Stock Code：9904

寶成工業股份有限公司

POU CHEN CORPORATION

Handbook for the 2017 Annual General Shareholders' Meeting

<u>***Notice to readers***</u>

This English version handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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Pou Chen Corporation

2017 Annual General Shareholders' Meeting Procedure

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II. Meeting Agenda

Pou Chen Corporation

2017 Annual General Shareholders' Meeting Agenda

Date and Time: June 15, 2017 (Thursday) at 9:30 a.m.

Location: Conference room on the 3rd floor of the Company's office building in the Fu Hsin Industrial Park located at No. 2, Fu-Kong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan

Chairperson Remarks

A. Report Items

1. 2016 Business and Financial Report. (please refer to pages 3-29)
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2. Ratification of the proposed 2016 profit distribution plan. (please refer to pages 32-33)

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2. Discussion on the amendments to the Company's "Procedures for Acquisition and Disposal of Assets". (please refer to pages 37-49)

D. Extraordinary Motions

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A. Report Items

1. 2016 Business and Financial Report

   a. Business Report

      i. Operational Review

The Company's annual revenue in 2016 was NT$12.3 billion, the consolidated revenue was NT$274.9 billion, which reflects a 2.16% increase from the previous year (NT$269.1 billion), and the net income attributed to owners of the Company was NT$13.0 billion, which represents a 36.99% increase from the previous year (NT$9.5 billion). (Schedule 1 and Schedule 1-1)

(1) Operating revenue

The Company's consolidated revenue was generated from its two core businesses: manufacturing of shoes and apparel, and retailing of sporting goods and brand licensing business. These two businesses accounted for 71% and 29% of total revenue. (Schedule 2)

The Company's consolidated revenue in 2016 was increased by NT$5.8 billion compared with the previous year, primarily due to the steady operation of the Company's manufacturing business, while the growth of its retailing and brand licensing business was attributed to the expansion of its sales network and improved operational efficiency.

(2) Income from operations

Attributed to the continual growth of its consolidated revenue and its concerted effort in improving operational efficiency, the Company's consolidated income from operations in 2016 was NT$17.6 billion, increasing by NT$5.3 billion compared to the previous year (NT$12.3 billion). The operating margin improved from 4.6% in 2015 to 6.4% in 2016.

(3) Net income and Earnings per share

The net income attributable to owners of the Company was increased by NT$3.5 billion year-on-year in 2016, and its earnings per share was NT$4.43, which represents a NT$1.19 increase from the previous year (NT$3.24).

Schedule 1: Consolidated Financial Statements

(in NT$ thousands, except earnings per share)

Item \ Year		2016 Amount	2016 %	2015 Amount	2015 %	+(-)%
Operating revenue		274,895,346	100%	269,081,173	100%	2.16%
Gross profit		70,382,794	25%	64,505,418	24%	9.11%
Income from operations		17,628,501	6%	12,353,394	4%	42.70%
Income before income tax		26,279,802	9%	20,240,274	7%	29.84%
Net income		23,001,919	8%	16,601,466	6%	38.55%
Net income attributable to	Owners of the Company	13,057,050	5%	9,531,358	3%	36.99%
	Non-controlling interests	9,944,869	3%	7,070,108	3%	40.66%
Basic earnings per share		4.43		3.24		

Schedule 1-1: Separate Financial Statements

(in NT$ thousands, except earnings per share)

Item \ Year	2016 Amount	2016 %	2015 Amount	2015 %	+(-)%
Operating revenue	12,294,428	100%	12,748,522	100%	(3.56%)
Gross profit	3,834,602	31%	3,744,314	29%	2.41%
Income from operations	244,462	2%	448,660	3%	(45.51%)
Income before income tax	13,790,027	112%	10,998,814	86%	25.38%
Net income	13,057,050	106%	9,531,358	75%	36.99%
Basic earnings per share	4.43		3.24		

Schedule 2

(in NT$ thousands)

Primary business \ Year	2016 Amount	2016 %	2015 Amount	2015 %
Manufacturing of shoes and apparel	194,830,122	71%	195,313,401	73%
Retailing of sporting goods and brand licensing business	78,880,234	29%	72,926,712	27%
Other	1,184,990	-	841,060	-
Total	274,895,346	100%	269,081,173	100%

ii. Research and Development

In 2016, the Company invested 2.4% of its consolidated revenue in research & development (R&D), which comprises continual advancement of manufacturing processes, application of e-system management tools, incorporation of new production models and new manufacturing technologies, and constant improvement of operational efficiency. The Company established separate R&D team and independent product development center for each of the major brand name customers. The Company maintains close cooperation with its customers during product and prototype development, using cutting-edge technologies and years of practical experience to combine innovative elements and eco-friendly materials to produce high-quality footwear products that are highly recognized by customers.

iii. Corporate Social Responsibility

As a socially and environmentally responsible corporate citizen, the Company actively implements corporate social responsibility while in pursuit of creating profit and seeking business performance. The Company values the rights and interests of its stakeholders, including customers, employees, investors, suppliers, and the community and continues to promote the following activities:

(1) Environmental Protection, Energy Conservation, and Carbon Reduction

The Company fulfills its social responsibility in environmental protection by regularly inspecting plant operations, pollution prevention equipment functions, and environmental regulations to ensure its emissions conform to regulatory standards. Furthermore, the Company continues to encourage energy conservation and carbon reduction by constantly improving plant practices for energy management and actively working with suppliers to establish a green supply chain and enhance the Company's environmental and energy performance.

(2) Employee Relations

The Company has set up and maintains an effective communication platform for employees and company executives, devises consistent complaint reporting system, regularly tracks and analyzes issues of concern, and improves mutual interaction and understanding. By holding internal and external employee activities, the Company elucidates its core values, improves internal solidarity and organizational identity, promotes harmonious employee–employer relations, and builds a friendly workplace.

(3) Environmental Safety and Health for Damage Prevention

The Company has refined its risk management system by infusing safety designs and skillful inspections in the process of plant construction, equipment procurement or maintenance and renovation processes. The Company conducts examination and auditing and provides training program and competition events to raise employees' safety awareness and create a safe and healthy working environment.

(4) Compliance

The Company collaborates with internal functional units to continue to implement internal inspections to identify, track, and respond to the environmental and occupational risks that the Company's plants are exposed to, in order to prevent the occurrence of major incidents. In addition, the Company integrates autonomous management for its plants by setting up designated units and supervision mechanisms to enhance the management performance of the Company's plants.

iv. 2017 Business Plan

(1) Operating Guidelines

■ Footwear Manufacturing

(a) Leverage local advantage to optimize capacity allocation.

The 2016 production volume in China, Vietnam, and Indonesia accounted for 20%, 44%, and 34% of the Company's total output, respectively, whereas that of Cambodia, Bangladesh, and Myanmar accounted for 2%. Considering the production advantages in these countries, the Company will continue to focus on China, Vietnam, and Indonesia as its main production bases in 2017 and maximize the flexibility of its production allocation to satisfy customer needs.

(b) Enhance automation as a means of manufacturing excellence model.

In 2017, the Company plans to expand its production capacity in Vietnam and Indonesia to boost its business development. Meanwhile, the Company continues to implement automated manufacturing practice, optimize production measures, and maximize the output of its existing production bases. The Company endeavors to create long-term value for its business by simultaneously managing the increase of new production facilities and enhancement of management efficiencies.

(c) Continuously invest in manufacturing innovation as a means of stronger R&D capacity.

The Company maintains close cooperation with customers, continue to improve its R&D talent-base, increase investment in the development of innovative technologies and promotion of smart manufacturing, improve manufacturing practice to one that enhances production efficiency, production benefit, and production capability, and produce brand-specific, competitive footwear products for customers.

(d) Integrate supply chain resources to enhance value addition.

The Company advocates integrating supply chain resources, cooperates with suppliers in innovation and R&D management and application, actively participate in material improvement and process upgrade, and constructs a supply chain system that quickly responds to market needs in order to elevate operational efficiency and add value to the industry chain.

■ Retailing and Brand Licensing

(a) Complete brand and product portfolios to satisfy consumer needs.

The Company sells products that range from sports brands to lifestyle brands. Therefore, in addition to strengthening its existing cooperation with such major sports brands as Nike and adidas, the Company responds to the diversity of consumer needs by proactively perfecting its product profile, continuously pursuing opportunities with international outdoor and leisure brands, and rendering excellent products and services that engender the best consumer experience.

(b) Expand retail network to realize an omni-channel operation.

Because sporting goods is a potential market in the Greater China, the Company will continue to extend its market reach in 2017 which includes mono-brand stores, multi-brand stores, and mega-sport city, and respond to the growing trend in the development of Internet of Things application service by constantly investing in e-business activities, integrate online and offline channels to achieve omni-channel coverage.

(c) Build a sporting service platform to promote healthy, leisure lifestyle.

The Company establishes a comprehensive sport-oriented service platform that integrates sporting goods channel with sports-related activities, including competition, travel, marketing, sports center management, and media systems.

(d) Connect retailing business with manufacturing business as an end-to-end operating model.

An end to end business model enables manufacturers to obtain timely market feedbacks that can facilitate accurate understanding of consumer personalized needs, increase production flexibility and enhance supply chain management, and continual advancement of end-to-end operational capability can reach the business objective of proactively marketing and providing integrated manufacturing services.

(2) Future Outlook

Looking forward to 2017, gradual recovery in the global economy is anticipated, although it is subjected to impacts of protectionism, changes in U.S. policies, complexity of U.S.–China relations, divergence in monetary policies worldwide, and the development of European political economy, all of which contribute to the uncertainties in the overall economic trend of the year.

Given the prevailing challenges and variables in the industrial business environment, the Company will persevere in innovation, recruit a diversity of skilled talents, value the importance of corporate governance and corporate social responsibility, focus on footwear manufacturing and sportswear retailing business, and to pursue both quality and quantity in the Company's business development.

Regarding footwear manufacturing, the Company will continue to improve automated processing, increase production flexibility, refine manufacturing technologies and integrate supply chain resources, and actively explore possibilities in innovative applications and services, to provide more benefits for customers and create new added value for the entire footwear supply chain.

Regarding retailing and brand licensing, the Company will constantly strengthen internal management and adjust its business marketing strategy by enriching product profiles, developing full-coverage sales networks, and provide novel consumer experiences through the synergistic effects of a sporting service platform, thereby leading and creating consumer needs.

Chan, Lu- Min	Lu, Chin- Chu	Ho, Ming-Kun
Chairman of the Board	President	Head of Accounting Dept.

b. Financial Report

i. Consolidated Financial Statements and Independent Auditors’ Report

Deloitte.

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INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Shareholders
Pou Chen Corporation

Opinion

We have audited the accompanying consolidated financial statements of Pou Chen Corporation (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter section of this report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2016 are as follow.

<u>Write-down of Inventory</u>

As of December 31, 2016, inventories of the Group amounted to $45,605,153 thousand. For the related critical accounting judgments, key sources of estimation, and significant accounting policies, refer to Notes 4 and 5 of the consolidated financial statements.

The inventory of the Group is stated at the lower of cost or net realizable value. The valuation of net realizable value required consideration of the condition of the product market sales and quality status, which involved significant judgments and estimations made by management. As a result, the write-down of inventory is regarded as a key audit matter of the 2016 consolidated financial statements.

We obtained the inventory valuation sheets prepared by the management, selected samples of estimated selling prices and traced them to the recent sales records to assess the rationale of the net realizable value determined by the management. In addition, we selected samples from the inventory aging report prepared by the management to verify the correctness of its classification and the reasonableness of the amount of inventory write-downs.

Impairment of Goodwill and Intangible Assets

As of December 31, 2016, goodwill and intangible assets - brands of the Group amounted to $9,103,660 thousand and $1,890,592 thousand, respectively. For the related critical accounting judgments, key sources of estimation, and significant accounting policies, refer to Notes 4 and 5 of the consolidated financial statement.

The management evaluated the impairment of the assets above based on their recoverable amount. The recoverable amount is determined according to the forecast of the trading performance and future cash flows and the discount rate. As a result, the test of impairment involved significant judgments and estimations made by management. As a result, the impairment of goodwill and intangible assets is regarded as a key audit matter of the 2016 consolidated financial statements.

Our audit procedures in response to this key audit matter were to evaluate the reasonableness of the significant assumptions, evaluation model, and basic information of the impairment test used by management and to recalculate the impairment.

Other Matter

The Group's investments in Ruen Chen Investment Holding Co., Ltd. were accounted for by the equity method in the consolidated financial statements and were based on its financial statements, which were audited by other auditors. Our opinion, insofar as it relates to the Group's investments in Ruen Chen Investment Holding Co., Ltd., is based solely on the report of other auditors. As of December 31, 2016 and 2015, the carrying value of the investments was 3.03% ($8,912,633 thousand) and 2.08% ($5,846,585 thousand) of the total assets, respectively. For the years ended December 31, 2016 and 2015, the share of profit of the associate was 16.19% ($4,255,105 thousand) and 18.25% ($3,693,799 thousand) of the income before income tax, respectively.

We have also audited the parent company only financial statements of Pou Chen Corporation as of and for the years ended December 31, 2016 and 2015 on which we have issued an unqualified opinion and an unqualified modified opinion, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 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 Ker-Chang Wu and Hung-Bin Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2017

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 35,635,653	12	$ 37,820,911	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,110,141	-	581,288	-
Available-for-sale financial assets - current (Notes 4 and 8)	13,875,320	5	12,622,099	5
Held-to-maturity financial assets - current (Notes 4 and 9)	972,124	-	49,567	-
Debt investments with no active market - current (Notes 4 and 10)	793,924	-	1,390,697	1
Notes receivable (Notes 4 and 11)	22,743	-	12,221	-
Notes receivable from related parties (Notes 4, 11 and 38)	17	-	20	-
Accounts receivable (Notes 4 and 11)	38,073,679	13	33,796,622	12
Accounts receivable from related parties (Notes 4, 11 and 38)	54,156	-	78,106	-
Other receivables (Notes 4 and 11)	4,328,034	2	3,604,286	1
Inventories - manufacturing and retailing (Notes 4 and 12)	40,709,470	14	41,228,992	15
Inventories - construction (Notes 4 and 12)	4,895,683	2	5,029,350	2
Prepayments for leases (Note 4)	152,980	-	158,911	-
Non-current assets held for sale (Notes 4 and 13)	1,386,879	-	-	-
Other current assets (Notes 4 and 14)	9,309,768	3	9,290,217	3
Total current assets	151,320,571	51	145,663,287	52
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	328,492	-	654,795	-
Available-for-sale financial assets - non-current (Notes 4 and 8)	908,711	-	692,074	-
Held-to-maturity financial assets - non-current (Notes 4 and 9)	5,191,289	2	1,401,726	1
Financial assets measured at cost - non-current (Notes 4 and 15)	592,550	-	659,395	-
Debt investments with no active market - non-current (Notes 4, 10 and 39)	35,205	-	32,771	-
Investments accounted for using equity method (Notes 4 and 17)	39,108,525	13	37,437,669	13
Property, plant and equipment (Notes 4 and 18)	71,464,806	25	69,778,999	25
Investment properties (Notes 4, 19 and 39)	2,309,447	1	2,316,581	1
Goodwill (Notes 4 and 20)	9,103,660	3	9,535,733	4
Other intangible assets (Notes 4 and 21)	2,850,439	1	3,282,105	1
Deferred tax assets (Notes 4 and 29)	861,151	-	612,351	-
Long-term prepayments for leases (Note 4)	5,575,613	2	5,615,916	2
Other non-current assets (Notes 4 and 14)	4,239,402	2	2,940,517	1
Total non-current assets	142,569,290	49	134,960,632	48
TOTAL	$ 293,889,861	100	$ 280,623,919	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 22)	$ 24,031,120	8	$ 15,708,753	6
Short-term bills payable (Note 22)	2,544,755	1	2,589,343	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	915,676	-	1,404,523	-
Notes payable (Notes 4 and 23)	19,526	-	21,337	-
Notes payable to related parties (Notes 4, 23 and 38)	26,809	-	15,080	-
Accounts payable (Notes 4 and 23)	13,189,428	4	15,430,256	5
Accounts payable to related parties (Notes 4, 23 and 38)	1,450,017	1	1,866,283	1
Other payables (Note 24)	25,218,684	9	25,724,377	9
Current tax liabilities (Notes 4 and 29)	1,574,657	1	2,354,742	1
Liabilities directly associated with non-current assets held for sale (Notes 4 and 13)	1,067,765	-	-	-
Current portion of long-term borrowings (Note 22)	-	-	21,159,324	7
Other current liabilities	4,693,927	2	4,382,374	2
Total current liabilities	74,732,364	26	90,656,392	32
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 22)	50,363,126	17	29,770,315	11
Deferred tax liabilities (Notes 4 and 29)	1,774,228	1	1,822,808	1
Long-term payables (Note 24)	159,330	-	177,187	-
Net defined benefit liabilities (Notes 4 and 25)	3,810,791	1	3,355,127	1
Other non-current liabilities	39,318	-	38,423	-
Total non-current liabilities	56,146,793	19	35,163,860	13
Total liabilities	130,879,157	45	125,820,252	45
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 26)				
Share capital				
Common shares	29,467,872	10	29,467,872	10
Capital surplus	4,540,163	2	4,631,708	2
Retained earnings				
Legal reserve	11,213,184	4	10,260,048	4
Special reserve	11,905,595	4	5,608,553	2
Unappropriated earnings	32,214,698	11	31,207,526	11
Total retained earnings	55,333,477	19	47,076,127	17
Other equity	(13,636,368)	(5)	(11,905,594)	(4)
Total equity attributable to owners of the Company	75,705,144	26	69,270,113	25
NON-CONTROLLING INTERESTS	87,305,560	29	85,533,554	30
Total equity	163,010,704	55	154,803,667	55

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 38)	$ 274,895,346	100	$ 269,081,173	100
OPERATING COSTS (Notes 25, 28 and 38)	204,512,552	75	204,575,755	76
GROSS PROFIT	70,382,794	25	64,505,418	24
OPERATING EXPENSES (Notes 25 and 28)				
Selling and marketing expenses	27,004,453	10	24,784,935	9
General and administrative expenses	19,066,493	7	21,358,105	8
Research and development expenses	6,683,347	2	6,008,984	3
Total operating expenses	52,754,293	19	52,152,024	20
INCOME FROM OPERATIONS	17,628,501	6	12,353,394	4
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 28)	4,338,239	2	3,868,364	1
Other gains and losses (Note 28)	(642,987)	-	(1,346,843)	-
Finance costs (Note 28)	(1,316,016)	(1)	(1,121,294)	-
Share of the profit of associates and joint ventures (Notes 4 and 17)	6,272,065	2	6,486,653	2
Total non-operating income and expenses	8,651,301	3	7,886,880	3
INCOME BEFORE INCOME TAX	26,279,802	9	20,240,274	7
INCOME TAX EXPENSE (Notes 4 and 29)	(3,277,883)	(1)	(3,638,808)	(1)
NET INCOME FOR THE YEAR	23,001,919	8	16,601,466	6
OTHER COMPREHENSIVE (LOSS) INCOME (Note 3)				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial loss arising from defined benefit plans (Note 25)	(441,804)	-	(216,694)	-
Share of the other comprehensive loss of associates and joint ventures	(26,353)	-	(76,182)	-

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ (3,059,800)	(1)	$ 390,145	-
Unrealized gain (loss) on available-for-sale financial assets	1,473,111	-	(1,650,970)	(1)
Share of the other comprehensive loss of associates and joint ventures	(1,257,357)	-	(6,262,330)	(2)
Other comprehensive loss for the year, net of income tax	(3,312,203)	(1)	(7,816,031)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 19,689,716	7	$ 8,785,435	3
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 13,057,050	5	$ 9,531,358	3
Non-controlling interests	9,944,869	3	7,070,108	3
	$ 23,001,919	8	$ 16,601,466	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 10,946,757	4	$ 2,941,441	1
Non-controlling interests	8,742,959	3	5,843,994	2
	$ 19,689,716	7	$ 8,785,435	3
EARNINGS PER SHARE (Note 30)				
Basic	$ 4.43		$ 3.24	
Diluted	$ 4.29		$ 3.14	

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

(With Deloitte & Touche audit report dated March 27, 2017) (Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
			Retained Earnings			Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation Foreign Operation	Unrealized Loss on Available-for-sale Financial Assets	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2015	$ 29,441,372	$ 4,627,549	$ 9,398,498	$ 9,180,047	$ 23,675,306	$ 3,345,749	$ (8,954,302)	$ 70,714,219	$ 81,411,376	$ 152,125,595
Appropriation of 2014 earnings (Note 26)										
Legal reserve	-	-	861,550	-	(861,550)	-	-	-	-	-
Special reserve	-	-	-	(3,571,494)	3,571,494	-	-	-	-	-
Cash dividends	-	-	-	-	(4,416,206)	-	-	(4,416,206)	-	(4,416,206)
	-	-	861,550	(3,571,494)	(1,706,262)	-	-	(4,416,206)	-	(4,416,206)
Net income for the year ended December 31, 2015	-	-	-	-	9,531,358	-	-	9,531,358	7,070,108	16,601,466
Other comprehensive (loss) income for the year ended December 31, 2015	-	-	-	-	(292,876)	1,675,137	(7,972,178)	(6,589,917)	(1,226,114)	(7,816,031)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	9,238,482	1,675,137	(7,972,178)	2,941,441	5,843,994	8,785,435
Execution of employee share options (Notes 26 and 31)	26,500	21,200	-	-	-	-	-	47,700	-	47,700
Share of changes in net assets of associates or joint ventures (Notes 4 and 26)	-	624	-	-	-	-	-	624	-	624
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 26)	-	(18,814)	-	-	-	-	-	(18,814)	-	(18,814)
Share of changes in equities of subsidiaries (Notes 4 and 26)	-	1,149	-	-	-	-	-	1,149	-	1,149
Change in non-controlling interests	-	-	-	-	-	-	-	-	(1,721,816)	(1,721,816)
Change in equity for the year ended December 31, 2015	26,500	4,159	861,550	(3,571,494)	7,532,220	1,675,137	(7,972,178)	(1,444,106)	4,122,178	2,678,072
BALANCE AT DECEMBER 31, 2015	29,467,872	4,631,708	10,260,048	5,608,553	31,207,526	5,020,886	(16,926,480)	69,270,113	85,533,554	154,803,667
Appropriation of 2015 earnings (Note 26)										
Legal reserve	-	-	953,136	-	(953,136)	-	-	-	-	-
Special reserve	-	-	-	6,297,042	(6,297,042)	-	-	-	-	-
Cash dividends	-	-	-	-	(4,420,181)	-	-	(4,420,181)	-	(4,420,181)
	-	-	953,136	6,297,042	(11,670,359)	-	-	(4,420,181)	-	(4,420,181)
Net income for the year ended December 31, 2016	-	-	-	-	13,057,050	-	-	13,057,050	9,944,869	23,001,919
Other comprehensive (loss) income for the year ended December 31, 2016	-	-	-	-	(379,519)	(1,911,713)	180,939	(2,110,293)	(1,201,910)	(3,312,203)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	12,677,531	(1,911,713)	180,939	10,946,757	8,742,959	19,689,716
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 26)	-	(93,840)	-	-	-	-	-	(93,840)	-	(93,840)
Share of changes in equities of subsidiaries (Notes 4 and 26)	-	2,295	-	-	-	-	-	2,295	-	2,295
Change in non-controlling interests	-	-	-	-	-	-	-	-	(6,970,953)	(6,970,953)
Change in equity for the year ended December 31, 2016	-	(91,545)	953,136	6,297,042	1,007,172	(1,911,713)	180,939	6,435,031	1,772,006	8,207,037
BALANCE AT DECEMBER 31, 2016	$ 29,467,872	$ 4,540,163	$ 11,213,184	$ 11,905,595	$ 32,214,698	$ 3,109,173	$ (16,745,541)	$ 75,705,144	$ 87,305,560	$ 163,010,704

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

(With Deloitte & Touche audit report dated March 27, 2017)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax for the year	$ 26,279,802	$ 20,240,274
Adjustments for:		
Depreciation expenses	8,427,917	7,961,099
Amortization expenses	365,488	390,664
Recognized impairment losses on accounts receivable	65,832	210,589
Net (gain) loss on fair value change of financial instruments at fair value through profit or loss	(781,268)	787,869
Finance costs	1,316,016	1,121,294
Interest income	(530,490)	(428,575)
Dividends income	(874,208)	(758,064)
Compensation cost of employee share options	58,890	69,173
Share of profit of associates and joint ventures	(6,272,065)	(6,486,653)
Net loss on disposal of property, plant and equipment	251,490	393,827
Net gain on disposal of investments	(31,530)	(125,979)
Net gain on disposal of subsidiaries, associates and joint ventures	(26,489)	(159,898)
Recognized of impairment loss	228,320	607,272
Changes in operating assets and liabilities		
Financial instruments held for trading	(289,872)	(433,321)
Notes receivable	(10,522)	6,028
Notes receivable from related parties	3	33
Accounts receivable	(4,342,889)	(2,775,683)
Accounts receivable from related parties	23,950	111,394
Other receivables	(600,687)	538,138
Inventories	653,189	182,368
Other current assets	(19,551)	96,658
Other operating assets	186,924	222,347
Notes payable	(1,811)	(16,965)
Notes payable to related parties	11,729	(21,435)
Accounts payable	(2,240,828)	2,051,231
Accounts payable to related parties	(416,266)	147,273
Other payables	(660,928)	3,150,578
Other current liabilities	311,553	(598,768)
Net defined benefit liabilities	13,860	(89,226)
Other operating liabilities	(17,857)	(493,993)
Cash generated from operations	21,077,702	25,899,549
Interest paid	(1,297,091)	(1,108,547)
Income tax paid	(4,074,686)	(2,746,823)
Net cash generated from operating activities	15,705,925	22,044,179
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets design at FVTPL	-	(314,198)
Proceeds on sale of financial assets design at FVTPL	379,743	18,990
Acquisition of available-for-sale financial assets	-	(935,745)

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Proceeds on sale of available-for-sale financial assets	$ -	$ 209,223
Acquisition of debt investments with no active market	(766,383)	(2,553,718)
Proceeds on sale of debt investments with no active market	1,360,722	4,060,176
Acquisition of held-to-maturity financial assets	(5,024,724)	(1,526,719)
Proceeds on held-to-maturity financial assets	49,960	33,806
Acquisition of financial assets measured at cost	(12,191)	(4,927)
Proceed on sale of financial assets measured at cost	99,844	154,457
Acquisition of associates and joint ventures	(118,514)	-
Proceeds from disposal of associates and joint ventures	12,467	2,145,587
Net cash outflow on acquisition of subsidiaries	-	(63,572)
Net cash (outflow) inflow on disposal of subsidiaries	(37,557)	88,007
Acquisition of property, plant and equipment	(13,569,790)	(13,342,832)
Proceeds from disposal of property, plant and equipment	1,760,564	494,540
Increase in refundable deposits	(201,540)	-
Decrease in refundable deposits	-	21,158
Acquisition of investment properties	(57,094)	(21,775)
Increase in prepayments for equipment	(1,284,269)	(1,201,908)
Acquisition of long-term prepayments for leases	(59,313)	(92,928)
Proceeds from disposal of long-term prepayments for leases	75,693	115,940
Interest received	402,892	512,097
Dividends received	3,141,728	2,740,878
Cash dividends from reduction of capital surplus from associates	5,435	-
Net cash used in investing activities	(13,842,327)	(9,463,463)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	8,322,367	-
Repayments of short-term borrowings	-	(2,713,921)
Proceeds from short-term bills payable	-	838,500
Repayments of short-term bills payable	(45,500)	-
Proceeds from long-term borrowings	-	698,500
Repayments of long-term borrowings	(586,500)	-
Increase in guarantee deposits	895	-
Decrease in guarantee deposits	-	(2,315)
Cash dividend	(4,420,181)	(4,416,206)
Execution of employee share options	-	47,700
Change in non-controlling interests	(6,970,953)	(1,721,816)
Net cash used in financing activities	(3,699,872)	(7,269,558)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(305,479)	(2,284,974)

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$ (2,141,753)	$ 3,026,184
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	37,820,911	34,794,727
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 35,679,158	$ 37,820,911

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2016 and 2015:

	December 31	
	2016	2015
Cash and cash equivalents in consolidated balance sheets	$ 35,635,653	$ 37,820,911
Cash and cash equivalents included in a disposal group held for sale	43,505	-
Cash and cash equivalents in consolidated statements of cash flow	$ 35,679,158	$ 37,820,911

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

(With Deloitte & Touche audit report dated March 27, 2017) (Concluded)

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Pou Chen Corporation

Opinion

We have audited the accompanying financial statements of Pou Chen Corporation (the Company), which comprise the balance sheets as of December 31, 2016 and 2015, 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, based on our audits and the report of other auditors (refer to the other matter section of this report), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit 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, 2016. 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 financial statements for the year ended December 31, 2016 are shown below.

<u>Impairment of Assets</u>

As of December 31, 2016, the Company's property, plant and equipment and investment properties amounted to $4,503,791 thousand and $1,976,031 thousand, respectively. For the related critical accounting judgments, key sources of estimation, and significant accounting policies, refer to Notes 4 and 5 of the accompanying financial statements.

Management evaluated the impairment of assets based on their recoverable amounts, which is the higher of fair value less costs to sell or value-in-use of those assets. The recoverable amount is determined according to the market price or estimated future cash flows of those assets. As a result, the test of impairment involves significant judgments and estimations made by the management. As a result, the impairment of assets is regarded as a key audit matter of the 2016 financial statements.

Our audit procedures in response to this key audit matter were to obtain the impairment valuation sheets prepared by the management and to test management's assumptions used in the impairment model, such as the cash flows projections and discount rates.

Sales Revenue

The criterion for the point of recognition of sales revenue is identifying when and whether the risks and ownership of goods have been transferred to customers. The revenue recognition policy can be found in Note 4 of the Company's financial statement.

The main business activities of the Company is the purchase of the shoe-related materials and the sale of said items to related parties. We identified sales revenue as a key audit matter because the fair presentation of the Company's financial statements is directly affected by the revenue recognized.

Our audit procedures in response to sales revenue consisted of examining the transaction terms of transactions to confirm that sales revenue was recognized according to the point at which the risks and returns of goods were transferred. Further to this, our audit procedures included understanding the internal controls of the recognition of sales revenue and evaluating and testing the effectiveness of the design and implementation of revenue recognition. We also obtained details of the sales transactions reports prepared by the management and selected critical samples from the reports to verify the occurrence of revenue.

Other Matter

The Company's investments in Ruen Chen Investment Holding Co., Ltd. were accounted for by the equity method in the financial statements and were based on financial statements which were audited by other auditors. Our opinion, insofar as it relates to the Company's investments in Ruen Chen Investment Holding Co., Ltd., is based solely on the report of other auditors. As of December 31, 2016 and 2015, the carrying value of the investments was 8.45% ($8,912,633 thousand) and 5.97% ($5,846,585 thousand) of the total assets, respectively. For the years ended December 31, 2016 and 2015, the share of profit of the associate was 30.86% ($4,255,105 thousand) and 33.58% ($3,693,799 thousand) of the income before income tax, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 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 Ker-Chang Wu and Hung-Bin Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2017

Notice to Readers

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

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

POU CHEN CORPORATION

BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 540,793	1	$ 604,593	1
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	131,915	-	43,064	-
Available-for-sale financial assets - current (Notes 4 and 8)	4,468,517	4	4,119,079	4
Debt investments with no active market - current (Notes 4 and 9)	90,493	-	394,605	-
Notes receivable (Notes 4 and 10)	21,253	-	11,217	-
Notes receivable from related parties (Notes 4, 10 and 30)	17	-	17	-
Accounts receivable (Notes 4 and 10)	29,504	-	27,060	-
Accounts receivable from related parties (Notes 4, 10 and 30)	1,854,777	2	1,502,510	2
Other receivables (Notes 4 and 10)	266,973	-	211,402	-
Inventories (Notes 4 and 11)	76,257	-	66,454	-
Other current assets (Notes 4 and 12)	61,028	-	56,620	-
Total current assets	7,541,527	7	7,036,621	7
NON-CURRENT ASSETS				
Held-to-maturity financial assets - non-current (Notes 4 and 13)	285,872	1	-	-
Financial assets measured at cost - non-current (Notes 4 and 14)	61,000	-	61,000	-
Investments accounted for using equity method (Notes 4 and 15)	90,991,502	86	84,366,961	86
Property, plant and equipment (Notes 4 and 16)	4,503,791	4	4,187,849	5
Investment properties (Notes 4 and 17)	1,976,031	2	2,029,185	2
Deferred tax assets (Notes 4 and 25)	50,938	-	106,469	-
Other non-current assets (Notes 4 and 12)	116,700	-	85,962	-
Total non-current assets	97,985,834	93	90,837,426	93
TOTAL	$ 105,527,361	100	$ 97,874,047	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 6,515,000	6	$ 4,706,500	5
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	113,284	-	48,714	-
Notes payable (Notes 4 and 19)	16,676	-	19,607	-
Notes payable to related parties (Notes 4, 19 and 30)	25,724	-	15,080	-
Accounts payable (Notes 4 and 19)	1,324,640	1	1,425,749	2
Accounts payable to related parties (Notes 4, 19 and 30)	101,253	-	67,934	-
Other payables (Note 20)	1,394,239	2	1,293,256	1
Current tax liabilities (Notes 4 and 25)	606,668	1	1,377,602	1
Current portion of long-term borrowings (Note 18)	-	-	4,748,053	5
Other current liabilities	113,032	-	69,425	-
Total current liabilities	10,210,516	10	13,771,920	14
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	17,000,000	16	12,241,510	12
Deferred tax liabilities (Notes 4 and 25)	801,343	1	730,588	1
Net defined benefit liabilities (Notes 4 and 21)	1,789,168	1	1,842,453	2
Other non-current liabilities (Note 15)	21,190	-	17,463	-
Total non-current liabilities	19,611,701	18	14,832,014	15
Total liabilities	29,822,217	28	28,603,934	29
EQUITY (Notes 4 and 22)				
Share capital				
Common shares	29,467,872	28	29,467,872	30
Capital surplus	4,540,163	4	4,631,708	5
Retained earnings				
Legal reserve	11,213,184	11	10,260,048	10
Special reserve	11,905,595	11	5,608,553	6
Unappropriated earnings	32,214,698	31	31,207,526	32
Total retained earnings	55,333,477	53	47,076,127	48
Other equity	(13,636,368)	(13)	(11,905,594)	(12)
Total equity	75,705,144	72	69,270,113	71
TOTAL	$ 105,527,361	100	$ 97,874,047	100

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

(With Deloitte & Touche audit report dated March 27, 2017)

POU CHEN CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 23 and 30)	$ 12,294,428	100	$ 12,748,522	100
OPERATING COSTS (Notes 24 and 30)	8,461,282	69	9,004,039	71
GROSS PROFIT	3,833,146	31	3,744,483	29
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	1,456	-	(169)	-
REALIZED GROSS PROFIT	3,834,602	31	3,744,314	29
OPERATING EXPENSES (Notes 21 and 24)				
Selling and marketing expenses	69,745	1	73,442	1
General and administrative expenses	2,142,716	17	2,210,180	17
Research and development expenses	1,377,679	11	1,012,032	8
Total operating expenses	3,590,140	29	3,295,654	26
INCOME FROM OPERATIONS	244,462	2	448,660	3
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 24 and 30)	530,857	4	556,477	4
Other gains and losses (Note 24)	(123,499)	(1)	348,997	3
Finance costs (Note 24)	(338,342)	(3)	(358,074)	(3)
Share of the profit of subsidiaries and associates (Notes 4 and 15)	13,476,549	110	10,002,754	79
Total non-operating income and expenses	13,545,565	110	10,550,154	83
INCOME BEFORE INCOME TAX	13,790,027	112	10,998,814	86
INCOME TAX EXPENSE (Notes 4 and 25)	(732,977)	(6)	(1,467,456)	(11)
NET INCOME FOR THE YEAR	13,057,050	106	9,531,358	75

(Continued)

POU CHEN CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE (LOSS) INCOME (Note 3)				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial loss arising from defined benefit plans (Note 21)	$ (272,105)	(2)	$ (216,694)	(2)
Share of the other comprehensive loss of subsidiaries and associates	(107,414)	(1)	(76,182)	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on available-for-sale financial assets	349,438	3	(567,431)	(5)
Share of the other comprehensive loss of subsidiaries and associates	(2,080,212)	(17)	(5,729,610)	(45)
Other comprehensive loss for the year, net of income tax	(2,110,293)	(17)	(6,589,917)	(52)
TOTAL COMPREHENSIVE INCOME	$ 10,946,757	89	$ 2,941,441	23
EARNINGS PER SHARE (Note 26)				
Basic	$ 4.43		$ 3.24	
Diluted	$ 4.29		$ 3.14	

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

(With Deloitte & Touche audit report dated March 27, 2017) (Concluded)

POU CHEN CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity		
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Income on Available-for-sale Financial Assets	Total Equity
BALANCE AT JANUARY 1, 2015	$ 29,441,372	$ 4,627,549	$ 9,398,498	$ 9,180,047	$ 23,675,306	$ 3,345,749	$ (8,954,302)	$ 70,714,219
Appropriation of 2014 earnings (Note 22)								
Legal reserve	-	-	861,550	-	(861,550)	-	-	-
Special reserve	-	-	-	(3,571,494)	3,571,494	-	-	-
Cash dividends	-	-	-	-	(4,416,206)	-	-	(4,416,206)
	-	-	861,550	(3,571,494)	(1,706,262)	-	-	(4,416,206)
Net income for the year ended December 31, 2015	-	-	-	-	9,531,358	-	-	9,531,358
Other comprehensive (loss) income for the year ended December 31, 2015	-	-	-	-	(292,876)	1,675,137	(7,972,178)	(6,589,917)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	9,238,482	1,675,137	(7,972,178)	2,941,441
Execution of employee share options (Notes 22 and 27)	26,500	21,200	-	-	-	-	-	47,700
Share of changes in net assets of associates (Notes 4 and 22)	-	624	-	-	-	-	-	624
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 22)	-	(18,814)	-	-	-	-	-	(18,814)
Share of changes in equities of subsidiaries (Notes 4 and 22)	-	1,149	-	-	-	-	-	1,149
Change in equity for the year ended December 31, 2015	26,500	4,159	861,550	(3,571,494)	7,532,220	1,675,137	(7,972,178)	(1,444,106)
BALANCE AT DECEMBER 31, 2015	29,467,872	4,631,708	10,260,048	5,608,553	31,207,526	5,020,886	(16,926,480)	69,270,113
Appropriation of 2015 earnings (Note 22)								
Legal reserve	-	-	953,136	-	(953,136)	-	-	-
Special reserve	-	-	-	6,297,042	(6,297,042)	-	-	-
Cash dividends	-	-	-	-	(4,420,181)	-	-	(4,420,181)
	-	-	953,136	6,297,042	(11,670,359)	-	-	(4,420,181)
Net income for the year ended December 31, 2016	-	-	-	-	13,057,050	-	-	13,057,050
Other comprehensive (loss) income for the year ended December 31, 2016	-	-	-	-	(379,519)	(1,911,713)	180,939	(2,110,293)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	12,677,531	(1,911,713)	180,939	10,946,757
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 22)	-	(93,840)	-	-	-	-	-	(93,840)
Share of changes in equities of subsidiaries (Notes 4 and 22)	-	2,295	-	-	-	-	-	2,295
Change in equity for the year ended December 31, 2016	-	(91,545)	953,136	6,297,042	1,007,172	(1,911,713)	180,939	6,435,031
BALANCE AT DECEMBER 31, 2016	$ 29,467,872	$ 4,540,163	$ 11,213,184	$ 11,905,595	$ 32,214,698	$ 3,109,173	$(16,745,541)	$ 75,705,144

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

(With Deloitte & Touche audit report dated March 27, 2017)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 13,790,027	$ 10,998,814
Adjustments for:		
Depreciation expenses	244,682	226,736
Net (gain) loss on fair value change of financial instruments at FVTPL	(105,337)	(67,625)
Finance costs	338,342	358,074
Interest income	(17,197)	(50,840)
Dividends income	(288,827)	(251,886)
Share of the profit of subsidiaries and associates	(13,476,549)	(10,002,754)
Net loss on disposal of property, plant and equipment	296	1,564
Net gain on disposal of available-for-sale financial assets	-	(22,758)
Net loss on disposal of associates	4,277	-
(Realized) unrealized gain on the transactions with subsidiaries	(1,456)	169
Changes in operating assets and liabilities		
Financial instruments held for trading	81,056	36,613
Notes receivable	(10,036)	5,148
Notes receivable from related parties	-	36
Accounts receivable	(2,444)	16,161
Accounts receivable from related parties	(352,267)	220,843
Other receivables	(56,429)	(5,173)
Inventories	(9,803)	41,052
Other current assets	(4,409)	5,923
Other operating assets	(3,119)	(3,671)
Notes payable	(2,931)	(16,933)
Notes payable to related parties	10,644	(21,435)
Accounts payable	(101,109)	(48,908)
Accounts payable to related parties	33,319	(44,574)
Other payables	96,253	13,882
Other current liabilities	43,607	12,867
Net defined benefit liabilities	(325,390)	(89,226)
Cash (used in) generated from operations	(114,800)	1,312,099
Interest paid	(330,411)	(354,943)
Income tax paid	(1,377,626)	(772,775)
Net cash (used in) generated from operating activities	(1,822,837)	184,381
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	-	(329,458)
Proceeds on sale of available-for-sale financial assets	-	27,852
Acquisition of debt investments with no active market	(97,412)	(1,255,170)
Proceeds on sale of debt investments with no active market	401,524	2,205,420
Acquisition of held-to-maturity financial assets	(285,997)	-
Acquisition of subsidiaries	-	(480,118)
Acquisition of property, plant and equipment	(354,469)	(153,083)

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Proceeds from disposal of property, plant and equipment	$ 5,237	$ 4,742
Increase in refundable deposits	(84)	(974)
Increase in prepayments for equipment	(178,832)	(88,617)
Interest received	13,903	48,891
Dividends received	4,862,609	4,922,807
Cash dividends from reduction of capital surplus from associates	3,503	-
Net cash generated from investing activities	4,369,982	4,902,292
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,808,500	-
Repayments of short-term borrowings	-	(1,763,500)
Proceeds from long-term borrowings	12,500,000	4,750,000
Repayments of long-term borrowings	(12,500,000)	(4,750,000)
Cash dividend	(4,420,181)	(4,416,206)
Increase in guarantee deposits	736	-
Decrease in guarantee deposits	-	(337)
Execution of employee share options	-	47,700
Net cash used in financing activities	(2,610,945)	(6,132,343)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(63,800)	(1,045,670)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	604,593	1,650,263
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 540,793	$ 604,593

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

(With Deloitte & Touche audit report dated March 27, 2017) (Concluded)

2．The Audit Committee’s Review Report on the 2016 Financial Statements

Audit Committee’s Review Report

The Board of Directors has prepared and submitted the Company’s 2016 business report and financial statements. Commissioned by the Board of Directors, The CPA firm Deloitte & Touch has audited the financial statements and issued an audit report relating to the Financial Statements.

These have been reviewed by the Audit Committee as conforming to relevant laws and regulations. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this Report.

To:

2017 Annual General Shareholders’ Meeting of Pou Chen Corporation

Audit Committee convener:

Chen, Jung-Tung

Date : March 27, 2017

Audit Committee's Review Report on Profit Distribution Plan

The Board of Directors has prepared and submitted the 2016 profit distribution plan. This has been reviewed by the Audit Committee as conforming to relevant laws and regulations. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this Report.

To:

2017 Annual General Shareholders' Meeting of Pou Chen Corporation

Audit Committee convener: 陈荣东

Chen, Jung-Tung

Date : April 28, 2017

3. Report on the 2016 Distribution of Employees' Compensation and Directors' Remuneration

a. The Company's profit is NT$14,172,688,997 in 2016 ("profit" shall mean the income before income tax less Employees' compensation and Directors' remuneration). It is proposed that 1.8% and 0.9% of the profit, which is equal to NT$255,108,000 and NT$127,554,000, will be allocated as employees' compensation and Directors'remuneration. The distribution shall be made in cash.

b. The above amount is consistent with the estimate for the fiscal year.

B. Ratification

1. Ratification of the 2016 Business Report and Financial Statements (submitted by the Board of Directors)
   The Audit Committee of the Company has reviewed the 2016 Business Report and the 2016 Financial Statements (including consolidated and separate balance sheets, statements of comprehensive income, statements of changes in equity and statements of cash flows) audited by independent certified public accountants, Wu, Ker-Chang and Yu, Hung-Bin, of Deloitte & Touche (please refer to pages 3-29). The 2016 Business Report and Financial Statements are hereby submitted for ratification.

Resolution:

2. Ratification of the proposed 2016 profit distribution plan (submitted by the Board of Directors)

a. The Company's 2016 net income is NT$13,057,049,628, the amount of distribution according to the proposed 2016 profit distribution plan set forth below.

b. The Board of Directors proposed to distribute cash dividends in the amount of NT$4,420,180,819 to the shareholders according to their share ownership at NT$1,500 for every thousand shares, rounded up to the nearest New Taiwan Dollar. Shareholder dividends under NT$1 shall be recognized as "Other Income" of the Company. The Chairman of Board is authorized to set the record date, issuance date and other matters after such proposal is approved at the shareholders' meeting.

c. If the cash distribution ratio changes due to the repurchase of the Company's shares by the Company, transfer of treasury shares to its employees, conversions and cancellations, or the exercise of employee stock options, which result in changes in number of the total issued and outstanding shares of the Company, it is proposed that the chairman of the Board be authorized by the shareholders' meeting to make any adjustments as necessary.

Resolution:

Pou Chen Corporation

2016 Profit Distribution Plan

	(in NT$)
Beginning balance of retained earnings	$ 19,537,167,423
Less gains from actuarial losses retained as earnings[1]	(379,518,494)
Beginning unappropriated retained earnings after adjustment	19,157,648,929
Net income for 2016	13,057,049,628
Less 10% legal reserve	(1,305,704,963)
Less special reserve allocated[2]	(1,730,773,365)
Retained earnings available for distribution	29,178,220,229
Distribution item	
Shareholders dividend - cash dividend (NT$ 1.5/share)[3]	4,420,180,819
Balance of retained earnings of 2016	$ 24,758,039,410

Chan, Lu-Min — Chairman of the Board

Lu, Chin-Chu — President

Ho, Ming-Kun — Head of Accounting Dept.

[1] Adopts IAS 19: Employee Benefits to recognize gains as a result of actuarial losses (which is transferred from OCI to retained earnings)

[2] Special reserve allocated by the Company is based on the net deductions from the 2016 shareholder equity (including exchange difference from translating foreign currency amounts in the financial statements of overseas entities and unrealized losses of financial assets held for trading).

[3] Shareholder dividends are distributed based on the 2,946,787,213 shares issued and outstanding as of April 17, 2017

C. Discussion

1. Discussion on the amendments to the Company's "Articles of Incorporation."
   (proposed by the Board of Directors)
   a. To amend the Company's "Articles of Incorporation." In fulfillment of the Company's operational requirements.
   b. Comparisons of the pre-amended and amended provision are set forth below.

Article	Amended Provisions	Pre-amended Provisions	Commentary
Article 2	The business to be operated by the Company is as follows: (1) CK01010 Footwear Manufacturing. (2) C301010 Yarn Spinning Mills. (3) C302010 Knit Fabric Mills. (4) C303010 Non-woven Fabrics Mills. (5) C306010 Outerwear Knitting Mills. (6) C307010 Apparel, Clothing Accessories and Other Textile Product Manufacturing. (7) C399990 Other Textile Products Manufacturing. (8) C801120 Manmade Fiber Manufacturing. (9) CJ01010 Hat Manufacturing. (10) F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products.	The business to be operated by the Company is as follows: (1) CK01010 Footwear Manufacturing. (2) C301010 Yarn Spinning Mills. (3) C302010 Knit Fabric Mills. (4) C303010 Non-woven Fabrics Mills. (5) C306010 Outerwear Knitting Mills. (6) C307010 Apparel, Clothing Accessories and Other Textile Product Manufacturing. (7) C399990 Other Textile Products Manufacturing. (8) C801120 Manmade Fiber Manufacturing. (9) CJ01010 Hat Manufacturing. (10) F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other	Amended for the Company's operation needs.

Article	Amended Provisions	Pre-amended Provisions	Commentary
	(11) F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products. (12) F113010 Wholesale of Machinery. (13) F213080 Retail Sale of Machinery and Equipment. (14) CC01080 Electronic Parts and Components Manufacturing. (15) CC01120 Data Storage Media Manufacturing and Duplicating. (16) F119010 Wholesale of Electronic Materials. (17) F219010 Retail Sale of Electronic Materials. (18) F401010 International Trade. (19) I199990 Other Consultancy (consultation on shoe-manufacturing techniques). (20)ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.	Textile Products. (11) F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products. (12) F113010 Wholesale of Machinery. (13) F213080 Retail Sale of Machinery and Equipment. (14) CC01080 Electronic Parts and Components Manufacturing. (15) CC01120 Data Storage Media Manufacturing and Duplicating. (16) F119010 Wholesale of Electronic Materials. (17) F219010 Retail Sale of Electronic Materials. (18) I199990 Other Consultancy (consultation on shoe-manufacturing techniques). (19) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.	
Article 23	The Company shall	The Company shall	It is amended

Article	Amended Provisions	Pre-amended Provisions	Commentary
	appropriate 1 to 5% of the profit of the fiscal year (profit shall mean the income before income tax less Employees' compensation and Directors' remuneration) for employees' compensation and may appropriate no higher than 3% of the same profit as Directors' remuneration. Such employees' compensation may be in the form of stock or cash by the resolution of the board of Directors. Employees eligible for such compensation may include those of the Company's subsidiaries meeting certain conditions. In the presence of accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any employees' and Directors' remuneration in accordance with the ratios prescribed by the preceding paragraph.	appropriate 1 to 5% of the profit of the fiscal year (profit shall mean the income before income tax less Employees' compensation and Directors' and Supervisors' remuneration) for employees' compensation and may appropriate no higher than 3% of the same profit as Directors' and Supervisors' remuneration. Such employees' compensation may be in the form of stock or cash by the resolution of the board of Directors. Employees eligible for such compensation may include those of the Company's subsidiaries meeting certain conditions. In the presence of accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any employees', Directors' and Supervisors' remuneration in accordance with the ratios prescribed by the preceding paragraph. The Directors' and Supervisors' remuneration under paragraphs 1 and 2 shall mean Directors' compensation upon the	to reflect the setting up of the Audit Committee by the Company.

Article	Amended Provisions	Pre-amended Provisions	Commentary
		establishment of the audit committee.	
Article 25	These Articles of Incorporation are adopted on August 15, 1969. The first amendment was made on April 18, 1971…The forty-fifth amendment was made on June 15, 2017. These Articles of Incorporation and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.	These Articles of Incorporation are adopted on August 15, 1969. The first amendment was made on April 18, 1971…The forty-fourth amendment was made on June 15, 2016. These Articles of Incorporation and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.	Date of amendment added.

Resolutions ：

2. Discussion on the amendments to the Company's "Procedures for Acquisition and Disposal of Assets."
(proposed by the Board of Directors)

a. In accordance with certain provisions of the "Regulation Governing the Acquisition and Disposal of Assets by Public Companies" as amended and promulgated by the Financial Supervisory Commission on February 9, 2017 and in fulfillment of the Company's operational requirements, amendments to Articles 7, 9, 10, 13, 14 of the Company's "Procedures for Acquisition and Disposal of Assets" are hereby proposed.

b. Comparisons of the pre-amended and amended provisions are set forth below.

Article	Amended Provisions	Pre-amended Provisions	Commentary
Article 7	Procedures for Acquisition or Disposal of Real Estate or Equipment 1.Assessment and Operating Procedures (omitted) 4.Appraisal report on real estate or equipment In the event of the	Procedures for Acquisition or Disposal of Real Estate or Equipment 1.Assessment and Operating Procedures (omitted) 4.Appraisal report on real estate or equipment In the event of the	Provision amended in accordance with the amendment to Article 9 and 30 of the "Regulations Governing the Acquisition and

Article	Amended Provisions	Pre-amended Provisions	Commentary
	Company's acquisition or disposal of real estate or equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT$ 300 million or more, except for transactions with governments, engaging others to build on their land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the date of occurrence and shall comply with the following provisions: (omitted) (6)The transaction amount shall be calculated in accordance with subparagraph (8), paragraph 1 of Article 14, and the items, which have been included in the appraisal report issued by a professional appraiser or a certified public accountants opinion in accordance with the relevant provisions, shall not be counted towards the calculation.	Company's acquisition or disposal of real estate or equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT$ 300 million or more, except for transactions with governments, engaging others to build on their land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the date of occurrence and shall comply with the following provisions: (omitted) (6)The transaction amount shall be calculated in accordance with subparagraph (5), paragraph 1 of Article 14, and the items, which have been included in the appraisal report issued by a professional appraiser or a certified public accountants opinion in accordance with the relevant provisions, shall not be counted towards the calculation.	Disposal of Assets by Public Companies" released by the Financial Supervisory Commission on February 9, 2017.

Article	Amended Provisions	Pre-amended Provisions	Commentary
Article 9	Procedures for Acquisition or Disposal of Assets with a Related Party (omitted) 2.Assessment and Operating Procedures In the event where the Company engages in any acquisition or disposal of real estate from or to a related party, or engages in any acquisition or disposal of assets other than real property from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT$ 300 million or more, except for the trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction agreement or make a payment until the following matters have been approved by the board of Directors and the audit committee :	Procedures for Acquisition or Disposal of Assets with a Related Party (omitted) 2.Assessment and Operating Procedures In the event where the Company engages in any acquisition or disposal of real estate from or to a related party, or engages in any acquisition or disposal of assets other than real property from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT$ 300 million or more, except for the trading of government bonds, bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction agreement or make a payment until the following matters have been approved by the board of Directors and the audit committee: (omitted) The transaction amount under this paragraph shall be calculated in accordance with subparagraph 5, paragraph 1 of Article 14. (omitted)	Provision revised and amended in accordance with the amendment to Article 14 and 30 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" released by the Financial Supervisory Commission on February 9, 2017.

Article	Amended Provisions	Pre-amended Provisions	Commentary
	(omitted) The transaction amount under this paragraph shall be calculated in accordance with subparagraph 8, paragraph 1 of Article 14. (omitted)		
Article 10	Procedure for Acquisition or Disposal of Memberships or Intangible Assets (omitted) 4. Appraisal Report on Memberships and Intangible Assets (omitted) (3) In the event where the transaction amount of the Company's acquisition or disposal of memberships or intangible assets reaches 20% or more of the Company's paid-in capital or NT$ 300 million or more, except for trading with governments, the Company shall engage a certified public accountant to issue an opinion on the reasonableness of the transaction price prior to the date of occurrence. The certified public accountant shall issue his/her opinion in	Procedures for Acquisition or Disposal of Memberships or Intangible Assets (omitted) 4.Appraisal Report on Memberships and Intangible Assets (omitted) (3)In the event where the transaction amount of the Company's acquisition or disposal of memberships or intangible assets reaches 20% or more of the Company's paid-in capital or NT$ 300 million or more, except for trading with governments, the Company shall engage a certified public accountant to issue an opinion on the reasonableness of the transaction price prior to the date of occurrence. The certified public accountant shall issue his/her opinion in	Provision amended in accordance with the amendment to Article 11 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" released by the Financial Supervisory Commission on February 9, 2017.

Article	Amended Provisions	Pre-amended Provisions	Commentary
	accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	
Article 13	Procedure for mergers, spin-offs, acquisitions or transfers of shares (omitted) 1.Assessment and Operating Procedures (1)When the Company participates in a merger, spin-offs, acquisition or transfer of shares, it shall engage attorneys, certified public accountants or underwriters to collaboratively propose the timeframe(s) in accordance with the procedure(s) specified in the laws and regulations and shall organize a committee to conduct relevant transactions in accordance with statutory procedure(s). The Company shall, prior to convening the board of Directors to resolve the relevant matters, engage certified public accountants, attorneys or underwriters to provide	Procedure for mergers, spin-offs, acquisitions or transfers of shares (omitted) 1.Assessment and Operating Procedures (1)When the Company participates in a merger, spin-offs, acquisition or transfer of shares, it shall engage attorneys, certified public accountants or underwriters to collaboratively propose the timeframe(s) in accordance with the procedure(s) specified in the laws and regulations and shall organize a committee to conduct relevant transactions in accordance with statutory procedure(s). The Company shall, prior to convening the board of Directors to resolve the relevant matters, engage certified public accountants, attorneys or underwriters to provide	Provision revised in accordance with the amendment to Article 22 of the Regulations "Governing the Acquisition and Disposal of Assets by Public Companies" released by the Financial Supervisory Commission on February 9, 2017.

Article	Amended Provisions	Pre-amended Provisions	Commentary
	an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of Directors for deliberation and resolution. <u>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or paid-in capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or paid-in capital.</u> (omitted)	an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of Directors for deliberation and resolution. (omitted)	
Article 14	Procedures of public disclosure 1. Items and standards for public announcement and report (1) Acquisition or disposal	Procedures of public disclosure 1. Items and standards for public announcement and report (1) Acquisition or disposal of real property from or to	1. Provision revised and amended in accordance with the amendment to

Article	Amended Provisions	Pre-amended Provisions	Commentary
	of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets or NT$ 300 million or more; provided that this shall not apply to the trade of government bonds, or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (2)Mergers, spin-offs, acqusitions or transfers of shares. (3)Losses from derivative transactions reaching the upper limits on aggregate losses of all transactions or the loss of individual transactions set forth in the procedures adopted by the Company. (4)Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the	a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets or NT$ 300 million or more; provided that this shall not apply to the trade of government bonds, or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds. (2)Mergers, spin-offs, acquisitions or transfers of shares. (3)Losses from derivative transactions reaching the upper limits on aggregate losses of all transactions or the loss of individual transactions set forth in the procedures adopted by the Company. (4)Where an asset transaction other than any of those referred to in the subparagraphs (1), (2) and (3), a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in	Article 30 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" released by the Financial Supervisory Commission on February 9, 2017. 2. Revised Item D under Subparagraph 4 of Paragraph 1 and was removed to Subparagraph 4 of Paragraph 1. 3. Removed Items E and F under Subparagraph 4 of Paragraph 1to Subparagraph 5 and 6 under Paragraph 1. 4. Revised Subparagraph 4 of Paragraph 1 and was removed to Subparagraph 7

Article	Amended Provisions	Pre-amended Provisions	Commentary
	transaction amount reaches NT$1 billion. (5)Acquisition or disposal by the Company in the construction business of real estate for construction use, where the counterparty is not a related party, and the transaction amount reaches NT$ 500 million. (6) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented lands, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale, and the Company's estimated investment amount in the transaction reaches NT$ 500 million. (7)Where an asset transaction other than any of those referred to in the preceding six provisions or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT$300	capital or NT $300 million; provided that this shall not apply to any of the following circumstances: A.Trading government bonds. B.Securities trading by investment professionals on foreign or domestic securities exchanges or OTC markets. C.Trading bonds under repurchase/resale agreements, or subscribing or redeeming domestic money market funds. D.Where the type of asset acquired or disposed of is equipment/machinery for business use, the counterparty is not a related party, and the transaction amount is less than NT$ 500 million. E.Acquisition or disposal by the Company in the construction business of real property for construction use, where the counterparty is not a related party, and the transaction amount is less than NT$ 500 million.	of Paragraph 1. 5. Deleted Item B under Subparagraph 4 of Paragraph 1. 6. Revised Item C under Subparagraph 4 of Paragraph 1 and was removed to Item B under Subparagraph 7 of Paragraph 1. 7. Revised Subparagraph 5 of Paragraph 1 and was removed to Subparagraph 8 of Paragraph 1.

Article	Amended Provisions	Pre-amended Provisions	Commentary
	million; provided that this shall not apply to any of the following circumstances: A.Trading of government bonds. B.Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (8)The amount of the transactions referred to in the above subparagraphs (1) to (7) of this paragraph shall be calculated as follows. The term "within the preceding year" as used in the paragraph below refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the relevant regulations shall not be counted toward the transaction amount. A.The amount of each individual transaction. B.The cumulative transaction amount of the acquisitions and	F.Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented lands, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale, and the Company’s estimated investment amount in the transaction is less than NT$ 500 million. (5)The amount of the transactions referred to in the above subparagraphs (1) to (4) of this paragraph shall be calculated as follows. The term "Within the preceding year" as used in the paragraph below refers to the year preceding the date of occurrence of the transaction. Items duly announced in accordance with the relevant regulations shall not be counted towards the transaction amount. A. The amount of each individual transaction.	

Article	Amended Provisions	Pre-amended Provisions	Commentary
	disposals of the same type of assets with the same counterparty within the preceding year. C.The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) under the same development project within the preceding year. D.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. 2.The time required for public announcement and report In the event of the Company's acquisitions and disposals of assets, if any transaction details matches the items to be publicly announced in accordance with paragraph 1 of this Article and the transaction amount reaches the threshold set in this Article, a public report of	B. The cumulative transaction amount of the acquisitions and disposals of the same type of assets with the same counterparty within the preceding year. C. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) under the same development project within the preceding year. D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. 2.The time required for public announcement and report In the event of the Company's acquisitions and disposals of assets, if any transaction details matches the items to be publicly announced in accordance with paragraph 1 of this Article and the transaction amount reaches the threshold set in this Article, a public report of	

Article	Amended Provisions	Pre-amended Provisions	Commentary
	relevant information shall be made within 2 days counting inclusively from the date of occurrence of the event. 3.The procedures for public announcement and report (1)The public announcement and report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission. (2)The Company shall compile monthly reports on the status of derivative transactions engaged in up to the end of the preceding month by itself and the subsidiaries which are not domestic public companies and upload the information in the prescribed format, by the 10th day of each month, into the information reporting website designated by the Financial Supervisory Commission. (3)When the Company at the time of public announcement makes an error or omission in an	relevant information shall be made within 2 days counting inclusively from the date of occurrence of the event. 3.The procedures for public announcement and report (1) The public announcement and report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission. (2) The Company shall compile monthly reports on the status of derivative transactions engaged in up to the end of the preceding month by itself and the subsidiaries which are not domestic public companies and upload the information in the prescribed format, by the 10th day of each month, into the information reporting website designated by the Financial Supervisory Commission. (3) When the Company at the time of public announcement makes an error or omission in an item required by the regulations to be publicly announced and	

Article	Amended Provisions	Pre-amended Provisions	Commentary
	item required by the regulations to be publicly announced and is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days counting inclusively from the date of knowing of such error or omission. (4) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions issued by certified public accountants, attorneys or underwriters at the Company's headquarters. Except as otherwise provided by other laws or regulations, such documents shall be preserved for at least 5 years. (5)Where any of the following circumstances occur with respect to a transaction that the Company has already publicly announced and reported in accordance with this Article, a public	is required to correct it, all the items shall be again publicly announced and reported in their entirety. (4) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions issued by certified public accountants, attorneys or underwriters at the Company's headquarters. Except as otherwise provided by other laws or regulations, such documents shall be preserved for at least 5 years. (5) Where any of the following circumstances occur with respect to a transaction that the Company has already publicly announced and reported in accordance with this Article, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission within 2 days counting inclusively from the date of occurrence of the event:	

Article	Amended Provisions	Pre-amended Provisions	Commentary
	report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission within 2 days counting inclusively from the date of occurrence of the event: A.Changes, termination or rescission of a contract regarding the original transaction. B.The merger, spin-off, acquisition or transfer of shares is not completed by the scheduled date set forth in the contract. C.Changes to the information originally publicly announced and reported.	A. Changes, termination or rescission of a contract regarding the original transaction. B. The merger, spin-off, acquisition or transfer of shares is not completed by the scheduled date set forth in the contract. C. Changes to the information originally publicly announced and reported.	

Resolution ：

D. Extraordinary Motions

E. Adjournment

III. Appendix

Appendix 1

POU CHEN CORPORATION

Articles of Incorporation

Adopted by shareholders' meeting on June 15, 2016

Section I General Provisions

Article 1 The name of company shall be Pou Chen Corporation (寶成工業股份有限公司) (the "Company"). The Company is duly organized in accordance with the Company Act of Taiwan.

Article 2 The business to be operated by the Company is as follows:

(1) CK01010 Footwear Manufacturing.

(2) C301010 Yarn Spinning Mills.

(3) C302010 Knit Fabric Mills.

(4) C303010 Non-woven Fabrics Mills.

(5) C306010 Outerwear Knitting Mills.

(6) C307010 Apparel, Clothing Accessories and Other Textile Product Manufacturing.

(7) C399990 Other Textile Products Manufacturing.

(8) C801120 Manmade Fiber Manufacturing.

(9) CJ01010 Hat Manufacturing.

(10) F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products.

(11) F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products.

(12) F113010 Wholesale of Machinery.

(13) F213080 Retail Sale of Machinery and Equipment.

(14) CC01080 Electronic Parts and Components Manufacturing.

(15) CC01120 Data Storage Media Manufacturing and Duplicating.

(16) F119010 Wholesale of Electronic Materials.

(17) F219010 Retail Sale of Electronic Materials.

(18) I199990 Other Consultancy (consultation on shoe-manufacturing techniques).

(19) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1 Investments in other businesses by the Company may be exempt from the maximum investment restriction under Article 13 of the Company Act.

Article 3 The Company may act as a guarantor of another party if required for its business purposes.

Article 4 The Company is headquartered in Chang Hwa County. If required, the Company may establish factories or branches in Taiwan or overseas by board of Directors resolution.

Article 5 Deleted.

Section II Shares

Article 6 The registered share capital of the Company shall be forty five billion New Taiwan Dollars (NT$ 45,000,000,000), divided into four billion-and-five hundred million (4,500,000,000) shares at a par value of exactly ten New Taiwan Dollars (NT$ 10) per share. Among the Company's above share capital, three hundred million shares in the amount of three billion New Taiwan Dollars (NT$ 3,000,000,000) shall be reserved for issuance upon the exercise of any employee stock options, equity warrants issued with preferred shares or equity warrant bonds. The board of Directors is authorized to issue the unissued shares in installments in Taiwan or overseas depending on actual needs in accordance with the Company Act and relevant laws and regulations.

Article 6-1 Upon resolution adopted by two thirds or more of the votes of shareholders present at the shareholders' meeting that is attended by shareholders representing more than half of the total issued and outstanding shares of the Company, the Company may buy back its shares and transfer such shares to its employees at a price lower than the average price of all shares bought back by the Company, or issue employee stock options with the exercise price lower than the closing price of the issuing date.

Article 7 The Company's shares shall be registered and numbered, bear the signatures or personal seals of at least three Directors, and be issued upon certification by the competent authority or its designated registration agency. The Company may issue shares without certificates, or issue one certificate for the total number of shares newly issued at the time which shall be registered or deposited with a central securities depository.

Article 8 The Company's shareholder shall register his/her/its name, address, chop specimen card and the national ID card number/business administration number, and any changes to such information, with the Company or the stock agency for records. The shareholder shall affix his/her/its specimen chop for purpose of receiving stock dividends and bonuses or exercising shareholders' rights in writing.

Article 9 Unless otherwise prescribed by laws or securities regulations, the Company Act and other relevant laws shall apply to the Company's shareholder's share transfer, share loss report, inheritance of shares, gratuitous giving of shares, loss report or change of the chop, or report of change of address.

Article 10 Registration for the transfer of shares shall not be done within sixty days preceding the date of the annual general meeting of shareholders', thirty days preceding the date of any shareholders' special meeting or five days preceding the designated reference date for the distribution of dividends, bonus or other interests.

Section III Shareholders' Meeting

Article 11 There are two types of shareholders' meeting: annual general meeting of shareholders and special meeting of shareholders. The annual general meeting of shareholders shall be convened at least once a year within six months after the end of every fiscal year. Except as otherwise provided for by the Company Act, special meetings of shareholders shall be convened as necessary by the board of Directors.

Article 11-1 Prior to the annual general meeting of shareholders, the Company shall determine and announce the procedures, location, time period, and other matters relating to accepting shareholders' proposals in accordance with Article 172-1 of the Company Act.

Article 12 When the Company convenes shareholders' meetings, the shareholders may exercise their voting rights in writing or by way of electronic transmission. A shareholder who is unable to attend the shareholders' meeting may appoint another person to attend as his/her/its proxy in accordance with Article 177 of the Company Act by using the proxy form provided by the Company to set forth the scope of authorization. Except as otherwise prescribed by the Company Act, the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies as promulgated by the regulatory authority shall apply to attendance by proxy.

Article 13 Except as otherwise prescribed by laws, each share of the Company is entitled to one vote.

Article 14 Except as otherwise required by the Company Act, a proposal shall be adopted with the approval of more than half of the votes of the shareholders present at the shareholders' meeting attended by shareholders representing more than half of the total issued and outstanding shares of the Company.

Section IV Directors

Article 15 The Company shall have nine Directors. The board of Directors shall be elected from a list of nominated candidates at the shareholders' meeting for a term of three years. Re-elected Directors may serve consecutive terms. The shareholding ratio of all Directors collectively shall be subject to rules provided by the securities regulatory authority.

At least three Directors and at least one fifth of all incumbent Directors shall be independent Directors. Regulations governing independent Directors' professional qualifications, shareholding, holding of concurrent positions, as well as assessment of independence, procedures of nomination and other related matters shall be adopted by the regulatory authority.

Article 16 The board of Directors shall consist of Directors. The chairman of the board shall be elected from and among the Directors by the approval of more than half of the Directors present at a meeting attended by at least two thirds of the Directors holding office, and a vice chairman may be elected in the same manner if the Company's business so requires. The chairman of the board shall have the authority to represent the Company.

Article 16-1 The Company may pay compensation to Directors performing duties for the benefit of the Company regardless of the Company's profit performance. The board of Directors is authorized to determine, according to the general standards adopted by the industry, Directors' compensation based on the level and value of contributions to the Company's operations.

Article 17 The board of Directors' meeting shall be convened at least once every quarter of each year.

In calling a board of Directors' meeting, a notice setting forth the item(s) to be discussed at the meeting shall be given to each Director at least seven days prior to the scheduled meeting date, unless in the event of emergency, Directors' meeting may be convened at any time.

Conventions of meetings under the preceding paragraph may be done in writing or by facsimile or electronically.

Except as otherwise prescribed by laws, any resolution of the board of Directors shall only be adopted with the approval by more than half of the Directors present at the meeting attended by more than half of all Directors.

A Director who has personal interests in any of the items on the meeting agenda shall disclose the material aspects of such personal interest at the meeting.

When board of Directors' meetings are held by means of video conference, the Directors participating in such meetings via webcam shall be deemed to have attended the meetings in person. If a Director is unable to attend a meeting for any reason, such Director may appoint another Director as his or her proxy by using a letter of appointment setting forth the scope of authorization with respect to each subject to be discussed at the meeting. A Director may only be appointed as proxy by one other Director.

The Company's board of Directors may establish different types of functional committees.

Article 17-1 The Company may acquire liability insurance for its Directors.

Article 18 The powers and duties of the board of Directors are as follows:

(1) To approve the appointment and removal of officers.

(2) To determine the establishment and dissolution of subsidiaries and branches.

(3) To propose and discuss the amendments to the Articles of Incorporation.

(4) To review budgets and final accounts.

(5) To review and supervise the implementation of annual business plan.

(6) To propose and discuss the offer of all or material parts of the Company's assets for assignment under "dian," sale, lease, pledge, mortgage or any other disposal.

(7) To approve the Company's long-term investments in other businesses.

(8) To propose and discuss the profit distribution and loss offset.

(9) To determine the increase or decrease of capital.

(10) To approve the Company's staffing quota and compensation structure.

(11) To select and engage independent auditors.

(12) To approve material contracts.

(13) To conduct any matter other than those that shall be resolved at shareholders' meetings under the Company Act or the Articles of Incorporation.

Article 19 The Company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall consist of independent Directors only. The audit committee and members of the committee shall be responsible for performing duties as prescribed for Supervisors' by the Company Act, Securities and Exchange Act and other regulations.

Section V Officers and Staff

Article 20 The Company may have a president and other officers, the appointment, removal, and compensation of whom shall be subject to Article 29 of the Company Act.

Article 21 Deleted.

Section VI Accounting

Article 22 The fiscal year of the Company shall begin on January 1 and end on December 31 of each year. After each fiscal year, the board of Directors shall prepare the following reports and submit the reports to the annual general shareholders' meeting for ratification in accordance with the legally mandated procedures:

(1) Business report.

(2) Financial statements.

(3) Proposal for Distribution of profits or Deficit Compensation.

Article 23 The Company shall appropriate 1 to 5% of the profit of the fiscal year (profit shall mean the income before income tax less Employees' compensation and Directors' and Supervisors' remuneration) for employees' compensation and may appropriate no higher than 3% of the same profit as Directors' and Supervisors' remuneration. Such employees' compensation may be in the form of stock or cash by the resolution of the board of Directors. Employees eligible for such compensation may include those of the Company's subsidiaries meeting certain conditions.

In the presence of accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any employees', Directors' and Supervisors' remuneration in accordance with the ratios prescribed by the preceding paragraph.

The Directors' and Supervisors' remuneration under paragraphs 1 and 2 shall mean Directors' compensation upon the establishment of the audit committee.

Article 23-1 The Company's annual net profits should be appropriated as follows:

(1) For paying taxes.

(2) For offsetting deficits.

(3) For legal reserve at 10% of the remaining profits, and for special reserve to be appropriated and distributed according to regulations or upon request by the FSC.

(4) The total of any remaining profits after the appropriations mentioned above plus any accumulated unappropriated earnings from prior years may be partially retained and then distributed the remainder as proposed according to stock ownership proportion.

Profits may be distributed after taking into consideration financial, business and operational factors. The distribution of profits shall be proposed by the board of Directors, and submitted to the shareholders' meeting for approval. The ratio of distribution shall be not less than 30% of the net income for each fiscal year, and a portion for cash dividend shall be not less than 30% of total distribution. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profits.

Section VII Miscellaneous

Article 24 Matters not addressed in these Articles of Incorporation shall be governed by the Company Act.

Article 25 These Articles of Incorporation are adopted on August 15, 1969. The first amendment was made on April 18, 1971. The second amendment was made on November 26, 1972. The third amendment was made on July 15, 1973. The fourth amendment was made on August 20, 1974. The fifth amendment was made on February 8, 1976. The sixth amendment was made on August 1, 1976. The seventh amendment was made on June 15, 1977. The eighth amendment was made on December 25, 1977. The ninth amendment was made on February 26, 1978. The tenth amendment was made on November 24, 1978. The eleventh amendment was made on December 31, 1981. The twelfth amendment was made on March 18, 1982. The thirteenth amendment was made on June 10, 1984. The fourteenth amendment was made on September 30, 1984. The fifteenth amendment was made on April 10, 1985. The sixteenth amendment was made on July 15, 1985. The seventeenth amendment was made on November 2, 1987. The eighteenth amendment was made on April 30, 1988. The nineteenth amendment was made on April 20, 1989. The twentieth amendment was made on August 7, 1989. The twenty-first amendment was made on April 10, 1990. The twenty-second amendment was made on April 12, 1991. The twenty-third amendment was made on May 18, 1992. The twenty-fourth amendment was made on May 25, 1993. The twenty-fifth amendment was made on May 27, 1994. The twenty-sixth amendment was made on May 31, 1995. The twenty-seventh amendment was made on May 13, 1997. The twenty-eighth amendment was made on April 21, 1998. The twenty-ninth amendment was made on June 22, 2000. The thirtieth amendment was made on April 10, 2001. The thirty-first amendment was made on June 12, 2002. The thirty-second amendment was made on June 12, 2003. The thirty-third amendment was made on June 9, 2004. The thirty-fourth amendment was made on June 14, 2005. The thirty-fifth amendment was made on June 14, 2005. The thirty-sixth amendment was made on June 14, 2006. The thirty-seventh amendment was made on April 24, 2007. The thirty-eighth amendment was made on June 13, 2008. The thirty-ninth amendment was made on June 16, 2009. The fortieth amendment was made on June 17, 2010. The forty-first amendment was made on June 15, 2012. The forty-second amendment was made on June 14, 2013. The forty-third amendment was made on June 12, 2015. The forty-fourth amendment was made on June 15, 2016. These Articles of Incorporation and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.

Appendix 2

POU CHEN CORPORATION
Procedures for Acquisition and Disposal of Assets

Adopted by shareholders' meeting on June 15, 2016

Article 1:Purpose

This Procedure is stipulated for the purposes of securing assets and implementing information disclosure.

Article 2:Legal Basis

This Procedure is stipulated in accordance with Article 36-1 of the Securities and Exchange Act and Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 3:Scope of Assets

1. Securities: including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interests in funds, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Intangible Assets : including Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfers of shares in accordance with the law.
8. Other major assets.

Article 4:Definitions

1. Derivatives: forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sale) agreements.
2. Assets acquired or disposed through mergers, spin-offs, acquisitions, or transfer of shares in accordance with law: refers to assets acquired or disposed through mergers,

spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through the issuance of new shares of its own as the consideration (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.

3. Related party or subsidiary: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: refers to the earlier date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board of Directors resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction; however, in the event where investments require the approval of the competent authority, the earlier of the aforementioned dates or the date of receiving approval by the competent authority shall apply.
6. Mainland China area investment: refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. The term “within one year” means the year preceding the date of acquisition or disposal. Items that have been announced or declared will not be counted towards the calculation.
8. The term “most recent financial statement” means the financial statement that has been certified or examined by a certified public accountant prior to the Company’s acquisition or disposal of asset and has been published in accordance with laws and regulations.

Article 5: Amount of the investment in real property for non-business use and the investment in securities:

The amount of the aforementioned assets acquired by the Company and each of its subsidiaries are as follows:

1. The acquisition amount of real estate for non-business use shall not exceed 100% of the Company’s paid-in capital.
2. The amount of investment in securities (including the Company and its subsidiary’s investment in securities) shall not exceed 150% of the net worth of the investment’s occupancy of the debt-to-equity ratio. However, this limit shall not apply in the event where the invested business is related to the Company’s operations, and the proof of such an investment is not considered by the Company to be materially abnormal, or where, according to the most recent financial statement, there are no additional stock investments.
3. The amount of investment in each of the securities shall not exceed 40% of the Company’s net worth.

Article 6: Professional appraisers and their appraisal officers, certified public accountants, attorneys and securities underwriters, who provide the Company with appraisal reports, certified public accountants opinions, attorney's opinions, or underwriter's opinions, shall not be a related party of any party to the transaction.

Article 7: Procedures for Acquisition or Disposal of Real Estate or Equipment

1. Assessment and Operating Procedures

The Company's acquisition or disposal of real estate or equipment shall abide by the revolving procedures of real estate, factories and facilities in the Company's internal control system.

2. Decision Procedures for Transaction Terms and Authorized Amount

(1) In the event of acquisition or disposal of real estate, the terms of transaction and the transaction price shall be determined by referring to the announced current value, appraised value and actual transaction price of neighboring real estate, and an analysis report shall be submitted to the Company's general manager. If the transaction price is NT$ 100 million or less, the transaction shall be approved by the general manager; if the transaction price exceeds NT$ 100 million but is less than NT$ 300 million, the transaction shall be approved by the Company's chairman, who is authorized to approve transactions; if the transaction price amount is NT$ 300 million or more, the transaction shall be approved by the board of Directors.

(2) The acquisition or disposal of equipment shall be conducted by means of price inquiry, price comparison, price negotiation or bidding. In the event where the amount is NT$ 10 million or less, the transaction shall be approved in accordance with the Company's levels of authorization; in the event where the amount exceeds NT$ 10 million but is less than NT$ 100 million, the transaction shall be approved by the general manager; in the event where the amount is NT$ 100 million or more, the transaction shall be approved by the board of Directors.

3. Implementation unit

The Company's acquisition or disposal of real estate or equipment shall be approved in accordance with the levels of authorization specified in the preceding paragraph and shall be implemented by the department (or management department) which intends to use the real estate or the equipment.

4. Appraisal report on real estate or equipment

In the event of the Company's acquisition or disposal of real estate or equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT$ 300 million or more, except for transactions with governments, engaging others to build on their land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the date of occurrence and shall comply with the following provisions:

(1)In the event where, due to special circumstances, the transaction price shall refer to a limited price, a specified price or a special price that is necessary in serving as reference, such a transaction shall be submitted for the board of Directors' prior approval, and the same procedure shall apply if there are future changes to the terms and conditions of the transaction.

(2)In the event where the transaction amount is NT$ 1 billion or more, appraisals from two or more professional appraisers shall be obtained.

(3)In the event where the appraisal results of the professional appraisers encounter any of the following circumstances, except for all of the appraisal results of the assets to be acquired exceeding the transaction amount, or all of the appraisal results of the assets to be disposed of that are less than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation ("ARDF") and to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

A. Where the discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

B. Where the discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

(4)The time period between the date of the appraisal report issued by a professional appraiser and the execution date of the agreement shall not exceed three (3) months. However, in the event where the announced current value is used within the same time period and has not exceeded six (6) months, the original professional appraiser may issue an opinion.

(5)In the event where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may serve as a substitute for an appraisal report or a certified public accountant's opinion.

(6)The transaction amount shall be calculated in accordance with subparagraph (5), paragraph 1 of Article 14, and the items, which have been included in the appraisal report issued by a professional appraiser or a certified public accountants opinion in accordance with the relevant provisions, shall not be counted towards the calculation.

Article 8:Procedures for Acquisition or Disposal of Securities

1.Assessment and Operating Procedures

For the Company's acquisition or disposal of securities, the Company shall abide by the revolving investment procedures in the Company's internal control system.

2.Deciding Procedures Concerning The Terms of Transaction and Authorized Amount

(1)The Company's acquisition or disposal of securities in Taiwan Stock Exchange or

Taipei Exchange shall be decided by the responsible unit based on market circumstances. In the event where the accumulated transaction amount of a certain security within one year since the date of the first transaction has not reached NT$ 1 billion, the transactions shall be approved by the financial officer; in the event where the accumulated transaction amount has not reached 10% (including 10%) of the Company's paid-in capital, the transactions shall be approved by the general manager; in the event where the accumulated transaction amount exceeds 10% of the Company's paid-in capital, the transactions may not be conducted until the board of Directors approves the transactions.

(2)In the event where the Company's acquisition or disposal of securities is not conducted in the Taiwan Stock Exchange or Taipei Exchange, the Company shall obtain the most recent financial statement of the target prior to the date of occurrence, which has been audited and reviewed by a certified public accountant, as a reference to the evaluation of the transaction price. During the evaluation of the transaction price, the Company shall take earnings per share, profitability and future prospect into consideration. In the event where the transaction amount has not reached at least 3% (including 3%) of the Company's capital, the transaction shall be approved by the general manager; in the event where the transaction amount exceeds 3% of the Company's capital, then the transaction may not be conducted until the board of Directors approves the transaction.

(3)The financial officer is authorized to decide the transaction amount of government bonds, bonds under repurchase and resale agreements, or bond funds.

3.Implementation Unit

The Company's investment in securities shall be approved in accordance with the levels of authorization specified in the preceding paragraph and shall be implemented by the Finance and Accounting unit.

4.Obtaining Professional Opinion

(1)In the event of the Company's acquisition or disposal of securities, if the transaction amount reaches 20% of the Company's paid-in capital or NT$ 300 million or more, the Company shall obtain an opinion concerning the reasonableness of the transaction price from a certified public accountant prior to the date of occurrence. If the certified public accountant needs to use the report of an expert, he/she shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations announced by the Financial Supervisory Commission ("FSC").

(2)In the event where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may serve as a substitute for an appraisal report or a certified public accountant's opinion.

(3)The transaction amount shall be calculated in accordance with subparagraph (6), paragraph 4 of Article 7 of this Procedure.

Article 9:Procedures for Acquisition or Disposal of Assets with a Related Party

1. In the event where the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that necessary resolutions are adopted and that the reasonableness of the term of the transaction has been evaluated in accordance with this Procedure, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a certified public accountants opinion in accordance with Article 7 of this Procedure. The aforementioned transaction amount shall be calculated in accordance with subparagraph (6), paragraph 4 of Article 7 of this Procedure. When determining whether a trading counterparty is a related party, in addition to the legal formalities, the substance of the relationship shall also be considered.

2. Assessment and Operating Procedures

In the event where the Company engages in any acquisition or disposal of real estate from or to a related party, or engages in any acquisition or disposal of assets other than real property from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT$ 300 million or more, except for the trading of government bonds, bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction agreement or make a payment until the following matters have been approved by the board of Directors and the audit committee:

(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

(2) The reasons for choosing the related party as a trading counterparty.

(3) In the event where the Company acquires real estate from a related party, information concerning the evaluation of the reasonableness of the preliminary terms of the transaction in accordance with from subparagraphs (1) to (4), paragraph 3 of this Article.

(4) The date and price at which the related party originally acquired the real property, its original trading counterparty, and the counterparty's relationship to the Company and the related party.

(5) Monthly cash flow forecasts for the coming year commencing from the anticipated month of executing the agreement, and the evaluation of the necessity of the transaction and the reasonableness of the utilization of the funds.

(6) The appraisal report provided by a professional appraiser and the opinion of a certified public accountant obtained in accordance with the preceding paragraph.

(7) The restrictive terms of this transaction and other important agreements in connection with the transaction.

The transaction amount under this paragraph shall be calculated in accordance with subparagraph 5, paragraph 1 of Article 14. The term “within one year” as used herein means the year preceding the date of occurrence of this transaction. Items that have been approved by the board of Directors and the audit committee will not be counted towards the calculation.

With respect to the acquisition or disposal of equipment for business use between the Company and its subsidiary, if the transaction amount is within NT$ 500 million, the chairman is authorized to approve the transaction. The chairman’s approval shall subsequently be submitted to and ratified by the next board of Directors’ meeting.

In the event where matters are submitted to the board of Directors for discussion pursuant to this Article, the board of Directors shall take each independent Director’s opinion into consideration. If an independent Directors’ objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of Directors’ meeting.

3. Assessment of the Reasonableness of Transaction Costs

(1) In the event where the Company acquires real property from a related party, the reasonableness of the transaction costs shall be assessed by the following means:

A. Based on the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The term "necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; however, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

B. In the event where the related party previously mortgaged the real property as security for a loan to a financial institution, the total loan value evaluation shall be made by the financial institution towards the real property; however, the actual cumulative amount loaned by the financial institution shall reach 70% or more of the financial institution's evaluated loan value of the real property, and the period of the loan shall have exceeded one year or more. This shall not apply if the financial institution is a related party to one of the trading counterparties.

(2) In the event that land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs of the land and building may be evaluated separately in accordance with either of the methods listed in the preceding subparagraph.

(3) In the event where the Company acquires real property from a related party, the Company shall evaluate the costs of the real property in accordance with paragraph 3, subparagraphs (1) and (2) of this Article, and shall engage a certified public accountant to review the evaluation and render a specific opinion.

(4) In the event where the Company acquires real property from a related party, and the results of the evaluation conducted in accordance with paragraph 3, subparagraphs (1) and (2) of this Article are uniformly lower than the transaction price, paragraph 3, subparagraph (5) of this Article shall apply. However, this restriction shall not apply in the event that the following events exist, objective evidence has been

submitted and specific opinions on their reasonableness from a professional real property appraiser and a certified public accountant have been obtained:

A. In the event where the related party acquires undeveloped land or leases land for development, it may submit proof of compliance with one of the following conditions:

(a) Where undeveloped lands are evaluated in accordance with paragraph 3 of this Article, and buildings according to the related party's construction cost plus reasonable construction profit, the cumulative value exceeds the actual transaction price. The term "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years, or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

(b) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring lands, where the land area and the transaction terms are similar, after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

(c) Completed leasing transactions by unrelated parties for other floors of the same property within the preceding year, where the transaction terms are similar, after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

B. In the event where the Company acquires real property from a related party and provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring land of a similar size by unrelated parties within the preceding year.

The aforementioned “transactions completed for the acquisition of neighboring land” refers to parcels on the same or adjacent block and within a distance of no more than 500 meters from the subject matter of the transaction, or the announced value of the land is close to that of the subject matter; the term “similar size” refers to transactions completed by unrelated parties where the land area is no less than 50% of the land area of the transaction’s subject matter. The aforementioned term “within one year” refers to the year preceding the date of the acquisition of the real property.

(5) In the event where the Company acquires real property from a related party, and the results of the evaluation conducted in accordance with subparagraphs (1) and (2), paragraph 3 of this Article are uniformly lower than the transaction price, the following actions shall be taken:

A. A special reserve shall be set aside in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the evaluated cost, and may not be distributed or used for capital increase or issuance of bonus shares. In the event where a public company uses the equity method to account for its investment in the Company, the special reserve under paragraph 1 of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the public company's equity stake in the Company.

B. Independent Directors of the audit committee shall comply with Article 218 of the Company Act.

C. Actions that are taken in accordance with items 1 and 2 of subparagraph (5) in paragraph 3 of this Article shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual (and any other) prospectus.

In the event where the Company has set aside a special reserve in accordance with the preceding paragraph, the Company may not utilize the special reserve until it has recognized a loss on due to decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or status quo ante has been restored, or there is other evidence confirming that the transaction was not unreasonable, and which the FSC has approved.

(6)In the event where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Assessment and Operating Procedures under paragraph 2 of this Article, and paragraph 3, subparagraphs (1), (2) and (3) of this Article shall not apply:

A. Where the related party acquired the real property by virtue of inheritance or as a gift.

B. Where more than 5 years has lapsed between the time the related party executed the agreement to acquire the real property and the execution date of the current transaction.

C. Where the real property is acquired through executing a joint development agreement with a related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.

(7)In the event where the Company acquires real property from a related party, it shall also comply with paragraph 3, subparagraph (5) of this Article if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 10:Procedures for Acquisition or Disposal of Memberships or Intangible Assets

1. Assessment and Operating Procedures

In the event of the Company's acquisition or disposal of memberships or intangible assets, the Company shall abide by the revolving investment procedures in the Company's internal control system.

2. Decision Procedures for Transaction Terms and Authorized Amount

(1)In the event of the Company's acquisition or disposal of memberships, the terms and price of transaction shall be determined by referring to the fair price in the market, and an analysis report shall be submitted to the Company's general manager. If the transaction amount is 1% or less of the Company's paid-in capital or NT$ 100 million or less, the transaction shall be approved by the general manager; if the transaction amount is NT$ 100 million or more, the transaction shall be approved by the board of Directors.

(2)In the event of the Company's acquisition or disposal of intangible assets, the terms and price of the transaction shall be determined by referring to an appraisal report issued by an expert or by referring to the fair price in the market, , and an analysis report shall be submitted to the board of Directors. If the transaction amount is 1% or less of the Company's paid-in capital or NT$ 100 million or less, the transaction shall be approved by the president; if the transaction amount is NT$ 100 million or more, the transaction shall be approved by the board of Directors.

3. Implementation Unit

The Company's acquisition or disposal of memberships or intangible assets shall be approved in accordance with the preceding paragraph and shall be implemented by the department which intends to use the memberships or intangible assets and the finance department, or the administration department.

4. Appraisal Report on Memberships and Intangible Assets

(1)In the event that the transaction amount of the Company's acquisition or disposal of memberships reaches 1% or more of the Company's paid-in capital or NT$ 100 million or more, the Company shall obtain an expert's appraisal report.

(2)In the event that the transaction amount of the Company's acquisition or disposal of intangible assets reaches 1% or more of the Company's paid-in capital or NT$ 100 million or more, the Company shall obtain an expert's appraisal report.

(3)In the event where the transaction amount of the Company's acquisition or disposal of memberships or intangible assets reaches 20% or more of the Company's paid-in capital or NT$ 300 million or more, except for trading with governments, the Company shall engage a certified public accountant to issue an opinion on the reasonableness of the transaction price prior to the date of occurrence. The certified public accountant shall issue his/her opinion in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 11:Procedures for Acquisition or Disposal of Receivables by a Financial Institution

In principle, the Company will not engage in transactions concerning the acquisition or disposal of receivables by a financial institution. In the event where the Company intends to engage in the acquisition or disposal of receivables by a financial institution in the future, the Company may not establish assessment and operation procedures until the transaction is approved by the board of Directors.

Article 12: Procedures for Acquisition or Disposal of Derivatives

1. Trading Principles and Strategies

(1) Types of Derivatives

A. The derivatives engaged by the Company refer to transaction agreements, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests (such as forward contracts, options, futures, interest or foreign exchange rates, swaps, and compound contracts combining the products mentioned above).

B. The provisions under this Procedure shall apply to the transactions of bond margin trading. However, this Procedure may not apply to bonds under repurchase agreements.

(2) Operation (Hedge) Strategies

The Company's engagement in derivatives transactions shall be for the purpose of hedging. The types of derivatives which the Company engages in shall be mainly for the avoidance of risks resulting from the Company's business operations. The types of foreign currencies held by the Company shall be consistent with the Company's actual demands for the foreign currencies which the Company uses in the import/export transactions and shall be at the position which the Company may internally square itself (meaning the incomes and the outgoings of the foreign currencies). The purposes of the strategy mentioned herein shall be to lower the Company's overall foreign exchange risk and to reduce the operating costs of foreign currencies. In the event of transactions for other specific purposes, such transactions shall be prudently assessed and may not be engaged in until the transactions are approved in accordance with levels of authority.

(3) Segregation of Duties

A. Finance and Accounting Department

(a) Transaction Personnel

a. Shall be responsible for making the strategies of the Company's all derivatives transactions.

b. Shall calculate positions every two weeks, collect market information, determine trends and evaluate risks and make operation strategies. The strategies shall serve as the basis for transactions after being approved in accordance with levels of authority.

c. Shall conduct transactions in accordance with levels of authority and the approved strategies.

d. Shall in the event where there are material changes to the financial market and where the approved strategies shall not apply after the transaction personnel's determination, deliver evaluation reports at any time and make new strategies. The new strategies shall serve as the basis for transactions after being approved in accordance with levels of authority.

(b) Accounting Personnel

a. Shall confirm the completeness of transaction certificates and shall attend to the accounting.

b. Shall determine whether each transaction was conducted in accordance with levels of authority and the approved strategies.

c. Shall conduct monthly evaluations and make announcements and reports in accordance with the regulations of the FSC.

(c) Closing Personnel: Shall be responsible for the closing.

(d) Levels of Authority for Derivatives

a. The levels of authority for each hedging transaction are as follows:

Authorization Personnel	Limit on Transaction Amount of Cumulative Net Positions
Chairman	US$ 100 million or more
President	From US$ 3 million to less than US$ 100 million
Financial Officer	Less than US$ 3 million

b. The levels of authority for each transaction other than hedge are as follows:

I. In the event of options transactions undertaken for the purpose of exporting accounts receivable, transactions whose amount are US$ 50 million or less shall be approved by the general manager. For transactions whose cumulative net position exceeds US$ 50 million, the transaction may not be conducted until being approved by the board of Directors.

II. In the event of transactions for other purposes, transactions whose amounts are US$ 10 million or less, shall be approved by the general manager. For transactions whose cumulative net position exceeds US$ 10 million, the transaction may not be conducted until being approved by the board of Directors.

B. Audit Department

The Audit Department shall be responsible for understanding the appropriateness of internal controls concerning derivatives transactions, auditing the transaction department's compliance with the operating procedures, analyzing the transaction cycle, preparing audit reports. In the event of any material breach or the Company is likely to suffer material loss, such personnel shall immediately prepare a report and notify the audit committee.

C. Performance Evaluation

(a) Hedge transactions

I. Performance shall be evaluated based on the profits and losses incurred from the currency costs on the Company's books and the derivatives transactions which the Company engaged in.

II. In order to control and disclose the risk assessment of the transaction, and the Company shall evaluate the profits and losses monthly.

III. The financial department shall provide the evaluations of foreign exchange positions, trends of foreign exchange markets and market analysis to the general manager for the reference of its management and instructions.

(b) Transactions other than hedge transactions

Performance shall be evaluated based on actual incurred profits and losses, and the accounting personnel shall periodically provide positions reports to management for their reference.

D. Total Amount of Agreements and Caps on Damages

(a) Total Amount of Agreements

a. Amount of Hedge Transactions

I. Foreign Exchange Positions

The finance department shall control the Company's overall positions in order to avoid transaction risks. The amount of hedge transactions shall not exceed the net balance between the Company's accounts receivables and payables or offseting the Company's total assets and total liabilities within the next year.

II. Interest Rates and Others

The total transaction amount of agreements shall not exceed the total amount or total number of units of relevant positions which the Company holds. In the event of avoiding risks arisen from overseas shareholdings, issuance of overseas and domestic bonds or the prices, exchange rates or interest rates of long term loans from banks, the transaction amount shall be limited to the total amount of outstanding balance.

b. Amount of Transactions other than hedge transactions

In order to predict the market fluctuations, the finance department may make strategies based on necessity and the transactions may not be conducted until being approved in accordance with the levels of authority. The total amount of unclosed agreements of the Company's transactions other than hedge shall not exceed, at any time, 50% of the

Company's net value.

(b) Caps on Damages

a. Hedge Transactions

I. Individual Agreements: The cap shall be 20% of the individual agreement's amount.

II. All Agreements: The caps shall be 20% of total amount of all agreements.

b. Transactions other than hedge transactions

I. Individual Agreements: The cap shall be 10% of the individual agreement's amount.

II. All Agreements: The caps shall be 10% of total amount of all agreements.

c. In the event where damages exceed the aforementioned caps, the general manager and board of Directors shall be reported to for discussion on necessary appropriate measures.

2. Risk Management

(1) Credit Risk Management

Due to the fact that Market fluctuations are triggered by various factors, which may easily cause operational risks for derivatives, market risk management will be conducted based on the following:

A. Transaction Counterparty: Transactions shall be conducted primarily with reputable domestic and foreign financial institutions.

B. Products: Products shall be limited to those provided by reputable domestic and foreign financial institutions.

C. Transaction Amount: Except for the general manager's approval, the transaction amount of the same transaction counterparty without write-off shall not exceed 10% of the authorized total amount.

(2) Market Risk Management

Transactions shall be conducted primarily in public foreign exchange transaction markets provided by banks, and the futures market shall not be considered at the current stage. The Company shall manage the relevant risks by specifying the "Agreements' Total Amount" and "Caps on Damages" and shall at any time monitor and control the risks of price fluctuations caused by interests rates, changes of exchange rates or other factors.

(3) Liquidity Risk Management

In order to ensure the liquidity of the market, the Company shall engage in derivatives transactions with higher liquidity (which means the derivatives may be squared off at any time in the market). The financial institution which the Company engages shall possess sufficient information and have the capacity to conduct transactions in any market at any time.

(4) Cash Flow Risk Management

In order to ensure stable turnover of the Company's working capital, the Company shall engage in derivatives transactions with its own capital and the Company shall take the demands for the revenues and expenses within the next year into consideration.

(5) Operation Risk Management

A. In order to avoid operation risks, the Company shall fully comply with its authorized amount and operation procedures and shall include the matters regarding derivatives transactions into internal audit.

B. Transaction personnel responsible for the Company's engagement in derivatives transactions shall not serve concurrently in other operations such as confirmation and settlement.

C. The personnel responsible for measuring, monitoring and controlling risks shall not be in the same department as the personnel mentioned in the preceding provision and shall report to the board of Directors or top-tier officers who are not responsible for the decision of transactions or positions.

D. The positions of derivatives transactions shall be evaluated at least once a week; however, the positions for hedge transactions shall be evaluated at least twice a month, and the evaluation report shall be submitted to the senior management authorized by the board of Directors.

(6) Products Risk Management

In order to avoid the risks from financial products, internal transaction personnel shall possess complete and correct professional knowledge on financial products and shall request banks to fully disclose the relevant risks.

(7) Legal Risk Management

In order to avoid legal risks, documents with financial institutions shall not be executed until being reviewed by foreign exchange specialists, and paralegals or legal consultants.

3. Internal Audit System

(1) Internal audit personnel shall periodically review the appropriateness of internal controls concerning derivatives transactions and shall monthly audit the transaction department's compliance with the operating procedures, analyze the transaction cycle and prepare audit reports. In the event where any of the internal audit personnel discovers material breach, such personnel shall notify the audit committee in writing.

(2) Internal audit personnel shall report the annual internal audit status before the end of next February and the improvements on any irregular situations before the end of next May to the website designated by the FSC.

4. Periodic Evaluation Method

(1) The board of Directors shall authorize senior management officers to periodically monitor and evaluate whether derivatives transactions have fully complied with transaction procedures stipulated by the Company and whether the assumed risks are within the approved scope. In the event where there are irregular situations in the market price evaluation report (e.g. the held positions exceed the cap on damages), the board of Directors shall be notified immediately, and adopt appropriate measures.

(2)The positions of derivatives transactions shall be evaluated at least once a week; however, the positions for hedge transactions shall be evaluated at least twice a month, and the evaluation report shall be submitted to senior management authorized by the board of Directors.

5. Monitoring and Management Principles of the Board of Directors when Engaging in Derivatives Transactions

(1)The board of Directors shall appoint senior management to pay continuous attention to monitoring and controlling derivatives transaction risks. The principles are as follows:

A. Periodically evaluate whether the risk management measures currently employed are appropriate and comply with laws and regulations, and this Procedure.

B. If any irregular situation is discovered in the course of monitoring the transactions and the profits and losses, necessary appropriate measures shall be undertaken, and a report shall be made immediately to the board of Directors, and independent Directors shall be present and express their opinions at the board of Directors' meeting.

(2) Periodically evaluate whether the performance of the derivatives transactions is consistent with established operational strategy and whether the risk undertaken is within the Company's accepted scope of exposure to risk.

(3) The Company shall report to the next board of Directors' meeting after it authorizes relevant personnel to handle the derivatives transactions in accordance with this Procedure.

(4) When engaging in derivatives transactions, the Company shall establish a log book, which shall record in detail the types, amounts, the board of Directors' approval dates and the matters required to be carefully evaluated under subparagraph (2), paragraph 4, and subparagraphs (1) and (2), paragraph 5 of this article.

Article 13:Procedure for mergers, spin-offs, acquisitions or transfers of shares

1. Assessment and Operating Procedures

(1)When the Company participates in a merger, spin-offs, acquisition or transfer of shares, it shall engage attorneys, certified public accountants or underwriters to collaboratively propose the timeframe(s) in accordance with the procedure(s) specified in the laws and regulations and shall organize a committee to conduct relevant transactions in accordance with statutory procedure(s). The Company shall, prior to convening the board of Directors to resolve the relevant matters, engage certified public accountants, attorneys or underwriters to provide an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of Directors for deliberation and resolution.

(2)In the event that the Company participates in a merger, spin-offs, acquisition or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual contents and matters relevant to the merger, spin-off, acquisition or transfer of shares prior to the shareholders' meeting. The above public report, together with the notice of shareholders' meeting and the professional opinion prepared in accordance with subparagraph (1), paragraph 1 of this article, shall be submitted to the shareholders for the reference of the resolution of the merge, spin-off or acquisition. However, if a provision of other laws and/or regulations exempts the Company from convening a shareholders' meeting to approve the merger, spin-off or acquisition, the above restriction shall not apply. Furthermore, where the shareholders' meeting of any one of the companies participating in a merger, spin-off or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, spin-off or acquisition shall immediately publicly explain the reason, the follow-up measures and the date of the next shareholders' meeting.

2. Other matters

(1)Date of board of Directors' meeting:

Unless otherwise provided by law or being approved by Financial Supervisory Commission in advance, when a company is participating in a merger, spin-off or acquisition, , its board of Directors' meeting and the shareholders' meeting shall be held on the same day to resolve the matters relating to the merger, spin-off or acquisition. Unless otherwise provided by law or approved by the Financial Supervisory Commission in advance, other companies participating in the transfer of shares shall hold their board of Directors' meetings on the same day.

(2)Confidentiality:

Persons who participate in or know of the Company's merger, spin-off, acquisition or transfer of shares, shall, prior to the public disclosure of information, provide undertakings of confidentiality in writing and shall not disclose the contents of the relevant information and not trade, in their own names nor under the name of another person, in any stock or other equity security of any company related to the merger, spin-off, acquisition, or transfer of shares.

(3)Principles for establishing and changing the share exchange ratio or acquisition price:

The companies who participate in a merger, spin-off, acquisition or transfer of shares shall, prior to both parties' board of Directors' meetings, engage certified public accountants, attorneys or underwriters to provide an opinion on the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders. Such an opinion shall be submitted to the shareholders' meeting. The share exchange ratio or acquisition price shall, in principle, not be arbitrarily changed. However, this restriction shall not apply when the conditions for change have been provided in the contract and such conditions have been publicly disclosed. Conditions for changing the share exchange ratio or acquisition price are as follows:

A. Increase of cash capital, issuance of convertible corporate bonds, issuance of bonus shares, issuance corporate bonds with stock warrants, preferred stock with stock warrants, stock options and other equity securities.

B. An action, such as a disposal of major assets, that affects the Company's financial operations.

C. An event, such as major disasters or major changes in technology, that affects shareholders' equity or the price of securities.

D. An adjustment where any of the companies, who participates in the merger, spin-off, acquisition or transfer of shares from another company, buys back treasury stock.

E. An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition or transfer of shares.

F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(4) Required contents of contracts:

In addition to Article 317-1 of the Company Act and Article 22 of the Business Mergers And Acquisitions Act, the contract for participation by companies in mergers, spin-offs, acquisitions or transfer of shares shall include the following items:

A. Handling of breach of contract.

B. Principles for the processing of previously issued equity securities or purchased treasury shares of a company that is extinguished in a merger or that is spun-off.

C. The amount and the principle of the purchase of treasury shares in accordance with the laws after the date of the participating companies' calculation of the share exchange ratio.

D. Procedure for handling the increase or decrease in the number of participating companies.

E. The estimated progress of the plan and estimated completion date.

F. If the plan is not completed within the scheduled timeframe, the scheduled date for convening the legally mandated shareholders meeting and the relevant procedures.

(5)Changing in the number of companies participating in the merger, spin-off, acquisition or transfer of shares:

After public disclosure of the information, if any company participating in the merger, spin-off, acquisition or share transfer intends further to carry out a merger, spin-off, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition or share transfer; except that where the number of participating companies decreases and a participating company's shareholders meeting has adopted a resolution authorizing the board of Director to alter the authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.

(6)When participating in a merger, spin-off, acquisition or transfer of another company's shares, a company that is listed on Taiwan Stock Exchange or has its shares traded on the OTC market shall prepare a full written record including the following information and preserve the report for 5 years for reference and shall, within 2 days counting inclusively from the date of a resolution by the board of Directors, report (in the prescribed format and via the internet-based information system) the information set out in A and B of the following subparagraphs to the Financial Supervisory Commission:

A. Basic identification data for personnel: shall include the occupational titles, names and ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the plan or implementation of any merger, spin-off, acquisition or transfer of another company's shares prior to the public disclosure of the information.

B. Dates of material events: shall include the dates of signing any letter of intent or memorandum of understanding, engaging a financial or legal advisor, signing a contract and the convening a board of Directors meeting.

C. Important documents and minutes: shall include the plans of a merger, spin-off, acquisition or share transfer, any letter of intent or memorandum of understanding, material contracts, and the minutes of board of Directors meeting.

(7)Where any of the companies participating in the merger, spin-off, acquisitions or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and the subparagraph (1) “Date of Board of Directors' meeting”, subparagraph (2) “Confidentiality, subparagraph (5) “Changing in the number of companies participating in the merger, spin-off, acquisition or transfer of shares and subparagraph (6) of paragraph 2 of this Article shall apply.

Article 14:Procedures of public disclosure

1. Items and standards for public announcement and report

(1)Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of the Company’s paid-in capital, 10% or more of the Company's total assets or NT$ 300 million or more; provided that this shall not apply to the trade of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.

(2)Mergers, spin-offs, acquisitions or transfers of shares.

(3)Losses from derivative transactions reaching the upper limits on aggregate losses of all transactions or the loss of individual transactions set forth in the procedures adopted by the Company.

(4)Where an asset transaction other than any of those referred to in the subparagraphs (1), (2) and (3), a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company’s paid-in capital or NT $300 million; provided that this shall not apply to any of the following circumstances:

A. Trading government bonds.

B. Securities trading by investment professionals on foreign or domestic securities exchanges or OTC markets.

C. Trading bonds under repurchase/resale agreements, or subscribing or redeeming domestic money market funds.

D. Where the type of asset acquired or disposed of is equipment/machinery for business use, the counterparty is not a related party, and the transaction amount is less than NT$ 500 million.

E. Acquisition or disposal by the Company in the construction business of real property for construction use, where the counterparty is not a related party, and the transaction amount is less than NT$ 500 million.

F. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented lands, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale, and the Company’s estimated investment amount in the transaction is less than NT$ 500 million.

(5)The amount of the transactions referred to in the above subparagraphs (1) to (4) of this paragraph shall be calculated as follows. The term "Within the preceding year" as used in the paragraph below refers to the year preceding the date of occurrence of the transaction. Items duly announced in accordance with the relevant regulations shall not be counted towards the transaction amount.

A. The amount of each individual transaction.

B. The cumulative transaction amount of the acquisitions and disposals of the same type of assets with the same counterparty within the preceding year.

C. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) under the same development project within the preceding year.

D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

2. The time required for public announcement and report

In the event of the Company's acquisitions and disposals of assets, if any transaction details matches the items to be publicly announced in accordance with paragraph 1 of this Article and the transaction amount reaches the threshold set in this Article, a public report of relevant information shall be made within 2 days counting inclusively from the date of occurrence of the event.

3. The procedures for public announcement and report

(1) The public announcement and report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission.

(2) The Company shall compile monthly reports on the status of derivative transactions engaged in up to the end of the preceding month by itself and the subsidiaries which are not domestic public companies and upload the information in the prescribed format, by the 10th day of each month, into the information reporting website designated by the Financial Supervisory Commission.

(3) When the Company at the time of public announcement makes an error or omission in an item required by the regulations to be publicly announced and is required to correct it, all the items shall be again publicly announced and reported in their entirety.

(4) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions issued by certified public accountants, attorneys or underwriters at the Company's headquarters. Except as otherwise provided by other laws or regulations, such documents shall be preserved for at least 5 years.

(5) Where any of the following circumstances occur with respect to a transaction that the Company has already publicly announced and reported in accordance with this Article, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission within 2 days counting inclusively from the date of occurrence of the event:

A. Changes, termination or rescission of a contract regarding the original transaction.

B. The merger, spin-off, acquisition or transfer of shares is not completed by the scheduled date set forth in the contract.

C. Changes to the information originally publicly announced and reported.

Article 15:Procedures complied with by the Company's subsidiaries

1. Each of the Company's subsidiaries (the "Subsidiary" hereinafter) shall establish its "Procedures for Acquisition and Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". The Subsidiary's "Procedures for Acquisition and Disposal of Assets" shall be approved by its board of Directors or shareholders' meeting, and this procedure shall also apply to the amendments thereafter.
2. Any of the Subsidiary's acquisition or disposal of assets shall abide by the relevant regulations of the Company.
3. In the event where the Subsidiary is a non-public company, and where its acquisition or disposal of assets has reached the announcement standard stipulated by "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company shall announce and report the relevant matters on behalf of the Subsidiary.
4. In the event of the subsidiary's, The term "reaches 20% of the Company's paid-in capital or 10% of the Company's total assets" stipulated in the Subsidiary's announcement and report standards refers to the Company's paid-in capital or total assets.

Article 16:Penalties

Any of the Company's employees who deal with any acquisition and disposal of the assets and violates this Procedure shall be evaluated according to the "Personnel Regulations and the Personnel Reward and Penalty Regulations" of the Company and shall be penalized appropriately in accordance with the level of the violation.

Article 17: Implementation and amendment

After the Procedure has been approved by the board of Directors, the Procedure shall be submitted to the audit committee and then to a shareholders' meeting for approval. The same procedure shall apply to any amendment to this Procedure thereafter. If an independent Director objects to or expresses reservations about any matter during discussion of the board of Directors, such an objection or reservations shall be recorded in the minutes of the board of Directors meeting.

During discussion of the audit committee in accordance with the preceding paragraph, in the absence of approval by more than half of all members of the audit committee, the approval of more than two thirds of all members of the board of Directors shall apply, and such resolution of the audit committee shall be recorded in the board of Directors meeting minutes.

All members of the audit committee and all members of the board of Directors referred to by the preceding paragraph shall count in the incumbent ones.

Article 18:Supplementary Provision

The relevant laws and regulations shall apply to matters not provided for under this Procedure.

Appendix 3

POU CHEN CORPORATION

Rules and Procedures of Shareholder Meetings

Adopted by shareholders' meeting on June 15, 2016

Article 1 (Applicable Laws and Regulations)

Except as otherwise provided in relevant laws or Pou Chen Corporation (the "Company")'s Articles of Incorporation, the Company's shareholders' meetings shall be held in accordance with these Rules and Procedures of Shareholders' Meetings (these "Rules and Procedures").

Article 2 (Convention of Shareholders' Meeting and Meeting Notice)

Except as otherwise provided in relevant laws, the Company's shareholders' meetings shall be convened by the board of Directors.

The Company shall make the meeting notice, proxy form, short title for ratification proposals, discussion proposals and election or removal of Directors, and other explanatory information into electronic files and submit such files onto the Market Observation Post System (the "MOPS") website thirty days before the general shareholders' meeting or fifteen days before the special shareholders' meeting. The Company shall also make the handbook for shareholders' meetings and other supplementary materials into electronic files and submit these files onto the MOPS website twenty one days before the general shareholders' meeting or fifteen days before the special shareholders' meeting. The Company shall prepare the handbook for shareholders' meetings and other supplementary materials fifteen days before the shareholders' meeting for shareholders to ask for at any time, exhibit these documents in the Company and the professional agency appointed by the company to handle the share-related affairs for the company, and distribute such documents at the shareholders' meeting.

The reasons for convening the shareholders' meeting shall be indicated in the notice and the announcement to the shareholders; and the notice may be delivered by means of electronic transmission with prior consent from the recipient(s).

Matters pertaining to election or removal of Directors, amendments to the Articles of Incorporation, dissolution, merger, spin-off, or any matters as set forth in Article 185 Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed in the reasons for convening the shareholders' meeting, and shall not be brought up as extemporary motions.

Shareholders holding 1% or more of the total number of outstanding shares of the Company may propose to the Company a proposal at general shareholders' meetings, provided that only one matter is allowed in such a proposal, and proposals with more than one matter will not be included in the agenda. In addition, if there are any of the circumstances listed in Paragraph 4, Article 172-1 of the Company Act in the proposal raised by a shareholder, the board of Directors may choose not to list such a proposal in the agenda.

Prior to the date on which share transfer registration is suspended before the convention of the general shareholders' meeting, the Company shall publish an announcement stating the place and the time period for shareholders to submit proposals to be resolved at the meeting; and the time period for accepting such proposals shall not be less than ten days.

The number of words in the proposal proposed by a shareholder shall be no more than three hundred words, and any proposal with more than three hundred words will not be included in the agenda. A shareholder who has submitted a proposal shall attend, in person or by a proxy, the general shareholders' meeting where the proposal is to be resolved and shall take part in the discussion of such a proposal.

The Company shall, prior to delivering the meeting notice, inform all the shareholders who have submitted proposals of whether their proposals are accepted, and shall list in the meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not listed in the agenda of the meeting, the reasons for not listing such proposals shall be explained by the board of Directors at the shareholders' meeting.

Article 3 (Attending Shareholders' Meetings by Proxy and Authorization)

A shareholder may appoint, per meeting, another person to attend as his/her/its proxy by using the proxy form provided by the Company to set forth the scope of authorization.

A shareholder may only use one proxy form and appoint one proxy only, and shall serve such proxy form to the Company no later than five days prior to the meeting date of the shareholders' meeting. In the event that two or more proxy forms are received from one shareholder, the first proxy form served to the Company shall prevail, unless an explicit statement to revoke the previous proxy form is made in the proxy form that is later served to the Company.

After the service of the proxy form to the Company, in the event that the shareholder issuing the said proxy form intends to attend the shareholders' meeting in person or to exercise the voting rights in writing or by way of electronic transmission, a written notice to rescind the proxy form shall be filed with the Company two days prior to the date of the shareholders' meeting, or otherwise the voting rights exercised by the authorized proxy at the meeting shall prevail.

Article 4 (Principles for the Venues and Times of Shareholders' Meetings)

The shareholders' meeting shall be held at the Company's place of business or any other place that is convenient for the shareholders to attend and appropriate to convene such meeting, and shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m. The decision of the place and time for the meeting shall be made taking the independent Directors' opinions into full consideration.

Article 5 (Preparation of Attendance Register and other Documents)

The Company shall set forth in the meeting notice the time and place for shareholders to sign in, and any other matters to be noted by the Shareholders.

The time for shareholders to sign in under the preceding paragraph shall begin at least thirty minutes earlier than the meeting commencement time. There shall be a conspicuous sign to indicate the place for shareholders to sign in, and sufficient and proper personnel shall be at such place to handle relevant matters.

Shareholder or their proxies (hereinafter "Shareholders") may only attend the meeting with his/her/its attendance card, sign-in card or other attendance identification papers. The solicitor of proxies shall also bring his/her identity document for further check.

The Company shall prepare an attendance register for shareholders or their proxies (hereinafter "Shareholders") to sign in, which may be substituted with the sign-in card submitted by Shareholders attending the meeting.

The Company shall deliver to Shareholders attending the meeting the handbook for the meeting, the annual report, the attendance card, a slip of paper for comments, voting ballots and other meeting information. Where there are proposals to elect the Directors at meetings, the Company shall also deliver the election ballots to Shareholders attending such meetings.

When Shareholders are governments or legal persons, there may be multiple representatives attending the meeting on behalf of such Shareholders. In the event that a legal person attends a meeting as a proxy, there may only be one representative appointed by such legal person.

Article 6 (Chairperson and Attendees of Shareholders' Meeting)

For the shareholders' meeting convened by the board of Directors, such meeting shall be chaired by the chairman of the board. In case the chairman is on leave or cannot exercise his authority for any reason, the vice chairman shall act on his behalf. In case there is no vice chairman, or the vice chairman is also on leave or unable to exercise his authority for any reason, the chairman shall designate one of the Directors to act on his behalf. In the absence of such designation, the Directors shall elect from among themselves an acting chairman to act on the chairman's behalf.

A Director shall have served as a Director in the Company for six months or more to act on behalf of the chairman in accordance with the preceding paragraph. The same should apply to the situation where the chairman is the representative of a Director that is a legal person.

When the shareholders' meeting is convened by the board of Directors, it is advised that the chairman of the board of Directors preside at such meeting, having more than half of the Directors and at least one member from each of the functional committees present at the meeting. The attendance shall be recorded in the minutes of the shareholders' meeting.

If the shareholders' meeting is convened by a person with the authority to convene other than the board of Directors, such person shall act as the chairman at that meeting; provided, however, if there are more than one person with the authority to convene, the chairman for the meeting shall be appointed from among them.

The Company may designate legal counsel, certified public accountants, and other relevant personnel to attend the shareholders' meetings in a non-voting capacity.

Article 7 (Records of Process of Shareholders' Meeting)

The Company shall tape record and videotape, without interruption, the whole process of Shareholders' signing in, the meeting and casting and counting of the ballots.

The tape-recorded and videotaped records shall be kept for at least one year, provided that where there is litigation brought by the shareholder pursuant to Article 189 of the Company Act, such records shall be kept until the litigation ends.

Article 8 (Share Number Calculation for Attendance at Shareholders' Meetings and Convention of Meetings)

The attendance of shareholders' meetings shall be calculated based on the number of shares held by Shareholders attending such meetings, which shall be determined according to the attendance register or the sign-in cards submitted by Shareholders, adding the number of voting shares where voting rights are exercised by means of written notice or electronic transmission.

Upon the scheduled meeting time, the chairman shall call the meeting to order. The chairman may adjourn the meeting if the number of shares of the Shareholders present do not exceed half of the total number of issued and outstanding shares, which meeting may be postponed up to two times, with the total adjournment time not exceeding one hour. If, after two postponements, the number of shares present still does not meet one-third of the total issued and outstanding shares, the chairman shall cancel the meeting.

If, after two postponements in accordance with the preceding paragraph, the number of shares of the Shareholders present still does not meet the aforementioned threshold but represent one-third or more of the total issued and outstanding shares, tentative resolutions may be adopted in accordance with

Article 175 of the Company Act, and a shareholders' meeting shall be convened within one month after the meeting in which the tentative resolutions were adopted.

If, before the meeting in which the tentative resolutions are adopted is adjourned, the number of shares present reaches more than half of the total issued and outstanding shares, the chairman may re-submit the tentative resolution for approval at the meeting in accordance with Article 174 of the Company Act.

Article 9 (Discussion of Proposals)

Agendas for shareholders' meetings shall be set by the board of Directors if such meetings are convened by the board of Directors. Unless otherwise resolved by resolution at the shareholders' meetings, the meetings shall be carried out in accordance with the scheduled agenda.

The preceding paragraph shall apply mutatis mutandis to meetings convened by any person, other than the board of Directors, with the authority to convene such meeting.

In respect of the scheduled agenda referred to in the preceding two paragraphs, the chairman may not, absent a resolution, unilaterally announce the adjournment of the meeting before all of the items on such agenda (including ad hoc motions) have been resolved. If the chairman announces its adjournment in violation of the Rules and Procedures, other Directors of the board shall promptly assist the Shareholders present to elect, in accordance with legal procedures, one person to act as chairman to continue the meeting with more than half of the votes of the Shareholders present.

For proposals and amendments to the proposals and ad hoc motions proposed by the Shareholders, the chairman shall ensure there is adequate opportunity for explanation and discussion. If the chairman believes that the discussion for a proposal has reached a level where a vote may be called, the chairman may announce to end such discussion and call for a vote.

Article 10 (Speeches of Shareholders)

Before Shareholders make speeches, such Shareholders shall submit a slip of paper, noted with such Shareholders' shareholder account number (or the attendance card number) and account name, summarizing his/her/its comments, for the chairman to determine the speaking order.

Attending Shareholders who submit slips but does not speak at a shareholders' meeting is deemed to have not spoken; in the event of any inconsistency between the contents of a Shareholder's speech and those recorded on the slip, the contents of the Shareholder's speech shall prevail.

Unless otherwise agreed to by the chairman, a Shareholder may speak on a single proposal up to two times, each time no more than five minutes in length. The chairman may stop the speech of any Shareholder that is in violation of relevant rules or exceeds the scope of their proposal.

When an attending Shareholder is speaking at the meeting, no other Shareholder shall interrupt the speech of the speaking Shareholder unless otherwise permitted by the chairman and such speaking Shareholder; the chairman shall stop any such violations.

When a Shareholder that is a legal person appoints two or more representatives to attend the shareholders' meeting, only one representative may speak on any given proposal.

After a speech is given by the attending Shareholder, the chairman may personally or designate relevant personnel to respond.

Article 11 (Calculation of Voting Shares and Conflict of Interests)

The voting in the shareholders' meeting shall be determined based on the number of shares.

The shares held by Shareholders without voting rights shall not be counted in the number of total issued and outstanding shares when adopting a resolution at the shareholders' meeting.

Shareholders with personal interests in the matter under discussion at a shareholders' meeting, which may impair the interests of the Company, shall neither vote nor exercise the voting rights on behalf of another Shareholder.

The number of shares in which such Shareholders may not exercise their voting rights in accordance with the preceding paragraph shall not be counted in the number of votes of Shareholders present at the meeting.

Except for trust enterprises or stock agencies approved by the competent authority for securities, if a person is entrusted by two or more Shareholders, the proxy votes by such person shall not exceed 3% of the total issued and outstanding shares of the Company; and any votes in excess of the foregoing will not be counted.

Article 12 (Methods for Resolving Proposal, Supervising Casting of Ballots and Counting Ballots)

Except for restricted shares or shares without voting rights under Article 179 Paragraph 2 of the Company Act, each Shareholder is entitled to one vote per share.

When shareholders’ meetings are held by the Company, voting rights may be exercised in writing or by way of electronic transmission. The Company shall set forth the methods to exercise voting rights in the shareholders' meeting notice when the shareholders are to exercise such rights in writing or by way of electronic transmission. A Shareholder who exercises his/her/its voting rights at a shareholders' meeting in writing or by way of electronic transmission shall be deemed to have attended the meeting in person, provided that such Shareholder shall be deemed to have waived his/her/its voting rights in respective of any ad hoc motions and the amendments to the original proposals at the said shareholders’ meeting, and thus it is advised that the Company does not propose an ad hoc motion or amend the original proposal.

Where Shareholders elect to exercise their voting rights in writing or by way of electronic transmission, their declaration of intent shall be served to the Company two days prior to the scheduled meeting date, provided that if two or more declarations of the same intention are served to the Company, the first declaration of such intention shall prevail, unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

If a Shareholder who has exercised his/her/its voting rights in writing or by way of electronic transmission intends to attend a shareholders’ meeting in person, he/she/it shall serve another declaration of intent to rescind his/her/its previous declaration of intent under the preceding paragraph two days prior to the meeting date and in the same manner used in exercising his/her/its voting rights. In the absence of a timely rescission of the previous declaration of intent, the voting rights exercised in writing or by way of electronic transmission shall prevail. If a shareholder has exercised his/her/its voting rights in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders’ meeting on his/her/its behalf, then the voting rights exercised by the authorized proxy for the said shareholder shall prevail.

Except as otherwise required by the Company Act or the Articles of Incorporation of the Company, a proposal is adopted with the approval of more than half of the vote rights of the Shareholders present. Upon the voting, the chairman or the personnel designated by the chairman shall announce the total number of votes of Shareholders present, and then the Shareholders shall cast their ballots. The Company shall key in the results of the Shareholders' for or against votes and their waivers to the MOPS website on the shareholders’ meeting date after such shareholders' meeting.

In the event that there is an amendment or replacement proposal to the original proposal, the chairman shall decide on the order in which such proposals will be voted in, along with the original proposal, provided that if one of such proposals has been adopted, the other proposals will be deemed to have been vetoed and no further voting shall be necessary.

The person(s) supervising the casting of the ballots and the person(s) counting the ballots shall be designated by the chairman, provided that the person(s) supervising the casting of the ballots shall be a Shareholder.

The counting of ballots for voting or election at the shareholders’ meeting shall be conducted in an open area within the shareholders’ meeting room. After the counting is completed, the voting results shall be announced on the spot, including the number of votes, and records shall be made.

Article 13 (Election Matters)

Where there is a proposal to elect Directors, the election shall be conducted in accordance with the Company’s Rules for Election of Directors, and the results of the election shall be announced on the spot, including the list of Directors elected and the number of votes they are elected with.

The ballots for the election under the preceding paragraph shall be sealed by the personnel supervising the casting of ballots, with such personnel's signature on the seal, and shall be kept properly for at least one year, provided that where there is litigation brought by the Shareholder pursuant to Article 189 of the Company Act, these ballots shall be kept until the litigation ends.

Article 14 (Minutes of Shareholders' Meetings and Signatures)

Resolutions adopted at shareholders' meetings shall be made into minutes, which shall be signed by or affixed with seal of the chairman of the shareholders' meetings and distributed to all of the Shareholders within 20 days after the shareholders' meetings. The distribution of the shareholders' meetings minutes may be done by way of electronic transmission.

The Company may distribute the shareholders' meetings minutes under the preceding paragraph by public announcement on the MOPS website.

Minutes of the shareholders' meetings shall record the date and place of the shareholders' meetings, name of the chairman, and the method for adopting resolutions, as well as summaries and results of proceedings. Minutes of the shareholders' meetings shall be kept indefinitely for as long as the Company is in existence.

Article 15 (External Announcement)

The number of shares solicited by solicitors and represented by proxies shall be expressly disclosed, in the form of statistical tables in compliance with relevant rules, in the shareholders' meeting room by the Company on the shareholders' meeting date.

In the event that the resolutions adopted at the shareholders' meeting are material information under relevant laws or the rules provided by the Taiwan Stock Exchange, the Company shall submit the content of such resolutions to the MOPS website within the specified time period.

Article 16 (Maintenance of Order during Shareholders' Meeting)

The meeting staff handling shareholders' meeting affairs shall wear an identification card or arm-band.

The chairman may direct the picket staff or security personnel to help maintain order at shareholders' meetings. When helping maintain order, the picket staff or security personnel shall wear arm-bands with the words "picket staff" on them or identification cards.

Where there is sound amplifying equipment provided in the shareholders' meeting, the chairman may stop any shareholder who is not speaking with the sound amplifying equipment provided by the Company.

In the event that the shareholder is in violation of the Rules and Procedures, disobeys the corrections by the chairman, interrupts the process of the shareholders' meeting and refuses to stop such actions after being told to stop, the chairman may direct the picket staff or security personnel to ask such shareholder to leave the shareholders' meeting room.

Article 17 (Intermission and Continuance of Shareholders' Meeting)

The chairman may, at his or her discretion, set time for recess during the shareholders' meeting. In the event of any uncontrollable matters, the chairman may decide to adjourn the meeting tentatively, and announce the time to continue the meeting depending on the circumstances.

In the event that the shareholders' meeting place cannot be perused but the items to be discussed on the scheduled agenda (including ad hoc motions) have not all been resolved, the Shareholders may resolve to continue the shareholders' meeting in another place.

The Shareholders may adopt a resolution to postpone or continue the shareholders' meeting within five days in accordance with Article 182 of the Company Act.

Article 18 (Approval Level)

These Rules and Procedures and any amendments shall become effective upon resolution at a shareholders' meeting.

Appendix 4

POU CHEN CORPORATION

Shareholdings of All Directors

Effective Date: April 17th, 2017

Title	Name	Registered shares in Shareholders Roster	Shareholding (%)
Chairman	PC Brothers Corporation Representative: Chan, Lu-Min	213,280,710	7.24%
Director	Tsai, Pei-Chun	4,177,779	0.14%
Director	Tzong Ming Investments Co., Ltd. (Representative: Tsai, Min-Chieh)	6,340,933	0.22%
Director	Ever Green Investments Corporation (Representative: Lu, Chin-Chu)	23,216,045	0.79%
Director	Sheachang Enterprise Corporation (Representative: Tsai, Ming-Lun)	4,413,010	0.15%
Director	Lai Chia Investments Co., Ltd. (Representative: Ho, Yue-Ming)	2,677,700	0.09%
Independent Director	Chen, Bor-Liang	3,374	0.00%
Independent Director	Chiu, Tien-I	0	0.00%
Independent Director	Chen, Jung-Tung	0	0.00%
Shareholdings of all Directors (excluding Independent Directors)		254,106,177	8.62%

(1) The Company's Paid-in Capital (as of April 17th, 2017) is NT$29,467,872,130. The number of outstanding shares is 2,946,787,213.

(2) The statutory minimum shareholding requirement for all Directors: 70,722,893 shares.

Appendix 5 The Impact of Stock dividend Issuance on Business Performance, EPS, and Shareholder Return Rate

The Company has no plan for the free allotment of shares for this fiscal year. This item does not apply.