



Stock Code : 9904

寶成工業股份有限公司

POU CHEN CORPORATION

Handbook for the 2020 Annual General Shareholders' Meeting

Notice to readers

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.



Table of Contents

I.	Meeting Procedure.....	1
II.	Meeting Agenda.....	2
	1. Report Items.....	3
	2. Ratification	33
	3. Discussion	35
	4. Extraordinary Motion(s)	41
	5. Adjournment.....	41
III.	Appendix	
	1. Articles of Incorporation.....	42
	2. Rules and Procedures of Shareholders' Meetings	50
	3. Shareholdings of all Directors	59

I. Meeting Procedure

Pou Chen Corporation 2020 Annual General Shareholders' Meeting Procedure

1. Call the Meeting to Order
2. Chairperson Remarks
3. Report Items
4. Ratification
5. Discussion
6. Extraordinary Motion(s)
7. Adjournment



II. Meeting Agenda

Pou Chen Corporation 2020 Annual General Shareholders' Meeting Agenda

Date and Time: June 19, 2020 (Friday) 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. 2019 Business and Financial Report. (please refer to pages 3-30)
2. The Audit Committee's Review Report on the 2019 Financial Statements. (please refer to pages 31-32)
3. Report on the 2019 Distribution of Employees' Compensation and Directors' Remuneration. (please refer to page 33)
4. The 2019 profit distribution of cash dividends. (please refer to page 33)

B. Ratification

1. Ratification of the 2019 Business Report, Financial Statements and profit distribution plan. (please refer to page 33-34)

C. Discussion

1. Discussion on the amendments to the Company's "Rules and Procedures of Shareholders' Meetings". (please refer to pages 35-41)

D. Extraordinary Motion(s)

E. Adjournment

A. Report Items

1. 2019 Business and Financial Report

a. Business Report

i. Operational Review

The Company's non-consolidated revenue in 2019 was NT\$11.4 billion, the consolidated revenue was NT\$313.2 billion, representing an increase of 6.76% compared to NT\$293.3 billion in the previous year, and the net income attributed to owners of the Company was NT\$11.8 billion, an increase of 10.46% compared to NT\$10.7 billion in the previous year. (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 retailing of sporting goods and brand licensing business, accounting for 59% and 41% of consolidated revenue for 2019 respectively. (Schedule 2)

The Company's consolidated revenue in 2019 increased by NT\$19.9 billion compared with the previous year, primarily due to the steady development of the Company's footwear manufacturing business, resulting from the increase in average selling price per pair of footwear products, while retailing of sporting goods and brand licensing business benefited from the expansion of its sales network and growth of same-store sales, leading to relatively strong business growth.

(2) Income from operations

Attributed to the continuous improvement in the performance of sporting goods retailing and brand licensing business, the Company's consolidated gross profit for 2019 was NT\$79.5 billion, up 5.36% from the NT\$75.5 billion in the previous year. The consolidated gross profit margin in 2019 dropped slightly from 25.7% in the previous year to 25.4%, primarily due to a combination of increased product complexity of footwear manufacturing business, customers' growing demand for flexible production set up such as reallocate and shift production facilities. It's also related to the Company's investments in manufacturing optimization for its sustainability, growth including higher level of automation and SAP ERP system implementation, which resulted in temporary low efficiencies. Time and resources are required to make further adjustments and achieve greater production efficiency.

Because the Company continued to strengthen its expense control, the consolidated operating expenses ratio roughly remained stable as that in 2018. The



Company's consolidated net operating income was NT\$14 billion, an increase of 1.02% from NT\$13.8 billion in the previous year. Consolidated net operating income margin in 2019 decreased from 4.7% in the previous year to 4.5%.

(3) Net income and Earnings per share

The net income attributable to owners of the Company in 2019 was NT\$11.8 billion, which was slightly increased by NT\$11 billion compared to the previous year, resulting in EPS of NT\$4.01 which was an increase of NT\$0.38 compared to NT\$3.63 in the previous year.

Schedule 1: Consolidated Financial Statements

(in NT\$ thousands, except earnings per share)

Year		2019		2018		+(-)%
		Amount	%	Amount	%	
Item						
Operating revenue		313,156,585	100%	293,316,089	100%	6.76%
Gross profit		79,515,354	26%	75,471,295	26%	5.36%
Income from operations		13,950,460	5%	13,809,464	5%	1.02%
Income before income tax		21,521,978	7%	20,260,383	7%	6.23%
Net income for the year		18,002,774	6%	16,371,866	6%	9.96%
Net income attributable to	Owners of the Company	11,828,609	4%	10,708,646	4%	10.46%
	Non-controlling interests	6,174,165	2%	5,663,220	2%	9.02%
Earnings per share (Basic)		4.01		3.63		

Schedule 1-1: Separate Financial Statements

(in NT\$ thousands, except earnings per share)

Year		2019		2018		+(-)%
		Amount	%	Amount	%	
Item						
Operating revenue		11,399,477	100%	12,062,778	100%	(5.50%)
Gross profit		4,743,554	42%	4,610,127	38%	2.89%
Income from operations		540,529	5%	477,899	4%	13.11%
Income before income tax		12,395,196	109%	11,609,847	96%	6.76%
Net income for the year		11,828,609	104%	10,708,646	89%	10.46%
Earnings per share (Basic)		4.01		3.63		

Schedule 2: Consolidated Revenue

(in NT\$ thousands)

Year	2019		2018	
	Amount	%	Amount	%
Primary business				
Manufacturing of shoes	185,444,582	59%	177,557,453	61%
Retailing of sporting goods and brand licensing business	126,866,572	41%	114,950,866	39%
Other	845,431	-	807,770	-
Total	313,156,585	100%	293,316,089	100%

ii. Research and Development

In 2019, the Company invested 2.1% of its consolidated revenue in research & development (R&D). R&D items include promoting an optimized system with automated production process connected to the IoT, incorporating and refining innovative production models and innovative manufacturing technologies, and constantly improving operational efficiency and flexible productivity. The Company has established an R&D team and an independent R&D Center for its major customers. The Company maintains close cooperation with its customers during product and prototype development, using its technical capabilities and abundant practical experience to combine innovative elements and environment-friendly materials, so as to provide the most valuable comprehensive solutions from which to produce high quality footwear products.

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

Facing issues of environmental sustainability, the Company maintains the effective operation of environmental pollution prevention mechanisms, promotes clean production, and reduces the environmental impact of production processes. The Company's overall energy conservation target is that energy intensity in 2020 will be 8% lower than that in 2016. To date, the Company has successively introduced a number of energy conservation and carbon reduction measures. In addition to continuously increasing the energy efficiency of production equipment, the Company actively reduces leakage of vapor gas and compressed air in hopes of achieving its target by 2020. The Company will continue to assess the feasibility of renewable energy applications to conform to international trends and customer expectation.



(2) Safety and Health Management

The Company emphasizes risk management from the source, and adopts safety designs and professional review when a new plant is constructed, equipment is purchased, or during maintenance and renovation; testing and acceptance procedures have also been strengthened to ensure that requirements are met. In 2020, the Company will continue to expand the promotion of monthly labor safety events in overseas plants; organize various promotional activities to raise employees' safety awareness and strengthen the Company's safety culture; continue to reinforce occupational hazard prevention works; improve occupational health and safety management mechanism; implement equipment safety and health improvement efforts; and increase employees' safety awareness. Through these actions, the Company hopes to reduce occupational injuries and realize the goal of safety self-management.

(3) Compliance Management

The Company conducts internal evaluation of environmental safety, health, and human rights labor affairs, controls deficiency improvements and reporting of abnormal events, and tracks the progress of customer inspection, in order to examine the compliance of its production divisions with the Group's code of conduct, local laws and regulations, and customers' requirements. Through these, the Company aims to mitigate risks within the workplace and fulfill the requirements of responsible production. In 2020, the Company will continue to adopt and improve its internal risk management system, strengthen compliance with customer requirements, keep abreast of industrial requirements and issues of concern, comply with the “Universal Declaration of Human Rights” and the ILO “Declaration on Fundamental Principles and Rights at Work”, and endeavor to implement principles of fairness and human rights policies.

(4) Friendly Workplace

The Company enhances interactive and trust-building relationships with its employees by establishing and maintaining a consistent complaint and reporting system, quickly addressing employees' issues, regularly performing follow-up and data analysis, developing a variety of employee care channels, hosting scheduled employee meetings, and arranging employee home interviews. In 2020, the Company will continue to organize employee activities, engage in friendly workplace campaigns, elucidate its core values and the Group's code of conduct, continue to foster internal lecturers, educate employees on interactive management practices, improve internal solidarity and organizational identity, promote harmonious employee–employer relations, and build a friendly workplace.

iv. 2020 Business Plan

(1) Operating Guidelines

■ Footwear Manufacturing

(a) To upgrade production and continue to strengthen business capabilities

The Company continues to invest in and improve our automation level, advanced technologies, process improvement, and SAP ERP system to strengthen its flexible production and quick response mechanisms. The Company builds a team with expertise in key technologies, enhances product development and innovation capabilities, and continuously accumulates core competitive energy. Meanwhile, the Company continuously implements measures for production optimization, enforces stringent cost control, and endeavor to improve production management efficiency.

(b) To leverage local advantages to flexible capacity allocation

In terms of production allocation in 2019, Vietnam, Indonesia, and China accounted for 44%, 39%, and 13% of the Company's total output, respectively, whereas that of Cambodia, Bangladesh, and Myanmar accounted for 4%. In 2020, Vietnam, Indonesia, and China will continue to be the main production bases. In response to the rapidly changing consumer market, the Company will adopt more flexible procurement strategies for its customers and continue to focus on strengthening the manufacturing capability and lean production practices of its plants and maintain maximum flexibility in production planning.

(c) To provide value-added service for solidifying relationship with brand customer

The Company focuses on serving customers who show growth potential, leverages its core competencies and competitive advantages, provides total support through added value and one-stop services, offers more extensive services, deepens long-term cooperation with customers, and actively expands opportunities for business development.

(d) To engage in vertical integration for extending the business market

To achieve excellent quality, fast response, and environmental sustainability, the Company continues to effectively integrate resources, constructs a market-oriented supply chain management system, works together with strategic suppliers to develop new materials, new processes, new technologies, and new applications, and constantly seeks innovation and breakthroughs in industry value chains to maximize additional value.



■ Retailing of Sporting Goods and Brand Licensing

- (a) To strengthens retail management as a means of increasing sales operation efficiency

The Company continues to upgrade its brick-and-mortar businesses, focusing particularly on customer experience to offer diverse products and premium services and increase business benefits. Additionally, the Company establishes a standardized model for business optimization, defines key performance indicators, and integrates digital technologies for real-time data collection and analysis, the results of which will serve as the basis for making business decisions to quickly respond to consumer market demands, thereby increasing management effectiveness and improving operational efficiency.

- (b) To integrate online and offline networks ensures better omni-channel operation capabilities.

The Company continues to reinforce its ability to manage e-business platforms, actively integrates online and offline resources with consumers at the core, and builds a distinguished comprehensive sales channel that enables the sustainability of consumer experience. By establishing a cross-channel product sharing platform, the Company hopes to increase in-season sell-through and overall sales performance, keep inventory at a relatively healthy level, and boost continuous business growth.

- (c) Innovated the business market and created a retailing ecosystem.

Because consumers are favoring personalized and more diverse products, the Company is committed to exploring more flexible business models. In addition to continuously investing in the upgrading and integration of sales channel for better shopping experiences, the Company plans to establish new concept stores combined with sports experience elements, introduce a brand new app program to create and guide consumer needs, and build a brand new retail ecosystem that fulfills the diverse shopping habits and experiences of consumers.

- (d) To valued consumer's experience and promote sports services.

The Company continues to host sports competitions such as marathons, trail running, basketball games, and baseball games, to attract sports enthusiasts who can be potential customers of the Company. A number of the Company's sports events are aimed at forging stronger customer relations. By linking sports events, products and services, the Company provides distinguished and complete shopping experiences to increase consumer adhesion and loyalty and capture opportunities for product sales growth.

(2) Prospects

Looking forward to 2020, initially, a soft recovery of the global economy was anticipated, given the slowing of U.S.–China trade dispute and continuous easing of monetary policies by major countries. However, the outbreak of the novel coronavirus (COVID-19) epidemic in the beginning of 2020. In response, China adopted a series of strict traffic and crowd control measures such as suspending industrial operations and locking down its cities, to prevent the spread of the epidemic. These measures not only impacted China's domestic demands and exports, but also spilled over to the operation of the manufacturing supply chains, bringing uncertainties to the performance of the global economy as the COVID-19 spread around the world. Issues concerning the progress of U.S.–China trade agreements, the U.S. Presidential election, and climate change also influence the development of the international situation. Fierce industrial competition, rapid changes in consumption patterns, and rising labor costs, among other factors have introduced a number of variables in the business environments.

Despite the challenges arising from the major public health crises that garnered international attention in early 2020, the Company remains confident in the long-term development of its industry, believing that people will be more aware of the importance of health, safety and sports life. Because challenges and opportunities will always exist in parallel of each other, Pou Chen will adhere to its core values, utilize its competitive advantages, carefully respond to uncertainties and challenges, continue to strengthen corporate governance and sustainable development, recruit and foster diverse talents, continue to focus on its two core businesses (manufacturing of shoes and retailing of sporting goods and brand licensing business), foster its business management capabilities, strive to create the value of corporate sustainability, and actively achieve stable revenue growth.

Regarding footwear manufacturing, the Company will continue to invest in automation, supply chain integration, and production optimization measures, improve the flexibility and diversity of production capabilities, expand production capacity in a timely manner, and maintain production planning at maximum flexibility, thereby improving production efficiency and business performance. The Company will apply innovative production models and improve product development capabilities, provide excellent products and innovative services in response to market demands, constantly deepen its strategic cooperation with customers, and secure the Company's leading position in the shoe manufacturing industry.



Regarding retailing of sporting goods and brand licensing businesses, the Company will continue to upgrade its brick-and-mortar businesses, enhance the operating capability of its omni-channels, integrate online platforms with offline channels, host various sports competitions, and provide consumers with a complete and diverse range of unique shopping experiences and services, thereby promoting the effective sale of products and services. At the same time, the Company will strengthen its data management and inventory integration and product sharing management practices, keep abreast of key business indicators, sustain its core competitive advantages, and continue to improve its sales and business performances.

Chan, Lu- Min



Chairman of the Board

Lu, Chin- Chu



President

Ho, Ming-Kun



Head of Accounting Dept.

b. Financial Report

i. Consolidated Financial Statements and Independent Auditors' Report

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 referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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 (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, 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, based on our audits and the report of other auditors.

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, 2019. 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 following are the key audit matters of the consolidated financial statements of the Group as of and for the year ended December 31, 2019.



Write-down of Inventory

As of December 31, 2019, the carrying amount of finished goods for retail included in the inventories was \$34,533,482 thousand. For the related disclosures, refer to Notes 4, 5 and 11 to the consolidated financial statements.

The determination of net realizable value required an evaluation on the condition and quality of product market sales and assessment of obsolete and slow-moving inventory; the evaluation involved significant judgments and estimations made by management. Therefore, we considered write-down of inventory as a key audit matter of the 2019 consolidated financial statements.

We obtained the inventory valuation sheets prepared by 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 management. In addition, we selected samples from the inventory aging report prepared by management to verify the correctness of its classification and the reasonableness of the amount of inventory write-downs.

Impairment of Goodwill

As of December 31, 2019, goodwill allocated to the manufacture and sale of footwear of the Group amounted to \$5,498,182 thousand and \$2,332,954 thousand, respectively. For related disclosures, refer to Notes 4, 5 and 19 to the consolidated financial statements.

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. The test of impairment involved significant judgments and estimations made by management. As a result, we considered the impairment of goodwill as a key audit matter of the 2019 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. and Nan Shan Life Insurance Co., Ltd were accounted for by using the equity method 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., and Nan Shan Life Insurance Co., Ltd. are based solely on the report of other auditors. As of December 31, 2019 and 2018, the carrying amounts of the investment in Ruen Chen Investment Holding Co., Ltd. were \$49,612,043 thousand and \$8,403,275 thousand which constituted 13.67% and 2.76% of the Group's consolidated total assets, respectively. For the years ended December 31, 2019 and 2018, the profit of the associate were \$5,766,591 thousand and \$4,491,495 thousand which constituted 26.79% and 22.17% of the income which the Group recognized before income tax, respectively. As of December 31, 2019, the carrying amount of the investment in Nan Shan Life Insurance Co., Ltd. was \$548,783 thousand which constituted 0.15% of the Group's consolidated total assets. For the years ended December 31, 2019, the profit of the associate was \$22,406 thousand which constituted 0.10% of the income which the Group recognized before income tax.

We have also audited the parent company only financial statements of Pou Chen Corporation as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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, 2019 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 Kenny Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 31, 2020

Notice to Readers

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 Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Handbook for the 2020 Annual General Shareholders' Meeting

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 37,049,955	10	\$ 32,252,001	11
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	692,874	-	845,690	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	17,736,334	5	15,065,002	5
Financial assets measured at cost - current (Notes 4 and 9)	1,656,038	1	2,660,995	1
Notes receivable (Notes 4 and 10)	509	-	1,295	-
Accounts receivable (Notes 4 and 10)	34,261,246	10	38,994,770	13
Other receivables (Notes 4 and 10)	5,115,656	1	5,133,235	2
Inventories - manufacturing and retailing (Notes 4 and 11)	54,713,419	15	54,571,450	18
Inventories - construction (Notes 4 and 11)	3,909,013	1	4,780,007	1
Prepayments for leases (Note 4)	-	-	151,206	-
Non-current assets held for sale (Note 4 and 12)	1,342,804	-	-	-
Other current assets (Notes 4 and 13)	9,159,841	3	9,928,307	3
Total current assets	165,637,689	46	164,383,958	54
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,353,545	-	776,688	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,222,245	-	768,212	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 36)	5,918,089	2	343,595	-
Investments accounted for using equity method (Notes 4 and 15)	72,310,784	20	31,228,219	10
Property, plant and equipment (Notes 4 and 16)	77,861,266	21	79,162,641	26
Right-of-use assets (Notes 4 and 17)	18,983,090	5	-	-
Investment properties (Notes 4 and 18)	2,841,851	1	2,312,021	1
Goodwill (Notes 4 and 19)	8,279,832	2	8,866,746	3
Other intangible assets (Notes 4 and 20)	2,149,303	1	3,187,467	1
Deferred tax assets (Notes 4 and 28)	2,167,426	1	1,951,026	1
Long-term prepayments for leases (Note 4)	-	-	6,455,195	2
Other non-current assets (Notes 4 and 13)	4,331,210	1	4,826,645	2
Total non-current assets	197,418,641	54	139,878,455	46
TOTAL	\$ 363,056,330	100	\$ 304,262,413	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 21)	\$ 42,247,828	12	\$ 37,560,974	12
Short-term bills payable (Note 21)	2,547,678	1	2,869,225	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	47,741	-	719,322	-
Notes payable (Notes 4 and 22 and 35)	11,199	-	9,406	-
Accounts payable (Notes 4 and 22 and 35)	14,866,337	4	15,101,841	5
Other payables (Note 23)	25,295,496	7	25,243,368	8
Current tax liabilities (Notes 4 and 28)	2,093,845	-	2,478,784	1
Lease liabilities (Notes 4 and 17)	3,908,023	1	-	-
Current portion of long-term borrowings (Note 21)	263,796	-	4,194,398	2
Other current liabilities	6,951,737	2	5,125,762	2
Total current liabilities	98,233,680	27	93,303,080	31
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Note 4 and 7)	308,366	-	-	-
Long-term borrowings (Note 21)	60,290,054	17	53,695,306	18
Deferred tax liabilities (Notes 4 and 28)	1,627,302	1	1,353,400	-
Lease liabilities - non-current (Notes 4 and 17)	8,255,154	2	-	-
Long-term payables (Note 23)	152,831	-	151,483	-
Net defined benefit liabilities (Notes 4 and 24)	4,251,602	1	3,493,669	1
Other non-current liabilities	68,314	-	67,769	-
Total non-current liabilities	74,953,623	21	58,761,627	19
Total liabilities	173,187,303	48	152,064,707	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 25)				
Share capital				
Ordinary shares	29,467,872	8	29,467,872	10
Capital surplus	4,592,397	1	4,600,092	1
Retained earnings				
Legal reserve	14,881,914	4	13,811,050	4
Special reserve	22,293,369	6	13,917,230	5
Unappropriated earnings	34,488,820	10	38,360,517	13
Total retained earnings	71,664,103	20	66,088,797	22
Other equity	11,684,567	3	(22,293,369)	(7)
Total equity attributable to owners of the Company	117,408,939	32	77,863,392	26
NON-CONTROLLING INTERESTS	72,460,088	20	74,334,314	24
Total equity	189,869,027	52	152,197,706	50
TOTAL	\$ 363,056,330	100	\$ 304,262,413	100

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

(With Deloitte & Touche audit report dated March 31, 2020)



POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 26 and 35)	\$ 313,156,585	100	\$ 293,316,089	100
OPERATING COSTS (Notes 24, 27 and 35)	<u>233,641,231</u>	<u>74</u>	<u>217,844,794</u>	<u>74</u>
GROSS PROFIT	<u>79,515,354</u>	<u>26</u>	<u>75,471,295</u>	<u>26</u>
OPERATING EXPENSES (Notes 24 and 27)				
Selling and marketing expenses	37,835,986	12	35,045,995	12
General and administrative expenses	21,284,611	7	20,385,218	7
Research and development expenses	<u>6,444,297</u>	<u>2</u>	<u>6,230,618</u>	<u>2</u>
Total operating expenses	<u>65,564,894</u>	<u>21</u>	<u>61,661,831</u>	<u>21</u>
INCOME FROM OPERATIONS	<u>13,950,460</u>	<u>5</u>	<u>13,809,464</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 27)	4,073,415	1	3,637,248	1
Other gains and losses (Note 27)	(671,207)	-	(170,459)	-
Net (loss) gain on derecognition of financial assets at amortized cost	(3,260)	-	5,477	-
Finance costs (Note 27)	(3,241,955)	(1)	(2,781,382)	(1)
Share of the profit of associates and joint ventures (Notes 4 and 15)	<u>7,414,525</u>	<u>2</u>	<u>5,760,035</u>	<u>2</u>
Total non-operating income and expenses	<u>7,571,518</u>	<u>2</u>	<u>6,450,919</u>	<u>2</u>
INCOME BEFORE INCOME TAX	21,521,978	7	20,260,383	7
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(3,519,204)</u>	<u>(1)</u>	<u>(3,888,517)</u>	<u>(1)</u>
NET INCOME FOR THE YEAR	<u>18,002,774</u>	<u>6</u>	<u>16,371,866</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 24)	(132,669)	-	38,359	-
Unrealized gain on investments in equity instruments designed at fair value through other comprehensive income	3,129,649	1	199,697	-
Share of the other comprehensive income (loss) of associates and joint ventures	173,895	-	(504,544)	-

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (4,440,733)	(2)	\$ 2,581,218	1
Share of the other comprehensive income (loss) of associates and joint ventures	<u>31,091,295</u>	<u>10</u>	<u>(25,647,596)</u>	<u>(9)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>29,821,437</u>	<u>9</u>	<u>(23,332,866)</u>	<u>(8)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 47,824,211</u>	<u>15</u>	<u>\$ (6,961,000)</u>	<u>(2)</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 11,828,609	4	\$ 10,708,646	4
Non-controlling interests	<u>6,174,165</u>	<u>2</u>	<u>5,663,220</u>	<u>2</u>
	<u>\$ 18,002,774</u>	<u>6</u>	<u>\$ 16,371,866</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 43,908,682	14	\$ (13,545,977)	(4)
Non-controlling interests	<u>3,915,529</u>	<u>1</u>	<u>6,584,977</u>	<u>2</u>
	<u>\$ 47,824,211</u>	<u>15</u>	<u>\$ (6,961,000)</u>	<u>(2)</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 4.01</u>		<u>\$ 3.63</u>	
Diluted	<u>\$ 4.01</u>		<u>\$ 3.62</u>	

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

(With Deloitte & Touche audit report dated March 31, 2020)

(Concluded)



POU CHEN CORPORATION

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings	Unappropriated Earnings	Unrealized Gain (Loss) in Financial Assets Available for Sale	Unrealized Gain (Loss) in Financial Assets Available for Sale Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2018	\$ 29,467,872	\$ 4,615,341	\$ 12,518,889	\$ 13,636,368	\$ 3,729,418	\$ (12,127,139)	\$ -	\$ 438	\$ 74,794,568	\$ 138,779,946
Effect of retrospective application	-	-	-	-	292,111	(12,127,139)	1,860,011	(616,825)	-	13,772,386
BALANCE AT JANUARY 1, 2019 AS RESTATED	29,467,872	4,615,341	12,518,889	13,636,368	3,786,249	-	1,860,011	(806,437)	74,794,568	172,152,332
Appropriation of 2017 earnings (Note 25)	-	-	1,292,161	280,862	(1,292,161)	-	-	-	-	-
Legal reserve	-	-	1,292,161	280,862	(280,862)	-	-	-	-	-
Special reserve	-	-	-	-	(280,862)	-	-	-	-	-
Cash dividends	-	-	-	-	(5,893,574)	-	-	-	-	(5,893,574)
Net income for the year ended December 31, 2018	-	-	-	-	10,708,646	-	-	-	5,663,220	16,371,866
Other comprehensive (loss) income for the year ended December 31, 2018	-	-	-	-	(64,539)	-	(12,677,612)	(12,990,872)	(24,254,623)	(23,332,866)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	10,644,107	-	(12,677,612)	(12,990,872)	6,588,427	(6,961,000)
Share of changes in equities of subsidiaries (Notes 4 and 25)	-	(15,653)	-	-	(69,572)	-	-	-	-	(85,225)
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 25)	-	404	-	-	(2,333,670)	-	2,333,670	-	-	404
Change in non-controlling interests	-	-	-	-	-	-	-	-	(7,015,231)	(7,015,231)
Change in equity for the year ended December 31, 2018	-	(15,249)	1,292,161	280,862	774,268	-	(10,343,942)	(12,990,872)	(430,254)	(19,954,626)
BALANCE AT DECEMBER 31, 2018	29,467,872	4,600,092	13,811,050	13,917,230	38,360,517	-	(8,483,931)	(13,497,314)	74,334,314	152,197,706
Appropriation of 2018 earnings (Note 25)	-	-	1,070,864	837,619	(1,070,864)	-	-	-	-	-
Legal reserve	-	-	1,070,864	837,619	(837,619)	-	-	-	-	-
Special reserve	-	-	-	-	(837,619)	-	-	-	-	-
Cash dividends	-	-	-	-	(4,420,181)	-	-	-	-	(4,420,181)
Net income for the year ended December 31, 2019	-	-	-	-	11,828,609	-	-	-	6,174,165	18,002,774
Other comprehensive (loss) income for the year ended December 31, 2019	-	-	-	-	(50,759)	-	(2,186,025)	13,920,457	(2,258,656)	29,821,432
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,777,850	-	(2,186,025)	13,920,457	3,915,529	47,824,211
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during initial disposal or acquisition (Notes 4 and 25)	-	(3,539)	-	-	-	-	-	-	-	(3,539)
Share of changes in equities of subsidiaries (Notes 4 and 25)	-	-	-	-	(76,149)	-	-	-	-	(76,149)
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 25)	-	(4,156)	-	-	(1,706,234)	-	1,847,124	-	-	136,734
Change in non-controlling interests	-	-	-	-	-	-	-	-	(5,789,255)	(5,789,255)
Change in equity for the year ended December 31, 2019	-	(7,695)	1,070,864	837,619	(3,871,692)	-	29,243,604	13,920,457	(1,874,226)	37,671,321
BALANCE AT DECEMBER 31, 2019	\$ 29,467,872	\$ 4,522,397	\$ 14,881,914	\$ 22,293,369	\$ 34,488,820	\$ -	\$ 13,759,473	\$ 423,243	\$ 72,460,088	\$ 189,869,022

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated March 31, 2020)

POU CHEN CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax for the year	\$ 21,521,978	\$ 20,260,383
Adjustments for:		
Depreciation expenses	15,226,379	9,849,129
Amortization expenses	502,692	700,342
Expected credit loss on accounts receivable/impairment reversed on accounts receivable	121,027	66,060
Net (gain) loss on fair value change of financial instruments at fair value through profit or loss	(478,172)	3,425
Finance costs	3,241,955	2,781,382
Net loss (gain) on derecognition of financial assets at amortized cost	3,260	(5,477)
Interest income	(784,118)	(615,620)
Dividends income	(988,097)	(898,686)
Compensation cost of employee share options	154,948	130,489
Share of profit of associates and joint ventures	(7,414,525)	(5,760,035)
Net loss on disposal of property, plant and equipment	562,142	524,208
Net gain on disposal of subsidiaries, associates and joint ventures	(579,794)	(153,872)
Impairment loss/reversal of impairment loss	308,296	(116)
Gain from bargain purchase - acquisition of subsidiaries	-	(13,280)
Changes in operating assets and liabilities		
Financial assets mandatorily at fair value through profit or loss	45,280	1,435,134
Notes receivable	456	53,722
Accounts receivable	2,065,311	(2,194,090)
Other receivables	(48,756)	(1,565,090)
Inventories	(4,257,541)	(6,796,982)
Other current assets	(754,160)	(93,703)
Other operating assets	(8,860)	(178,814)
Notes payable	1,793	(53,391)
Accounts payable	87,304	1,244,528
Other payables	1,674,763	(2,096,272)
Other current liabilities	138,821	506,719
Net defined benefit liabilities	625,264	247,824
Other operating liabilities	1,348	119
Cash generated from operations	30,968,994	17,378,036
Interest paid	(3,123,008)	(2,627,719)
Income tax paid	(3,336,520)	(4,207,115)
	<u>24,509,466</u>	<u>10,543,202</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from return of capital of financial assets at fair value through other comprehensive income	-	48,408
Purchases of financial assets at amortized cost	(10,489,138)	(5,040,644)
Proceeds from sale of financial assets at amortized cost	5,618,887	8,044,692
Acquisition of associates and joint ventures	(4,459,840)	(70,000)

(Continued)



POU CHEN CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	2019	2018
Proceeds from disposal of associates and joint ventures	\$ 91,908	\$ 819,904
Net cash outflow on acquisition of subsidiaries	-	(74,380)
Net cash outflow (inflow) on disposal of subsidiaries	3,020,293	417,829
Proceeds from return of capital of associates under equity method	94,602	-
Proceeds from disposal of non-current assets held for sale	1,134,653	-
Acquisition of property, plant and equipment	(12,414,288)	(14,389,558)
Proceeds from disposal of property, plant and equipment	499,593	1,001,490
Increase in refundable deposits	(162,939)	(86,196)
Acquisition of intangible assets	(490,078)	(43,314)
Acquisition of right-of-use	(97,866)	-
Acquisition of investment properties	(1,079)	(2,192)
Increase in other non-current assets	-	(236,267)
Acquisition of long-term prepayments for leases	-	(566,128)
Proceeds from disposal of long-term prepayments for leases	-	77,836
Interest received	691,998	722,961
Dividends received	2,013,687	2,559,368
Cash dividends from reduction of capital surplus from associates	-	108,705
Proceeds from disposal of right-of-use	<u>1,835</u>	<u>-</u>
Net cash used in investing activities	<u>(14,947,772)</u>	<u>(6,707,486)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	5,752,895	4,112,775
Repayments of short-term bills payable	(321,500)	(98,000)
Proceeds from long-term borrowings	4,897,632	2,642,419
Increase in guarantee deposits	545	22,538
Repayment of principal portion of lease liabilities	(3,980,391)	-
Cash dividend	(4,420,181)	(5,893,574)
Change in non-controlling interests	<u>(4,897,130)</u>	<u>(7,015,231)</u>
Net cash used in financing activities	<u>(2,968,130)</u>	<u>(6,229,073)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(1,795,610)</u>	<u>537,005</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,797,954	(1,856,352)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>32,252,001</u>	<u>34,108,353</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 37,049,955</u>	<u>\$ 32,252,001</u>

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

(With Deloitte & Touche audit report dated March 31, 2020)

(Concluded)

ii. Separate Financial Statements and Independent Auditors' Report

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, 2019 and 2018, 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 (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, 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 based on our audits and the report of other auditors.

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2019. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Below is the key audit matter of the financial statements for the year ended December 31, 2019.

Impairment Assessment on Goodwill - Investments Accounted for Using Equity Method

As described in Notes 4, 5, 13 and Table 7 to the financial statements, any excess of investment cost over the fair value of the investee's net identifiable assets is recognized as goodwill. Management performs impairment test of goodwill in accordance with IAS 36.



Management evaluates impairment of an asset by estimating the recoverable amount of such an asset based on forecast sales, estimated future cash flows, and discount rate. Impairment test involves the management's critical estimations and judgments. Therefore, we considered impairment assessment of goodwill of investments accounted for using equity method as a key audit matter for the year ended December 31, 2019.

For this key audit matter, we evaluated the reasonableness of the significant assumptions, the basis of the evaluation model, the rationality of the basic information, and the amount of impairment.

Other Matter

Certain investments accounted for using the equity method in the Company's standalone financial statements for the year ended December 31, 2019 and 2018 were based on financial statements audited by other independent auditors. Our opinion, insofar as it relates to the Company's investments in certain corporation, is based solely on the report of other auditors. As of December 31, 2019 and 2018, the carrying amounts of the investments were \$50,159,779 thousand and \$8,403,275 thousand which constituted 31.03% and 7.32% of the Company's total assets, respectively. For the years ended December 31, 2019 and 2018, the profit of the associate which the Company recognized were \$5,788,953 thousand and \$4,491,495 thousand which constituted 46.70% and 38.69% 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 and 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, 2019 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 Kenny Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 31, 2020

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.

Handbook for the 2020 Annual General Shareholders' Meeting

POU CHEN CORPORATION

BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019		2018	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 153,716	-	\$ 194,630	-
Financial assets at fair value through income - current (Notes 4 and 7)	1,636	-	-	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	5,918,837	4	5,005,749	4
Financial assets at amortized cost - current (Notes 4 and 9)	177,366	-	689,271	1
Notes receivable (Notes 4 and 10)	462	-	1,180	-
Accounts receivable (Notes 4 and 10)	2,153	-	1,127	-
Accounts receivable from related parties (Notes 4, 10 and 29)	1,622,531	1	1,981,697	2
Other receivables (Notes 4, 10 and 29)	275,971	-	344,215	-
Inventories (Notes 4 and 11)	59,226	-	52,092	-
Other current assets (Notes 4 and 12)	36,807	-	57,190	-
Total current assets	8,248,705	5	8,327,151	7
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	52,984	-	60,756	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	111,500	-	-	-
Investments accounted for using equity method (Notes 4 and 13)	144,982,393	90	98,566,569	86
Property, plant and equipment (Notes 4 and 14)	5,220,137	3	5,341,147	5
Right-of-use asset (Notes 4 and 15)	49,480	-	-	-
Investment properties (Notes 4 and 16)	1,935,772	1	1,985,597	2
Intangible Assets (Notes 4 and 17)	929,272	1	-	-
Deferred tax assets (Notes 4 and 25)	86,419	-	4,532	-
Other non-current assets (Notes 4 and 12)	44,458	-	535,493	-
Total non-current assets	153,412,415	95	106,494,094	93
TOTAL	\$ 161,661,120	100	\$ 114,821,245	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 19,909,700	12	\$ 14,654,000	13
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	26,739	-	30,751	-
Notes payable (Notes 4 and 19)	10,024	-	7,678	-
Notes payable to related parties (Notes 4, 19 and 29)	-	-	74	-
Accounts payable (Notes 4 and 19)	1,051,378	1	1,224,211	1
Accounts payable to related parties (Notes 4, 19 and 29)	22,812	-	82,876	-
Other payables (Note 20)	1,947,502	1	1,954,626	2
Current tax liabilities (Notes 4 and 25)	9,370	-	717,895	-
Lease liabilities - current (Notes 4 and 15)	31,359	-	-	-
Current portion of long-term borrowings (Note 18)	263,796	-	4,194,398	4
Other current liabilities	173,942	-	177,126	-
Total current liabilities	23,446,622	14	23,043,635	20
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	19,319,306	12	12,905,602	11
Deferred tax liabilities (Notes 4 and 25)	711,547	1	291,324	-
Lease liabilities - non-current (Notes 4 and 15)	23,491	-	-	-
Net defined benefit liabilities (Notes 4 and 21)	704,713	-	670,776	1
Other non-current liabilities (Note 13)	46,502	-	46,516	-
Total non-current liabilities	20,805,559	13	13,914,218	12
Total liabilities	44,252,181	27	36,957,853	32
EQUITY (Notes 4 and 22)				
Share capital				
Ordinary shares	29,467,872	18	29,467,872	26
Capital surplus	4,592,397	3	4,600,092	4
Retained earnings				
Legal reserve	14,881,914	9	13,811,050	12
Special reserve	22,293,369	14	13,917,230	12
Unappropriated earnings	34,488,820	22	38,360,517	33
Total retained earnings	71,664,103	45	66,088,797	57
Other equity	11,684,567	7	(22,293,369)	(19)
Total equity	117,408,939	73	77,863,392	68
TOTAL	\$ 161,661,120	100	\$ 114,821,245	100

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

(With Deloitte & Touche audit report dated March 31, 2020)



POU CHEN CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 29)	\$ 11,399,477	100	\$ 12,062,778	100
OPERATING COSTS (Notes 24 and 29)	<u>6,655,923</u>	<u>58</u>	<u>7,452,651</u>	<u>62</u>
GROSS PROFIT	4,743,554	42	4,610,127	38
OPERATING EXPENSES (Notes 21 and 24)				
Selling and marketing expenses	64,217	1	67,731	-
General and administrative expenses	2,525,205	22	2,286,232	19
Research and development expenses	<u>1,613,603</u>	<u>14</u>	<u>1,778,265</u>	<u>15</u>
Total operating expenses	<u>4,203,025</u>	<u>37</u>	<u>4,132,228</u>	<u>34</u>
INCOME FROM OPERATIONS	<u>540,529</u>	<u>5</u>	<u>477,899</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 24 and 29)	596,903	5	589,671	5
Other gains and losses (Note 24)	(69,475)	(1)	1,026,890	8
Net loss on derecognition of financial assets at amortized cost	-	-	(224)	-
Finance costs (Note 24)	(373,715)	(3)	(319,999)	(3)
Share of the profit of subsidiaries and associates (Notes 4 and 13)	<u>11,700,954</u>	<u>103</u>	<u>9,835,610</u>	<u>82</u>
Total non-operating income and expenses	<u>11,854,667</u>	<u>104</u>	<u>11,131,948</u>	<u>92</u>
INCOME BEFORE INCOME TAX	12,395,196	109	11,609,847	96
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(566,587)</u>	<u>(5)</u>	<u>(901,201)</u>	<u>(7)</u>
NET INCOME FOR THE YEAR	<u>11,828,609</u>	<u>104</u>	<u>10,708,646</u>	<u>89</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 21)	103,567	1	(37,152)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	905,317	8	316,990	2
Share of the other comprehensive income (loss) of subsidiaries and associates	2,137,241	18	(378,343)	(3)

(Continued)

POU CHEN CORPORATION

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries and associates	<u>\$ 28,933,948</u>	<u>254</u>	<u>\$ (24,156,118)</u>	<u>(200)</u>
Other comprehensive loss for the year, net of income tax	<u>32,080,073</u>	<u>281</u>	<u>(24,254,623)</u>	<u>(201)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 43,908,682</u>	<u>385</u>	<u>\$ (13,545,977)</u>	<u>(112)</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 4.01</u>		<u>\$ 3.63</u>	
Diluted	<u>\$ 4.01</u>		<u>\$ 3.62</u>	

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

(With Deloitte & Touche audit report dated March 31, 2020)

(Concluded)



POU CHEN CORPORATION

POU CHEN CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Retained Earnings				Other Equity			Total Equity		
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Available-for-sale Financial Assets		Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Others
BALANCE AT JANUARY 1, 2018	\$ 29,467,872	\$ 4,615,341	\$ 12,518,889	\$ 13,636,368	\$ 37,294,138	\$ (1,790,529)	\$ (12,127,139)	\$ -	\$ 438	\$ 83,615,378
Effect of retrospective application	-	-	-	-	292,111	-	12,127,139	1,860,011	(506,875)	13,772,386
BALANCE AT JANUARY 1, 2018 AS RESTATED	29,467,872	4,615,341	12,518,889	13,636,368	37,586,249	(1,790,529)	-	1,860,011	(506,437)	97,387,764
Appropriation of 2017 earnings (Note 22)	-	-	1,292,161	-	(1,292,161)	-	-	-	-	-
Legal reserve	-	-	280,862	280,862	(280,862)	-	-	-	-	(5,893,574)
Special reserve	-	-	-	280,862	(280,862)	-	-	-	-	(5,893,574)
Cash dividends	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	10,708,646	-	-	-	-	10,708,646
Other comprehensive (loss) income for the year ended December 31, 2018	-	-	-	-	(64,539)	1,478,405	-	(12,677,612)	(12,990,877)	(24,254,623)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	10,644,107	1,478,405	-	(12,677,612)	(12,990,877)	(13,545,977)
Change in capital surplus from investments in associates accounted for using the equity method (Notes 4 and 22)	-	404	-	-	(2,333,670)	-	-	2,333,670	-	404
Share of changes in equities of subsidiaries (Notes 4 and 22)	-	(15,653)	-	-	(69,572)	-	-	-	-	(85,225)
Change in equity for the year ended December 31, 2018	-	(15,249)	1,292,161	280,862	774,568	1,478,405	-	(10,343,942)	(12,990,877)	(19,524,372)
BALANCE AT DECEMBER 31, 2018	29,467,872	4,600,092	13,811,050	13,917,230	38,360,517	(312,124)	-	(8,483,931)	(13,497,314)	77,863,392
Appropriation of 2018 earnings (Note 22)	-	-	1,070,864	-	(1,070,864)	-	-	-	-	-
Legal reserve	-	-	8,376,139	8,376,139	(8,376,139)	-	-	-	-	(4,420,181)
Special reserve	-	-	-	8,376,139	(8,376,139)	-	-	-	-	(4,420,181)
Cash dividends	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	11,828,609	-	-	-	-	11,828,609
Other comprehensive (loss) income for the year ended December 31, 2019	-	-	-	-	(50,739)	(2,186,025)	-	20,396,280	13,920,557	32,080,073
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,777,870	(2,186,025)	-	20,396,280	13,920,557	43,908,682
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 22)	-	(3,539)	-	-	-	-	-	-	-	(3,539)
Share of changes in equities of subsidiaries (Notes 4 and 22)	-	-	-	-	(76,149)	-	-	-	-	(76,149)
Change in capital surplus from investments in associates accounted for using the equity method (Notes 4 and 22)	-	(4,156)	-	-	(1,706,234)	-	-	1,847,124	-	136,734
BALANCE AT DECEMBER 31, 2019	29,467,872	4,592,397	14,881,914	27,293,369	34,488,820	(2,498,149)	-	13,759,473	423,243	117,408,939

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated March 31, 2020)

POU CHEN CORPORATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 12,395,196	\$ 11,609,847
Adjustments for:		
Depreciation expenses	360,481	298,587
Amortization expenses	27,227	-
Expected credit loss recognized on accounts receivable	48,534	-
Net gain on fair value change of financial instruments at FVTPL	(169,942)	(574,565)
Finance costs	373,715	319,999
Net loss on derecognition of financial assets at amortized cost	-	224
Interest income	(30,923)	(30,808)
Dividends income	(327,542)	(291,438)
Share of the profit of subsidiaries and associates	(11,700,954)	(9,835,610)
Net loss on disposal of property, plant and equipment	788	30,723
Gain on lease modification	(10)	-
Unrealized loss on foreign currency exchange	3,229	6,013
Changes in operating assets and liabilities		
Financial assets mandatorily at fair value through profit or loss	164,294	399,256
Notes receivable	388	53,743
Notes receivable from related parties	-	64
Accounts receivable	(1,026)	47,339
Accounts receivable from related parties	341,812	(535,950)
Other receivables	21,826	98,966
Inventories	(7,134)	(13,218)
Other current assets	17,611	74,933
Other operating assets	(16,888)	9,299
Notes payable	2,346	(40,172)
Notes payable to related parties	(74)	(11,137)
Accounts payable	(172,833)	100,967
Accounts payable to related parties	(60,064)	38,448
Other payables	195,672	(453,168)
Other current liabilities	(3,184)	105,665
Net defined benefit liabilities	4,642	(118,956)
Cash generated from operations	1,467,187	1,289,051
Interest paid	(387,467)	(302,729)
Income tax paid	(803,914)	(1,024,131)
Net cash generated from (used in) operating activities	<u>275,806</u>	<u>(37,809)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(295,493)	(692,670)
Proceeds from financial assets at amortized cost	692,670	279,488
Acquisition of associates under equity method	(4,080,000)	(70,000)
Proceeds from return of capital of associates under equity method	50,000	-
Acquisition of property, plant and equipment	(401,353)	(794,936)
Proceeds from disposal of property, plant and equipment	40,707	99,197

(Continued)



POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
(Increase) decrease in refundable deposits	\$ (990)	\$ 5,507
Loans to related parties	14,000	(189,000)
Acquired intangible asset	(448,076)	-
Increase in other current liabilities	-	(236,267)
Increase in prepayments for equipment	(3,289)	(3,667)
Increase in other prepayments	-	-
Interest received	32,491	34,691
Dividends received	781,270	932,160
Cash dividends from reduction of capital surplus from associates	<u>-</u>	<u>70,067</u>
Net cash used in investing activities	<u>(3,618,063)</u>	<u>(565,430)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	5,255,700	5,378,800
Proceeds from long-term borrowings	19,890,000	3,500,000
Repayments of long-term borrowings	(17,406,898)	(3,400,000)
Repayment of principal portion of lease liabilities	(17,394)	-
Cash dividend	(4,420,181)	(5,893,574)
Increase in guarantee deposits	<u>116</u>	<u>13,059</u>
Net cash generated from (used in) financing activities	<u>3,301,343</u>	<u>(401,715)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(40,914)	(1,004,954)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>194,630</u>	<u>1,199,584</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 153,716</u>	<u>\$ 194,630</u>

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

(With Deloitte & Touche audit report dated March 31, 2020)

(Concluded)

2. The Audit Committee's Review Report on the 2019 Financial Statements

Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2019 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:

2020 Annual General Shareholders' Meeting of Pou Chen Corporation

Audit Committee convener:



Chen, Huan-Chung

Date : March 31, 2020



Audit Committee's Review Report on Profit Distribution Plan

The Board of Directors has prepared and submitted the 2019 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:

2020 Annual General Shareholders' Meeting of Pou Chen Corporation

Audit Committee convener:

Handwritten signature in blue ink, reading '陳煥鐘'.

Chen, Huan-Chung

Date : April 28, 2020

3. Report on the 2019 Distribution of Employees' Compensation and Directors' Remuneration

- a. The Company's profit is NT\$12,699,995,937 in 2019 ("profit" shall mean the income before income tax less employees' compensation and Directors' remuneration). It is proposed that 1.6% and 0.8% of the profit, which is equal to NT\$203,200,000 and NT\$101,600,000, 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.

4. The 2019 profit distribution of cash dividends

- a. The Company's 2019 net income is NT\$11,828,609,101. The Board of Directors resolved to distribute cash dividends in the amount of NT\$ 3,683,484,016 to the shareholders according to their share ownership at NT\$1.25 per share, rounded down to the nearest New Taiwan Dollar. Dividends distributed under NT\$1 shall be recognized as "Other Income" of the Company.
- b. The Chairman of the Board is authorized to set the record date, payment date and other relevant matters after such proposal is approved by the Board of Directors. If the cash distribution ratio changes which result in changes in number of the total issued and outstanding shares of the Company, the Chairman of the Board is authorized to make any adjustments as necessary.

B. Ratification

1. Ratification of the 2019 Business Report, Financial Statements and Profit Distribution Plan (proposed by the Board of Directors)

- a. The Audit Committee of the Company has reviewed the 2019 Business Report, Financial Statements (including consolidated and separate balance sheets, statements of comprehensive income, statements of changes in equity and statements of cash flows) and the profit distribution plan. The Financial Statements were audited by independent certified public accountants, Wu, Ker-Chang and Hong Kuo-Tyan, of Deloitte & Touche.
- b. Ratification of the 2019 Business Report, Financial Statements please refers to pages 3-30 and the profit distribution plan please refers to page 34.

Resolution:



Pou Chen Corporation
2019 Profit Distribution Plan

	(in NT\$)
Beginning unappropriated retained earnings	\$ 24,493,333,240
Adjustment arising from investments accounted for equity method	(76,148,880)
Cumulative income(loss) from investment in equity instruments designed at fair value through other comprehensive income of associates and joint ventures transfer to retained earnings	(1,706,234,111)
Amount recognized in retained earnings of remeasurement of defined benefit plan	(50,739,563)
Unappropriated retained earnings after adjustment	22,660,210,686
Net income of 2019	11,828,609,101
Less: 10% legal reserve	(1,182,860,910)
Reversal of special reserve ¹	22,293,368,587
Retained earnings available for distribution as of 2019	55,599,327,464
Distribution item:	
Shareholders dividend - cash dividend (NT\$1.25/share) ^{2&3}	3,683,484,016
Unappropriated retained earnings	\$ 51,915,843,448

Chan, Lu-Min



Chairman of the Board

Lu, Chin-Chu



President

Ho, Ming-Kun



Head of Accounting Dept.

¹ Reversal of special reserve by the Company from 2019 other equity items. (including exchange differences on translating foreign operations, unrealized gain on financial assets at fair value through other comprehensive income and share of the other comprehensive income of associates).

² Shareholders dividends distributed are computation of 2,946,787,213 shares outstanding as of April 21, 2020.

³ The Board of Directors is authorized to decide the distribution of partial or full dividends in cash, and report the decision at the shareholders' meeting in accordance with Article 23-1 of the Articles of Incorporation.

C. Discussion

1. Discussion on the amendments to the Company's "Rules and Procedures of Shareholders' Meetings".

(Proposed by the Board of Directors)

a. To amend the Company's "Rules and Procedures of Shareholders' Meetings" in accordance with certain provisions of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" as amended and promulgated by the Taiwan Stock Exchange Corporation on January 2, 2020 Letter No. Financial-Supervisory-Securities-Corporate-1080024221 and to reflect regulatory amendments of Company Act, meanwhile also in fulfillment of the Company's operational needs.

b. Comparisons of pre-amended and amended "Rules and Procedures of Shareholders' Meetings" are set forth below.

	Amended Provisions	Pre-amended Provisions	Commentary
Article 2	<p>(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 regular 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</p>	<p>(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 regular 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</p>	<p>1. Item 4 was amended pursuant to amendments to Paragraph 5, Article 172 of the Company Act. 2. Wordings in Items 5 and 6 were amended pursuant to amendments to Paragraphs 1 and 2, Article 172-1 of the Company Act.</p>



	Amended Provisions	Pre-amended Provisions	Commentary
	<p>twenty one days before the regular 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.</p> <p>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).</p> <p>Matters pertaining to election or removal of Directors, amendments to the Articles of Incorporation, <u>reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares</u>, dissolution,</p>	<p>twenty one days before the regular 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.</p> <p>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).</p> <p>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</p>	

	Amended Provisions	Pre-amended Provisions	Commentary
	<p>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 <u>and the essential contents shall be explained in the notice</u> for convening the shareholders' meeting, and shall not be brought up as extemporary motions, <u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.</u></p> <p>Shareholders holding 1% or more of the total number of outstanding shares of the Company may propose to the Company a proposal at regular 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. <u>Unless a shareholder proposal proposed for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals</u></p>	<p>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.</p> <p>Shareholders holding 1% or more of the total number of outstanding shares of the Company may propose to the Company a proposal <u>in writing</u> at regular 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</p>	



	Amended Provisions	Pre-amended Provisions	Commentary
	<p>to be discussed at a regular <u>meeting of shareholders by the board of directors</u>. 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.</p> <p>Prior to the date on which share transfer registration is suspended before the convention of the regular shareholders' meeting, the Company shall publish an announcement <u>in writing or by way of electronic transmission</u> 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.</p> <p>(omitted)</p>	<p>board of Directors may choose not to list such a proposal in the agenda.</p> <p>Prior to the date on which share transfer registration is suspended before the convention of the regular shareholders' meeting, the Company shall publish an announcement <u>stating the place</u> 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.</p> <p>(omitted)</p>	
Article 5	<p>(Preparation of Attendance Register and other Documents)</p> <p>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.</p> <p>The time for shareholders to sign in under the preceding paragraph shall <u>be processed</u> at least thirty minutes earlier than the meeting commencement time. There shall be a conspicuous sign to</p>	<p>(Preparation of Attendance Register and other Documents)</p> <p>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.</p> <p>The time for shareholders to sign in under the preceding paragraph shall <u>be started to process</u> at least thirty minutes earlier than the meeting commencement time. There shall be a</p>	Wordings in Item 2 revised for clarity.

	Amended Provisions	Pre-amended Provisions	Commentary
	<p>indicate the place for shareholders to sign in, and sufficient and proper personnel shall be at such place to handle relevant matters. (omitted)</p>	<p>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. (omitted)</p>	
Article 9	<p>(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. <u>Relevant proposals (including extemporary motions or amendments to the existing proposals) shall be resolved by voting on a proposal-by-proposal basis.</u> 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</p>	<p>(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</p>	<p>1. The Company adopts e-voting to realize the spirit of voting by poll. Therefore, Item 1 was amended. 2. Item 4 was amended to secure shareholders' voting rights.</p>



	Amended Provisions	Pre-amended Provisions	Commentary
	<p>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.</p> <p>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. <u>Adequate time shall be arranged for voting.</u></p>	<p>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.</p> <p>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.</p>	
Article 14	<p>(Minutes of Shareholders' Meetings and Signatures)</p> <p>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.</p>	<p>(Minutes of Shareholders' Meetings and Signatures)</p> <p>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.</p>	<p>Applicable wordings in Item 3 were amended to realize the spirit of voting by poll.</p>

	Amended Provisions	Pre-amended Provisions	Commentary
	<p>The Company may distribute the shareholders' meetings minutes under the preceding paragraph by public announcement on the MOPS website.</p> <p>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 <u>voting (including the statistics on the votes). If an election of directors is held, the number of weighted votes for each elected directors shall be disclosed.</u></p> <p>Minutes of the shareholders' meetings shall be kept indefinitely for as long as the Company is in existence.</p>	<p>The Company may distribute the shareholders' meetings minutes under the preceding paragraph by public announcement on the MOPS website.</p> <p>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 <u>proceedings</u>. Minutes of the shareholders' meetings shall be kept indefinitely for as long as the Company is in existence.</p>	

Resolution:

D.Extraordinary Motions

E.Adjournment



III. Appendix

Appendix 1

POU CHEN CORPORATION Articles of Incorporation

Adopted by shareholders' meeting on June 13, 2019

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) 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.

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 6-2 The Company transfers its treasury shares to employees, issues employee stock option certificates, issues restricted shares for employee, and reserves the issuance of common shares in cash for employees to subscribe, which could be entitled to the qualified employees of subsidiaries of the Company meeting certain specific requirements. The board of Directors is authorized to decide



the conditions and the subscription.

Article 7 The Company's shares shall be registered, bear the signatures or personal seals of the Director representing the Company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws. The Company may issue shares without certificates which shall be registered 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 a shareholders' annual general meeting, thirty days preceding the date of a 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.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

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' 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.

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 the remainder distributed as proposed according to the share ownership proportion.

The board of Directors proposes an earnings distribution in the form of new shares shall be approved following the resolution of the shareholders' meetings. Distribution of dividends and bonuses or distribution of the legal reserve and capital surplus in whole or in part by cash shall be resolved by a majority vote at a meeting attended by more than two thirds of the total number of directors, and such distribution shall be reported at the shareholders' meeting.

Profits may be distributed after taking into consideration the future development plan, financial condition, business and operational status, and so on. 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 no less than 30% of the net income for each fiscal year, and the portion of cash dividends distributed shall be no less than 30% of total dividends distributed. 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 was 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. The forty-fifth amendment was made on June 15, 2017. The forty-sixth amendment was made on June 13, 2019. These Articles of Incorporation and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.



POU CHEN CORPORATION

Rules and Procedures of Shareholders' 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 regular 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 regular 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 in writing at regular 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 regular 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 regular 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 be started to process 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 respect 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 3

POU CHEN CORPORATION

Shareholdings of All Directors

Effective Date: April 21, 2020

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	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, Huan-Chung	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 21, 2020) 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.