders' meeting as non-voting participants.		
<p>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.</p>	<p>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.</p>	<p>Amendments made to punctuation of article content.</p>
<p>Article 6 (Opening of Shareholders' Meetings) The chair <u>should</u> <u>announce</u> the</p>	<p>Article 6 (Opening of Shareholders' Meetings) The chair may declare the</p>	<p>1. The first and third paragraphs of this article have been</p>

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Amended Articles	Current Articles	Description
<p>opening of a shareholders' meeting at the specified meeting time if the <u>attending shareholders represent more than one-half of the total number of voting shares</u>. The chair may declare the meeting postponed <u>only in the event where attending shareholders represent less than one-half of the total number of voting shares</u>, 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.</p> <p>If the meeting has been postponed twice <u>as stated in the preceding paragraph</u> 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</p>	<p>opening of a shareholders' meeting at the specified meeting time <u>if the shareholders present reach a legal quorum of shares</u>. <u>If there is not a legal quorum of shares present after the specified time of meeting</u>, the chair may declare the meeting postponed, 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 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.</p> <p>If <u>during the process of adopting a tentative resolution under the preceding paragraph</u> the number of shares represented by the</p>	<p>amended in accordance with Article 174 and 175 of the Company Act with regard to explanation on legal quorum of shares. Some content from the second paragraph has been moved to the first paragraph.</p> <p>2. Amendments have been made to the second paragraph and reference to the "preceding paragraph" has been added in accordance with these amendments.</p>

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Amended Articles	Current Articles	Description
<p>month. If the number of shares represented by the shareholders present <u>reaches more than one-half of the total number of voting shares before the close of the meeting, the chair may re-submit</u> the tentative resolution being adopted to the shareholders' meeting for voting in accordance with Article 174 of the Company Act.</p>	<p>shareholders present reaches the <u>legal quorum</u>, the chair may <u>at any time declare the formal opening of the meeting</u>, in which case the tentative resolution <u>adopted</u> or being adopted shall be re-submitted to the shareholders' meeting for voting in accordance with Article 174 of the Company Act.</p>	
<p>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), 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</p>	<p>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), 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</p>	<p>1. In accordance with Article 11 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" provided by the Taiwan Stock Exchange Corporation, which has been amended to state that when a government or juristic person shareholder appoints two or more representatives to attend a shareholders meeting or hold the proxies of other shareholders, only one of the representatives so appointed may</p>

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Amended Articles	Current Articles	Description
<p>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.</p> <p>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.</p> <p>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.</p> <p>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 <u>on the same proposal</u>. 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</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>	<p>speak on the same proposal.</p> <p>2. Amendments made to punctuation of article content.</p>

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Amended Articles	Current Articles	Description
<p>meeting, only one person selected by and from the representatives present may speak at the meeting.</p> <p>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.</p> <p>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.</p> <p>When a shareholder finishes speaking, the chair may respond to, or designate a relevant person to respond to, any issue raised by the shareholder.</p>	<p>from the representatives present may speak at the meeting.</p> <p>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.</p> <p>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.</p> <p>When a shareholder finishes speaking, the chair may respond to, or designate a relevant person to respond to, any issue raised by the shareholder.</p>	
<p>Article 9 (Shareholder Proposals)</p> <p>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</p>	<p>Article 9 (Shareholder Proposals)</p> <p>Before a regular shareholders' meeting, a shareholder holding 1 percent or more of the total issued shares of the Corporation may submit a proposal <u>in writing</u> to the Corporation for inclusion</p>	<p>In accordance with Article 172 and 172-1 of the Company Act, the following amendments have been made to this article:</p>

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Amended Articles	Current Articles	Description
<p>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. <u>In the event where the proposal contains relevant suggestions for promoting public interests of the Corporation or fulfillment of social responsibilities, the proposal shall still be included on the agenda.</u> 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, <u>and matters that must not be brought up as extemporary motions should be handled in accordance with the stipulations laid out in Article 172 of the Company Act.</u></p> <p>Prior to the book closure date before a regular shareholders' meeting, the Corporation shall give public notice regarding the submission of proposals by shareholders, <u>acceptance of proposal in writing or by way of electronic transmission,</u> and the place and time period for receiving such submissions,</p>	<p>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 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.</p> <p>Prior to the book closure date before a regular shareholders' meeting, the Corporation shall give public notice regarding the submission of proposals by shareholders and the place and time period for receiving such submissions, wherein the time period may not be less than 10 days.</p> <p>A proposal submitted by a shareholder for inclusion as an</p>	<p>(1) In accordance with Article 1 of the Company Act which states that every company should fulfill its social responsibilities, shareholder suggestions that promote public interests of companies or aid in the fulfillment of social responsibilities should be included in board meeting discussions, and relevant wording in the sixth paragraph of this article has been removed.</p> <p>(2) According to Article 172 of the Company Act, "matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares,</p>

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<p>wherein the time period may not be less than 10 days.</p> <p>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.</p> <p>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.</p> <p>Unless otherwise provided by law or regulation, if a shareholder attending a shareholders' meeting intends to propose an extraordinary motion or to submit an amendment or alternative to a proposal not included on the agenda under the preceding paragraph, the proposal shall be submitted in writing by a shareholder with</p>	<p>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.</p> <p>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.</p> <p>Unless otherwise provided by law or regulation, if a shareholder attending a shareholders' meeting intends to propose an extraordinary motion or to submit an amendment or alternative to a proposal not included on the agenda under the preceding paragraph, the proposal shall be submitted in writing by a shareholder with voting power who is attending the meeting, and the proposal shall be seconded by signature of another or other shareholders</p>	<p>reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions”.</p> <p>(3) The requirement for shareholders to provide written proposals has been moved to the second paragraph and shareholders are now allowed to submit electronic proposals.</p> <p>(4) The stipulation in Paragraph 3 stating that “proposals exceeding 300 words shall not be included as agenda items” is listed as one of the proposal types not to be included in agenda items under Article 172-1 Paragraph 4 of the Company Act, and therefore relevant</p>

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Amended Articles	Current Articles	Description
<p>voting power who is attending the meeting, and the proposal shall be seconded by signature of another or other shareholders attending the meeting and the proposer and seconder(s) shall collectively hold shares representing at least 0.02 percent of the total voting rights of issued shares of the Corporation.</p>	<p>attending the meeting and the proposer and seconder(s) shall collectively hold shares representing at least 0.02 percent of the total voting rights of issued shares of the Corporation. <u>For the purpose of paragraph 2 above, a shareholder attending a meeting may only submit one proposal; if more than one proposal is submitted, none of them shall be included on the agenda.</u></p>	<p>wording in this article has been removed.</p>
<p>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 decides 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 9, paragraph 2 shall apply</p>	<p>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 <u>reviews</u> and decides 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 9, paragraph</p>	<p>In order to comply with Article 172-1 of the Company Act, wording relating to board review of shareholder proposals have been amended.</p>

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Amended Articles	Current Articles	Description
mutatis mutandis thereto.	2 shall apply mutatis mutandis thereto.	
<p>Article 12 (Inspection and Counting of Ballots; Preservation of Voting Ballots; Dispute Resolution)</p> <p>For agenda items put to vote by a poll, the chair shall designate <u>multiple</u> ballot inspectors and ballot counters to discharge all relevant <u>tasks</u>, 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.</p> <p>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</p>	<p>Article 12 (Inspection and Counting of Ballots; Preservation of Voting Ballots; Dispute Resolution)</p> <p>For agenda items put to vote by a poll, the chair shall designate <u>two ballot inspectors and multiple</u> ballot counters to discharge all relevant <u>duties</u>, 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.</p> <p>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</p>	<p>In accordance with actual operations of the Corporation's shareholders' meeting, the number of ballot inspectors have been amended.</p>

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Amended Articles	Current Articles	Description
<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	

Appendix 11

Taiwan High Speed Rail Corporation Comparative Table for the current and amended Procedures for the Acquisition or Disposal of Assets

Amended article number	Amended article	Article number prior to amendment	Current article	Description
2.0	b) Real property (including land, buildings, and structures <u>and</u> investment real property) and equipment.	2.0	b) Real property (including land, buildings, and structures, investment real property, <u>and land use rights</u>) and equipment.	Amended under the application of IAS 16; a new item e) has been included, as well as wording regarding right to use.
2.0	e) <u>Right-to-use asset.</u> f) Derivatives. g) Other material assets.	2.0	e) Derivatives. f) Other material assets.	As stated above, subsequent items have been moved backwards in order to accommodate the addition of item e).
3.0 g)	The Corporation's Directions for the Handling of Public Announcements and Reporting over the Market Observation Post System (THSRC-BE2-000-023) °	3.0 g)	The Corporation's Directions for the Handling of Public Announcements and Reporting over the Market Observation Post System (THSRC-BQ2-000-001).	Amended in accordance with category revisions made to regulations.
3.0 h)	The Corporation's Regulation of Related Party Transaction(THSRC-AQ2-000-012)	3.0 h)	The Corporation's Operational Procedures for Transactions with Group Enterprises, Specified Companies, and Related Parties (THSRC-BQ2-000-004).	Amended in accordance with category revisions made to regulations.
4.0 a)	Derivatives <u>Defined in accordance with 4.1 of the Corporation's Procedures for the Handling of Derivative Transactions (THSRC-BE2-000-006).</u>	4.0 a)	Derivatives <u>Means forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts whose value is derived from products based on assets, interest rates, foreign exchange rates, indices, or other interests, and compound contracts combining any of the aforesaid products. The term "forward contracts" does not</u>	Linked to the definitions laid out in specific regulations to avoid inconsistencies in the future definitions.

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
			<u>include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase or sales agreements.</u>	
5.0	a) The Finance Department under the Finance Division shall be responsible for the formulation, amendment, or repeal, and triennial review of these Procedures. b) These Procedures, and any amendments <u>and elimination</u> hereto, shall be implemented after adoption at a shareholders' meeting.	5.0	a) The Finance Department under the Finance Division shall be responsible for the formulation, amendment, or repeal, and triennial review of these Procedures. b) These Procedures, and any amendments hereto, shall be implemented after adoption at a shareholders' meeting.	Text amended for conformity to standard format of regulations.
6.0	Descriptions	6.0	<u>Operational procedures and descriptions</u>	Text amended for conformity to standard format of regulations.
6.1.7	<u>Right-to-use asset. If real estate, equipment or intangible assets leased in accordance with relevant regulations and contracts of the Corporation are determined to be right-to-use assets, the relevant procedures shall be handled in accordance with this processing procedure.</u>		None	New provisions added to match adjustments made to scope of assets.
6.1.8	Other material assets	6.1.7	Other material assets	Article numbering has been changed in to accommodate new clauses added.
6.2	Decision procedures for transaction terms For acquisition or disposal of assets, the Corporation shall, according to asset type and in accordance with the following requirements, respectively	6.2	Decision procedures for transaction terms For acquisition or disposal of assets, the Corporation shall, according to asset type and in accordance with the following requirements,	Amended in accordance with the amendments of Article 5 of the "Regulations Governing the Acquisition and

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
	engage an objective, impartial, detached, and independent expert to issue a report, wherein the engaged professional appraiser and its appraiser's officers, certified public accountant (CPA), lawyer, or securities underwriter <u>whose qualification requirements and issuance of valuation reports or opinions shall be handled in accordance with the relevant provisions of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” issued by the Financial Supervisory Commission.</u>		respectively engage an objective, impartial, detached, and independent expert to issue a report, wherein the engaged professional appraiser and its appraiser's officers, certified public accountant (CPA), lawyer, or securities underwriter <u>may not be a related party of any party to the transaction, and the professional appraiser and appraiser's officers must never have been sentenced for a crime by a final and conclusive court judgment or received a criminal sentence. If the Corporation is required by these Procedures to obtain appraisal reports from two or more professional appraisers, no related party relationship may exist between the respective professional appraisers and/or appraiser's officers.</u>	Disposal of Assets by Public Companies” issued by the Financial Supervisory Commission.
6.2.1	When the Corporation acquires or disposes of real property or equipment, <u>and right-to-use asset</u> , if the transaction amount reaches 20 percent or more of the Corporation's paid-in capital or NT\$300 million or more, then unless the transaction is made in accordance with the Construction and Operation Agreement, or unless the transaction is made with a government agency or involves commissioned construction on self-owned land, commissioned construction on	6.2.1	When the Corporation acquires or disposes of real property or equipment, if the transaction amount reaches 20 percent or more of the Corporation's paid-in capital or NT\$300 million or more, then unless the transaction is made in accordance with the Construction and Operation Agreement, or unless the transaction is made with a government agency or involves commissioned construction on self-owned land, commissioned construction on rented land,	Amended in accordance with application of IAS 16 and wording changes made by government entities.

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
	rented land, or acquisition or disposal of equipment <u>and right-to-use asset</u> for business use, the Corporation shall obtain an appraisal report from a professional appraiser prior to the date of occurrence of the event and shall further comply with the following requirements.		or acquisition or disposal of equipment for business use, the Corporation shall obtain an appraisal report from a professional appraiser prior to the date of occurrence of the event and shall further comply with the following requirements.	
6.2.1 a)	Where due to special circumstances it is necessary to use a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall first be submitted for approval by resolution of the Board. the same procedure shall also be followed <u>whenever there is any subsequent change to the terms and conditions of the transaction.</u>	6.2.1 a)	Where due to special circumstances it is necessary to use a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall first be submitted for approval by resolution of the Board. The same procedure shall also be followed <u>for any future changes to the transaction terms.</u>	Amended in accordance with amendments made to Article 9 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” issued by the Financial Supervisory Commission.
6.2.3	When the Corporation acquires or disposes of intangible assets <u>and, its right-to-use asset or membership certificates</u> , if the transaction amount reaches 20 percent or more of the Corporation's paid-in capital or NT\$300 million or more, unless the transaction is made with a government agency, the Corporation shall engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price.	6.2.3	When the Corporation acquires or disposes of <u>membership certificates or</u> intangible assets, if the transaction amount reaches 20 percent or more of the Corporation's paid-in capital or NT\$300 million or more, unless the transaction is made with a government agency, the Corporation shall engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price.	Amended in accordance with application of IAS 16 and wording changes made by government entities.

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
6.3.2	<p>In any acquisition or disposal of assets that requires the approval of the Board pursuant to these Procedures or other provisions of law, during discussions at a Board meeting, the opinions of each Director shall be given full consideration. When a Director expresses dissent and such dissent is on record or in a written statement, the Corporation shall forward the materials containing the Director's dissent to <u>Audit Committee</u>.</p> <p>When an acquisition or disposal of assets is submitted to and discussed at a Board meeting pursuant to the preceding paragraph, the opinions of each Independent Director shall be given full consideration, and any Independent Director's opinion expressing dissent or reservations shall be recorded in the Board meeting minutes. Any material asset or derivative transaction shall be approved by one-half or more of the total number of audit committee members and shall be submitted for a resolution by the Board. (Remainder omitted.)</p>	6.3.2	<p>In any acquisition or disposal of assets that requires the approval of the Board pursuant to these Procedures or other provisions of law, during discussions at a Board meeting, the opinions of each Director shall be given full consideration. When a Director expresses dissent and such dissent is on record or in a written statement, the Corporation shall forward the materials containing the Director's dissent to <u>all Supervisors</u>.</p> <p><u>If the Corporation has established the position of Independent Director in accordance with the Securities and Exchange Act,</u> when an acquisition or disposal of assets is submitted to and discussed at a Board meeting pursuant to the preceding paragraph, the opinions of each Independent Director shall be given full consideration, and any independent Director's opinion expressing dissent or reservations shall be recorded in the Board meeting minutes.</p> <p><u>If the Corporation has set up an audit committee in accordance with the Securities and Exchange Act,</u> any material asset or derivative transaction shall be approved by one-half or more of the total number of audit committee members and shall be submitted for a resolution by the Board. (Remainder</p>	Amended in accordance with the Corporation's establishment of Independent Directors, and replacement of Supervisors with an Audit Committee.

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
			omitted.)	
6.4.1 a)	Any acquisition or disposal of real property <u>or its right-to-use asset</u> from or to a related party, or any acquisition or disposal of assets other than real property <u>or its right-to-use asset</u> from or to a related party where the transaction amount reaches 20 percent or more of the Corporation's paid-in capital, 10 percent or more of its total assets, or NT\$300 million or more, provided that this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds <u>issued by domestic securities investment trust enterprises</u> . (Remainder omitted.)	6.4.1 a)	Any acquisition or disposal of real property from or to a related party, or any acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of the Corporation's paid-in capital, 10 percent or more of its total assets, or NT\$300 million or more, provided that this shall not apply to trading of government bonds or bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds. (Remainder omitted.)	Amended in accordance with application of IAS 16, wording changes made to transaction terms, and description added of issuers in money market funds.
6.4.1 d)	i) Trading of <u>domestic</u> government bonds. ii) Trading of bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds <u>issued by domestic securities investment trust enterprises</u> . iii) The acquired or disposed assets are equipment <u>or its right-to-use asset</u> for business use where the transaction counterparty is not a related party, nor does the transaction amount	6.4.1 d)	i) Trading of government bonds. ii) Trading of bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds. iii) The acquired or disposed assets are equipment for business use where the transaction counterparty is not a related party, nor does the transaction amount reach NT\$ <u>500 million</u> or more.	Amended in accordance with application of IAS 16 and relaxation of restrictions regarding announcement of non-related business equipment transactions in companies with a paid-in capital of more than NT\$10 billion.

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
	reach NT\$ <u>1 billion</u> or more. iv) Real property is acquired under an arrangement for commissioned construction on self-owned land, commissioned construction on rented land, joint construction and allocation of building units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>where the transaction counterparty is not a related party, nor does</u> the transaction amount reach NT\$500 million or more (calculated according to the amount the Corporation expects to invest in the transaction).		iv) Real property is acquired under an arrangement for commissioned construction on self-owned land, commissioned construction on rented land, joint construction and allocation of building units, joint construction and allocation of ownership percentages, or joint construction and separate sale, where the transaction amount <u>does not</u> reach NT\$500 million or more (calculated according to the amount the Corporation expects to invest in the transaction).	
6.4.2 c)	As the cumulative transaction amount of real property <u>or its right-to-use asset</u> acquisitions or disposals (the cumulative amounts to be calculated separately for acquisitions and disposals) in the same development project within 1 year.	6.4.2 c)	As the cumulative transaction amount of real property acquisitions or disposals (the cumulative amounts to be calculated separately for acquisitions and disposals) in the same development project within 1 year.	Amended in accordance with application of IAS 16.
6.4.4	When an item that the Corporation is required to publicly announce and has publicly announced is found to contain an error or omission and correction is required, all items of the public announcement shall be again publicly announced and reported in their entirety <u>within 2 days from the date of notification.</u>	6.4.4	When an item that the Corporation is required to publicly announce and has publicly announced is found to contain an error or omission and correction is required, all items of the public announcement shall be again publicly announced and reported in their entirety.	Amended in accordance with amendments made to relevant laws regarding time limit for announcement of information.

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
6.4.7	Public announcement and reporting procedure Any public announcement or reporting that the Corporation is required to make with respect to its acquisition or disposal of assets shall be made pursuant to the public announcement format requirements and appraisal report content requirements prescribed by the competent authority and in accordance with the Corporation's Directions for the Handling of Public Announcements and Reporting over the Market Observation Post System (THSRC-BE2-000-023).	6.4.7	Public announcement and reporting procedure Any public announcement or reporting that the Corporation is required to make with respect to its acquisition or disposal of assets shall be made pursuant to the public announcement format requirements and appraisal report content requirements prescribed by the competent authority and in accordance with the Corporation's Directions for the Handling of Public Announcements and Reporting over the Market Observation Post System (THSRC-BQ2-000-001).	Amended in accordance with category revisions made to regulations.
6.6.2	(item 1) When the Corporation acquires or disposes of real property <u>or its right-to-use asset</u> from or to a related party, or when it acquires or disposes of <u>other material assets</u> other than real property <u>or its right-to-use asset</u> from or to a related party where the transaction amount reaches 20 percent or more of the Corporation's paid-in capital, 10 percent or more of the Corporation's total assets, or NT\$300 million or more, except with respect to trading of <u>domestic</u> government bonds or bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds <u>issued by domestic securities investment trust enterprises</u> , the Corporation may not sign a	6.6.2	(item 1) When the Corporation acquires or disposes of real property from or to a related party, or when it acquires or disposes of <u>equipment</u> other than real property from or to a related party where the transaction amount reaches 20 percent or more of the Corporation's paid-in capital, 10 percent or more of the Corporation's total assets, or NT\$300 million or more, except with respect to trading of government bonds or bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds, the Corporation may not sign a transaction contract or make or receive a payment in connection therewith until a	Amended in accordance with application of IAS 16, wording changes made to transaction terms, and description added of issuers in money market funds. The Corporation has established Independent Directors and replaced Supervisors with an Audit Committee.

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
	<p>transaction contract or make or receive a payment in connection therewith until a proposal containing or accompanied by the following information has been passed by <u>the Audit Committee and the Board</u>.</p> <p>(item 2) For the purposes of the preceding paragraph, the "transaction amount" shall be determined in accordance with 6.4.2, and the expression "within 1 year" means a preceding period of 1 year calculated from the date of occurrence of the current transaction; items that have been approved by <u>the Audit Committee and the Board</u> in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>(item 3) For acquisition or disposal of equipment <u>or its right-to-use asset and real property or its right-to-use asset</u> for business use between the Corporation and any of its subsidiaries <u>or between the subsidiaries that are directly or indirectly holding a certain percentage of the issued shares or total capital</u>, the Board may grant discretionary authority to the Chairman of the Board to decide on such transactions within a certain amount and subsequently submit the matter to the next Board meeting for retroactive recognition.</p> <p>(item 4) <u>In accordance with the Securities and Exchange Act</u>, when an acquisition or disposal</p>		<p>proposal containing or accompanied by the following information has been passed by the Board <u>and recognized by the Supervisors</u>.</p> <p>(item 2) For the purposes of the preceding paragraph, the "transaction amount" shall be determined in accordance with 6.4.2, and the expression "within 1 year" means a preceding period of 1 year calculated from the date of occurrence of the current transaction; items that have been approved by the Board <u>and recognized by the Supervisors</u> in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>(item 3) For acquisition or disposal of equipment for business use between the Corporation and any of its subsidiaries, the Board may grant discretionary authority to the Chairman of the Board to decide on such transactions within a certain amount and subsequently submit the matter to the next Board meeting for retroactive recognition.</p> <p>(item 4) <u>If the Corporation has established the position of Independent Director</u> in accordance with the Securities and Exchange Act, when an acquisition or disposal of assets is submitted to and discussed at a Board meeting pursuant to paragraph 1, the opinions of</p>	

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
	of assets is submitted to and discussed at a Board meeting pursuant to paragraph 1, the opinions of each Independent Director shall be given full consideration, and any Independent Director's opinion expressing dissent or reservations shall be recorded in the Board meeting minutes. (item 5) In accordance with the Securities and Exchange Act, any material asset or derivative transaction shall be approved by one-half or more of the total number of Audit Committee members and shall be submitted for a resolution by the Board.		each Independent Director shall be given full consideration, and any Independent Director's opinion expressing dissent or reservations shall be recorded in the Board meeting minutes. (item 5) <u>If the Corporation has set up an Audit Committee</u> in accordance with the Securities and Exchange Act, any material asset or derivative transaction shall be approved by one-half or more of the total number of Audit Committee members and shall be submitted for a resolution by the Board.	
6.6.3	When acquiring real property_ or its <u>right-to-use asset</u> from a related party, the Corporation shall assess the reasonableness of the transaction costs by the following methods.etc	6.6.3	When acquiring real property from a related party, the Corporation shall assess the reasonableness of the transaction costs by the following methods.etc	Amended in accordance with application of IAS 16.
6.6.4	When land and buildings thereon are combined as a single property purchase or <u>lease</u> , separate assessments of the transaction costs for the land and the buildings may be carried out in accordance with either of the methods listed in <u>6.6.3</u> .	6.6.4	When land and buildings thereon are combined as a single property purchase, separate assessments of the transaction costs for the land and the buildings may be carried out in accordance with either of the methods listed in <u>the preceding subparagraph</u> .	Amended in accordance with application of IAS 16.
6.6.5	When the Corporation acquires real property <u>or its right-to-use asset</u> from a related party and assesses the cost of the real property in accordance with <u>6.6.3~6.6.4</u> , it shall also engage a CPA to conduct a secondary review and provide a specific opinion.	6.6.5	When the Corporation acquires real property from a related party and assesses the cost of the real property in accordance with the preceding 2 subparagraphs, it shall also engage a CPA to conduct a secondary review and provide a specific	Amended in accordance with application of IAS 16.

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
			opinion.	
6.6.6	<p>When the Corporation acquires real property <u>or its right-to-use asset</u> from a related party, if one of the following circumstances exists, the acquisition shall be carried out in accordance with 6.6.2 and the provisions of <u>6.6.3~6.6.5</u> shall not apply:</p> <p>a) The related party acquired the real property <u>or its right-to-use asset</u> through inheritance or as a gift.</p> <p>b) More than 5 years will have elapsed from the time the related party signed the contract to acquire the real property <u>or its right-to-use asset</u> to the signing date for the current transaction.</p> <p>c) The real property is acquired as a result of or in connection with signing a joint construction contract with the related party or commissioning the related party to construct real property on the Corporation's own land or rented land.</p> <p>d) <u>For acquisition or disposal of real property or its right-to-use asset for business use between the Corporation and any of its subsidiaries or between the subsidiaries that are directly or indirectly holding 100% of issued shares or total capital.</u></p>	6.6.6	<p>When the Corporation acquires real property from a related party, if one of the following circumstances exists, the acquisition shall be carried out in accordance with 6.6.2 and the provisions of the preceding 3 subparagraphs shall not apply:</p> <p>a) The related party acquired the real property through inheritance or as a gift.</p> <p>b) More than 5 years will have elapsed from the time the related party signed the contract to acquire the real property to the signing date for the current transaction.</p> <p>c) The real property is acquired as a result of or in connection with signing a joint construction contract with the related party or commissioning the related party to construct real property on the Corporation's own land or rented land.</p>	Amended in accordance with application of IAS 16.
6.6.7 a) ii)	There are cases of purchase or <u>leasing</u> transactions completed by unrelated parties within the	6.6.7 a) ii)	There are cases of purchase transactions completed by unrelated parties within the	Amended in accordance with application of IAS

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
	preceding year for other floors of the same property or property in an adjacent location, in which the properties are similar in area and the transaction terms in the current and in the cited cases are found to be similar after an assessment taking account of reasonable discrepancies in the prices of the different floors or locations in accordance with customary real property market practices._		preceding year for other floors of the same property or property in an adjacent location, in which the properties are similar in area and the transaction terms in the current and in the cited cases are found to be similar after an assessment taking account of reasonable discrepancies in the prices of the different floors or locations in accordance with customary real property market practices.	16.
6.6.7 a) iii)	Removed.	6.6.7 a) iii)	<u>There are cases of leasing transactions completed by unrelated parties within the preceding year for other floors of the same property in which the transaction terms in the current and in the cited cases are estimated to be similar based on reasonable discrepancies in the prices of different floors in accordance with customary real property leasing market practices.</u>	Consolidated to 6.6.7 a) ii) in accordance with amendments made to relevant laws.
6.6.7 b)	The Corporation provides evidence that, for the real property it purchases <u>or the right-to-use asset it leases</u> from the related party, the transaction terms are similar to those of cases of purchase transactions completed by unrelated parties within the preceding year in an adjacent location and the properties are also similar in area.	6.6.7 b)	The Corporation provides evidence that, for the real property it purchases from the related party, the transaction terms are similar to those of cases of purchase transactions completed by unrelated parties within the preceding year in an adjacent location and the properties are also similar in area.	Amended in accordance with application of IAS 16.
6.6.8	For the purposes of <u>6.6.7</u> , "cases of purchase transactions completed in an adjacent location" in principle refers to	6.6.8	For the purposes of the preceding subparagraph, "cases of purchase transactions completed in an	Amended in accordance with application of IAS 16.

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
	<p>property on the same or an adjacent block and furthermore within a circumference of no more than 500 meters from the property in the current transaction or of a similar publicly announced current value; "similar in area" in principle refers to cases of purchase transactions completed by unrelated parties for property with an area of no less than 50 percent of the property in the current transaction; "within the preceding year" refers to a preceding period of 1 year calculated from the date of occurrence of the current real property or its right-to-use asset acquisition.</p>		<p>adjacent location" in principle refers to property on the same or an adjacent block and furthermore within a circumference of no more than 500 meters from the property in the current transaction or of a similar publicly announced current value; "similar in area" in principle refers to cases of purchase transactions completed by unrelated parties for property with an area of no less than 50 percent of the property in the current transaction; "within the preceding year" refers to a preceding period of 1 year calculated from the date of occurrence of the current real property acquisition.</p>	
6.6.9	<p>When the Corporation acquires real property <u>or its right-to-use asset</u> from a related party, if the assessment results under 6.6.3~6.6.8 are all lower than the transaction price, the following actions shall be taken:</p> <p>a) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property <u>or its right-to-use asset</u> transaction price and assessed cost, and the reserve may not be distributed or used for a capitalization issue.</p> <p>b) The <u>Audit Committee</u> shall proceed in accordance with</p>	6.6.9	<p>When the Corporation acquires real property from a related party, if the assessment results under the <u>preceding 6 subparagraphs</u> are all lower than the transaction price, the following actions shall be taken:</p> <p>a) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and assessed cost, and the reserve may not be distributed or used for a capitalization issue.</p> <p>b) The <u>Supervisors</u> shall proceed in accordance with</p>	Amended in accordance with application of IAS 16 and the Corporation's establishment of an Audit Committee to replace Supervisors.

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
	Article 218 of the Company Act. c) Actions taken pursuant to the items a) & b) shall be reported at a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and prospectus.		Article 218 of the Company Act. c) Actions taken pursuant to the <u>preceding 2</u> items shall be reported at a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and prospectus.	
6.6.10	When the Corporation sets aside a special reserve under 6.6.9 a), it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or has disposed of, <u>or terminated lease for</u> , or made adequate compensation for, or restored the <i>status quo ante</i> of such assets, or there is other evidence to confirm there was nothing unreasonable in the transaction, and the competent authority has given its approval.	6.6.10	When the Corporation sets aside a special reserve under the preceding subparagraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or has disposed of, or made adequate compensation for, or restored the <i>status quo ante</i> of such assets, or there is other evidence to confirm there was nothing unreasonable in the transaction, and the competent authority has given its approval.	Amended in accordance with application of IAS 16.
6.6.11	When the Corporation acquires real property <u>or its right-to-use asset</u> from a related party, if other evidence indicates that the acquisition was a non-arms length transaction, the Corporation shall also proceed in accordance with 6.6.9~6.6.10.	6.6.11	When the Corporation acquires real property from a related party, if other evidence indicates that the acquisition was a non-arms length transaction, the Corporation shall also proceed in accordance with the <u>preceding 2 subparagraphs</u> .	Amended in accordance with application of IAS 16.
6.6.12	When acquiring real property <u>or its right-to-use asset</u> from related parties, the Corporation shall comply with the provisions of these <u>Regulations of Related Party Transactions</u> .	6.6.12	When acquiring real property from related parties, the Corporation shall comply with the provisions of these <u>Procedures as well as the provisions of the</u>	Amended in accordance with application of IAS 16 and changes to regulation names and codes.

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
	<u>(THSRC-AQ2-000-012).</u>		<u>Corporation's Operational Procedures for Transactions with Group Enterprises, Specified Companies, and Related Parties (THSRC-BQ2-000-004).</u>	
6.8.4	<p><u>These Procedures shall be approved by one-half or more of the total number of Audit Committee members and passed by the Board, and submitted to a shareholders' meeting for approval. When these Procedures are submitted to and discussed at a Board meeting pursuant to the preceding paragraph, the opinions of each Independent Director shall be given full consideration, and any Independent Director's opinion expressing dissent or reservations shall be recorded in the Board meeting minutes. The same procedures shall also apply to any amendments to these Procedures.</u></p> <p><u>(Remainder omitted.)</u></p>	6.8.4	<p>After passage by the Board, <u>these Procedures shall be sent to all Supervisors and submitted to a shareholders' meeting for approval. During discussions at a Board meeting, the opinions of each Director shall be given full consideration. When a Director expresses dissent and such dissent is on record or in a written statement, the Corporation shall forward the materials containing the Director's dissent to all Supervisors. The same procedures shall also apply to any amendments to these Procedures.</u></p> <p><u>If the Corporation has established the position of Independent Director in accordance with the Securities and Exchange Act,</u> when these Procedures are submitted to and discussed at a Board meeting pursuant to the preceding paragraph, the opinions of each Independent Director shall be given full consideration, and any Independent Director's opinion expressing dissent or reservations shall be recorded in the Board meeting minutes.</p> <p><u>If the Corporation has set up an Audit Committee in</u></p>	In accordance with the Corporation's establishment of an Audit Committee to replace Supervisors, the regulations of these Procedures have been amended and verification procedures have been corrected.

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Amended article number	Amended article	Article number prior to amendment	Current article	Description
			<u>accordance with the Securities and Exchange Act, any amendment to these Procedures shall be approved by one-half or more of the total number of Audit Committee members and shall be submitted for a resolution by the Board.</u> (Remainder Omitted.)	
6.8.5	Removed.	6.8.5	<u>If the Corporation has set up an Audit Committee in accordance with the Securities and Exchange Act, all powers of Supervisors described in these Procedures shall be exercised by the Audit Committee in accordance with law.</u>	This paragraph has been removed in accordance with the Corporation's establishment of an Audit Committee to replace Supervisors.

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Taiwan High Speed Rail Corporation Comparative Table for the current and amended Procedures for the Handling of Derivative Transactions

Amended article number	Amended article	Article number prior to amendment	Current article	Description
3.3	The Corporation's Directions for the Handling of Public Announcements and Reporting over the Market Observation Post System (THSRC-BE2-000-023).	3.3	The Corporation's Directions for the Handling of Public Announcements and Reporting over the Market Observation Post System (THSRC-BQ2-000-001).	Amended in accordance with category revisions made to regulations.
4.1	Derivatives Means forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts whose value is derived from <u>specific interest rates, price of financial tools, commodity prices, foreign exchange rates, price or pricing indices, credit ratings or credit indices, or other variables; a combination of the aforementioned contracts, or contracts including combinations of derivative goods or structured notes</u> and so on. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase or sales <u>contracts</u> .	4.1	Derivatives Means forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts whose value is derived from products based on <u>assets, interest rates, foreign exchange rates, indices, or other interests, and compound contracts combining any of the aforesaid products</u> . The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase or sales <u>agreements</u> .	Amended in accordance to amendments made to definitions in the Corporation's Procedures for the Acquisition or Disposal of Assets.

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	<p>relevant to transactions.</p> <p>b) Accounting Department personnel Responsible for account processing and other relevant operations and timely reporting of hedging transactions and profits/losses in itemized statement form.</p>			
6.6.3	<p>Any public announcement or reporting as required above or otherwise by applicable provisions shall be handled in a timely manner by the transaction personnel in accordance with the format and time-limit requirements prescribed by the relevant competent authority and in the Corporation's Directions for the Handling of Public Announcements and Reporting over the Market Observation Post System (THSRC-BE2-000-023).</p>	6.6.3	<p>Any public announcement or reporting as required above or otherwise by applicable provisions shall be handled in a timely manner by the transaction personnel in accordance with the format and time-limit requirements prescribed by the relevant competent authority and in the Corporation's Directions for the Handling of Public Announcements and Reporting over the Market Observation Post System (THSRC-BQ2-000-001).</p>	<p>Amended in accordance with category revisions made to regulations.</p>
6.6.4	<p>When an item that the Corporation is required to publicly announce and has publicly announced is found to contain an error or omission and correction is required, all items of the public announcement shall be again publicly announced and reported in</p>	6.6.4	<p>When an item that the Corporation is required to publicly announce and has publicly announced is found to contain an error or omission and correction is required, all items of the public announcement shall be again publicly</p>	<p>Amended in accordance with amendments made to relevant laws regarding time limit for announcement of information.</p>

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	their entirety <u>within 2 days from the date of notification.</u>		announced and reported in their entirety.	
6.10.2	The internal audit personnel shall periodically check the adequacy of internal controls over derivative transactions. They shall also perform monthly audits on the transaction department's compliance with these Procedures and prepare written audit reports accordingly. If any material non-compliance is found, it shall immediately be reported in writing to <u>the Audit Committee and independent directors.</u>	6.10.2	The internal audit personnel shall periodically check the adequacy of internal controls over derivative transactions. They shall also perform monthly audits on the transaction department's compliance with these Procedures and prepare written audit reports accordingly. If any material non-compliance is found, it shall immediately be reported in writing to <u>all Supervisors.</u>	<ol style="list-style-type: none"> 1. In accordance with revisions made to the Corporation's Procedures for the Acquisition or Disposal of Assets, article has been revised to include written notification to independent directors. 2. The Corporation has established an Audit Committee to replace Supervisors.
6.11	<p>Descriptions of operational processes</p> <p>o) Periodical review: <u>In accordance with the requirements of 6.9.3,</u> profits/losses on outstanding transactions shall be assessed and reviewed periodically, twice every month.</p> <p>p) Assessment report: <u>In accordance with the requirements of 6.9.3,</u> twice every month, derivative transaction assessment reports shall be</p>	6.11	<p>Descriptions of operational processes</p> <p>o) Periodical review: Profits/losses on outstanding transactions shall be assessed and reviewed periodically, <u>twice every month.</u></p> <p>p) Assessment report: Twice <u>every month,</u> derivative transaction assessment reports shall be submitted to the senior management personnel authorized by the Board for comments</p>	Wording revisions.

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	submitted to the senior management personnel authorized by the Board for comments or instructions...		or instructions...	
6.13.1	After adoption through passage by the Board, these Procedures, and any amendments hereto, shall be sent to <u>the Audit Committee</u> and submitted to a shareholders' meeting for approval. When a Director expresses dissent and such dissent is on record or in a written statement, the Corporation shall forward the materials containing the Director's dissent to <u>the Audit Committee</u> . (Remainder omitted.)	6.13.1	After adoption through passage by the Board, these Procedures, and any amendments hereto, shall be sent to <u>all Supervisors</u> and submitted to a shareholders' meeting for approval. When a Director expresses dissent and such dissent is on record or in a written statement, the Corporation shall forward the materials containing the Director's dissent to <u>all Supervisors</u> . (Remainder omitted.)	The Corporation has established an Audit Committee to replace Supervisors.
6.13.2	Removed.	6.13.2	<u>If the Corporation has set up an Audit Committee in accordance with the Securities and Exchange Act, all powers of Supervisors described in these Procedures shall be exercised by the Audit Committee in accordance with law.</u>	This article has been removed as Corporation has established an Audit Committee to replace Supervisors.
7.0	Records (abovementioned omitted) <u>d) Contracts and meeting records relating to transactions of derivative goods (retention period: 5</u>	7.0	Records	Amended to include items d), e), f) and retention periods.

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	<p><u>years).</u></p> <p><u>e) Documents relating to evaluations on hedging effectiveness (retention period: 5 years).</u></p> <p><u>f) Letters of notification sent to financial institutions regarding appointment and removal of transaction personnel (retention period: 5 years).</u></p>			
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