(The summary translation document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

Pou Chen Corporation 2020 Annual Shareholders' Meeting Minutes (Summary Translation)

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

Total outstanding shares of the Company: 2,946,787,213 shares.

Total shares represented by Shareholders' presented in person or by proxy: 2,447,023,896 shares. (Including 2,066,640,740votes casted electronically)

Percentage of shares held by Shareholders' present in person or by proxy: 83.04%

Chairperson: Chan, Lu-Min, the chairman of the Board of Directors

Recorder: Ho, Ming-Kun

Directors: Tsai, Pei-Chun (Director), Lu, Chin-Chu, Representative of Ever Green Investments Corporation (Director), Tsai, Min-Chieh, Representative of Tzong Ming Investments Co., Ltd. (Director), Ho, Yue-Ming, Representative of Lai Chia Investments Co., Ltd. (Director), Chen, Huan-Chung (Independent Director), Chen, Bor-Liang (Independent Director), Chiu, Tien-I (Independent Director)

Attendees: Hong, Kuo-Tyan (CPA, Deloitte & Touche), Henry Han (Lawyer, Chien Yen Law Offices)

As the aggregate shareholding of the shareholders present in person or by proxy constituted a quorum, the chairperson called the meeting to order.

Chairperson Remarks: (Omitted)

A. Report Items

- 1, 2019 Business and Financial Report: please refer to Appendix I.
- The Audit Committee's Review Report on the 2019 Financial Statements: please refer to Appendix II.
- 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. Ratifications

- 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 Appendix 1 and the profit distribution plan please refers to following page.

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	s	51,915,843,448

Chan, Lu-Min
Chairman of the Board

Lu, Chin-Chu President



Ho, Ming-Kun
Head of Accounting Dept.

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).

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.

RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: Shares represented at the time of voting: 2,447,023,896 votes.

Voting results*	% of the total represented share present
Votes in favor: 2,127,567,789 votes (1,747,281,633 votes)	86.94%
Votes against: 1,240,654 votes (1,240,654 votes)	0.05%
Votes abstained: 318,215,453 votes (318,118,453 votes)	13.00%

^{*}including votes casted electronically (numbers in brackets)

C. Discussion

 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-Coporate-1080024221 and to reflect regulatory amendments of Company Act, meanwhile also in fulfillment of the Company's operational needs.
- Comparisons of pre-amended and amended "Rules and Procedures of Shareholders' Meetings" are set forth below.

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

Amended Provisions	Pre-amended Provisions	Commentary
into electronic files and submit	into electronic files and submit	
such files onto the Market	such files onto the Market	
Observation Post System (the	Observation Post System (the	
"MOPS") website thirty days	"MOPS") website thirty days	
before the regular shareholders'	before the regular shareholders'	
meeting or fifteen days before the	meeting or fifteen days before the	
special shareholders' meeting.	special shareholders' meeting.	
The Company shall also make	The Company shall also make	
the handbook for shareholders'	the handbook for shareholders'	
meetings and other	meetings and other	
supplementary materials into	supplementary materials into	
electronic files and submit these	electronic files and submit these	
files onto the MOPS website	files onto the MOPS website	
twenty one days before the	twenty one days before the	
regular shareholders' meeting or	regular shareholders' meeting or	
fifteen days before the special	fifteen days before the special	
shareholders' meeting. The	shareholders' meeting. The	
Company shall prepare the	Company shall prepare the	
handbook for shareholders'	handbook for shareholders'	
meetings and other	meetings and other	
supplementary materials fifteen	supplementary materials fifteen	
days before the shareholders'	days before the shareholders'	
meeting for shareholders to ask	meeting for shareholders to ask	
for at any time, exhibit these	for at any time, exhibit these	
documents in the Company and	documents in the Company and	
the professional agency	the professional agency	
appointed by the Company to	appointed by the Company to	10.
handle the share-related affairs	handle the share-related affairs	
for the Company, and distribute	for the Company, and distribute	*
such documents at the	such documents at the	
shareholders' meeting.	shareholders' meeting.	
The reasons for convening the	The reasons for convening the	
shareholders' meeting shall be	shareholders' meeting shall be	
indicated in the notice and the	indicated in the notice and the	
announcement to the	announcement to the	
shareholders; and the notice may	shareholders; and the notice may	
be delivered by means of	be delivered by means of	
electronic transmission with prior	electronic transmission with prior	
consent from the recipient(s).	consent from the recipient(s).	
Matters pertaining to election or	Matters pertaining to election or	

Amended Provisions	Pre-amended Provisions	Commentary
removal of Directors,	removal of Directors,	
amendments to the Articles of	amendments to the Articles of	
Incorporation, reduction of	Incorporation, dissolution,	
capital, application for the	merger, spin-off, or any matters	
approval of ceasing its status as a	as set forth in Article 185	
public company, approval of	Paragraph 1 of the Company Act,	
competing with the Company by	Article 26-1 and Article 43-6 of	
directors, surplus profit	the Securities and Exchange Act,	
distributed in the form of new	and Article 56-1 and Article 60-2	
shares, reserve distributed in the	of the Regulations Governing the	
form of new shares, dissolution,	Offering and Issuance of	
merger, spin-off, or any matters	Securities by Securities Issuers	
as set forth in Article 185	shall be listed in the reasons for	
Paragraph 1 of the Company Act,	convening the shareholders'	
Article 26-1 and Article 43-6 of	meeting, and shall not be brought	
the Securities and Exchange Act,	up as extemporary motions.	
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 and		
the essential contents shall be		
explained in the notice for		
convening the shareholders'		
meeting, and shall not be brought		
up as extemporary motions, 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.		
Shareholders holding 1% or more	Shareholders holding 1% or more	
of the total number of	of the total number of	
outstanding shares of the	outstanding shares of the	
Company may propose to the	Company may propose to the	
Company a proposal at regular	Company a proposal in writing at	
shareholders' meetings, provided	and the second s	
that only one matter is allowed in		
such a proposal, and proposals	allowed in such a proposal, and	

Amended Provisions	Pre-amended Provisions	Commentary
ore than one matter will included in the agenda. a shareholder proposal ed for urging the Company note public interests or its social responsibilities ill be included in the list of als to be discussed at a meeting of shareholders board of directors. In on, if there are any of the astances listed in Paragraph cle 172-1 of the Company the proposal raised by a older, the board of ors may choose not to list proposal in the agenda. The date on which share extregistration is suspended the convention of the reshareholders' meeting, ampany shall publish an incement in writing or by a felectronic transmission to time period for solders to submit proposals resolved at the meeting; and the period for accepting	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	Commentary
oroposals shall not be less en days. ed)	than ten days. (omitted)	
aration of Attendance ter and other Documents) company shall set forth in eeting notice the time and for shareholders to sign in, my other matters to be noted shareholders. me for shareholders to sign	(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	Wordings in Item 2 revised for clarity.
shar me fo	eholders.	eholders. by the shareholders. or shareholders to sign The time for shareholders to sign

	Amended Provisions	Pre-amended Provisions	Commentary
	shall be processed 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. (omitted)	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. (omitted)	
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. Relevant proposals (including extemporary motions or amendments to the existing proposals) shall be resolved by voting on a proposal-by-proposal basis. Unless otherwise resolved by resolution at the shareholders' meetings, the meetings shall be carried out in accordance with	(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.	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.
	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 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	

	Amended Provisions	Pre-amended Provisions	Commentary
	the chairman announces its	the chairman announces its	
	adjournment in violation of the	adjournment in violation of the	
	Rules and Procedures, other	Rules and Procedures, other	
	Directors of the board shall	Directors of the board shall	
	promptly assist the Shareholders	promptly assist the Shareholders	
	present to elect, in accordance	present to elect, in accordance	
	with legal procedures, one person	with legal procedures, one person	
	to act as chairman to continue the	to act as chairman to continue the	
	meeting with more than half of	meeting with more than half of	
	the votes of the Shareholders	the votes of the Shareholders	
	present.	present.	
	For proposals and amendments to	For proposals and amendments to	
	the proposals and ad hoc motions	the proposals and ad hoc motions	
	proposed by the Shareholders,	proposed by the Shareholders,	
	the chairman shall ensure there is	the chairman shall ensure there is	
	adequate opportunity for	adequate opportunity for	
	explanation and discussion. If the	explanation and discussion. If the	
	chairman believes that the	chairman believes that the	
	discussion for a proposal has	discussion for a proposal has	
	reached a level where a vote may	reached a level where a vote may	
	be called, the chairman may	be called, the chairman may	
	announce to end such discussion	announce to end such discussion	
	and call for a vote. Adequate	and call for a vote.	
	time shall be arranged for voting.		
Article 14	(Minutes of Shareholders'	(Minutes of Shareholders'	Applicable wording
	Meetings and Signatures)	Meetings and Signatures)	in Item 3 were
	Resolutions adopted at	Resolutions adopted at	amended to realize
	shareholders' meetings shall be	shareholders' meetings shall be	the spirit of voting
	made into minutes, which shall	made into minutes, which shall	by poll.
	be signed by or affixed with seal	be signed by or affixed with seal	
	of the chairman of the	of the chairman of the	
	shareholders' meetings and	shareholders' meetings and	
	distributed to all of the	distributed to all of the	
	Shareholders within 20 days after	Shareholders within 20 days after	
	the shareholders' meetings. The	the shareholders' meetings. The	
	distribution of the shareholders'	distribution of the shareholders'	
	meetings minutes may be done	meetings minutes may be done	
	by way of electronic	by way of electronic	
	transmission.	transmission.	
	The Company may distribute the	The Company may distribute the	

Amended Provisions	Pre-amended Provisions	Commentary
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 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. Minutes of the shareholders' meetings shall be kept indefinitely for as long as the Company is in existence.	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.	

Voting Results: Shares represented at the time of voting: 2,447,023,896votes.

Voting results*	% of the total represented share present
Votes in favor: 2,122,079,099 votes (1,741,792,943 votes)	86.72%
Votes against: 465,055 votes (465,055 votes)	0.01%
Votes abstained: 324,479,742 votes (324,382,742 votes)	13.26%

^{*}including votes casted electronically (numbers in brackets)

F. Extraordinary Motions: None

G. Adjournment Time: The meeting was adjourned at 9:59 a.m.

2019 Business and Financial Reports

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		1/ \0/
Item		Amount	%	Amount	%	+(-)%
Operating reve	enue	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		21,521,978	7%	20,260,383	7%	6.23%
Net income for	r the year	18,002,774	6%	16,371,866	6%	9.96%
Net income	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		17.307
Item	Amount	%	Amount	%	+(-)%
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%
Basic earnings per share	4.01		3.63		

Schedule 2: Consolidated Revenue

(In NT\$ thousands)

Year	2019		2018	
Primary business	Amount	%	Amount	%
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

Lu, Chin- Chu 金魚 President



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:

- 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.
- 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.
- 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.

- 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.

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

CURRINT ASSETS 17,999.55 10 \$ 2,252.001 11	notification of the second of	2019		2018	
Cash and cash equivalent (Potent A and 5) \$2,252,001 1 1 1 1 1 1 1 1 1	ASSETS	Amount	%	Amount	%
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Total current assets 165.877.680				0.000 2.07	-
NON-CURRINT ASSETS Financial assets at flar value through porfix or true - non-current (Notes 4 and 7) Financial assets at flar value through porfix or true - non-current (Notes 4 and 8) Financial assets at flar value through porfix or true - non-current (Notes 4 and 8) Financial assets at flar value through porfix or true - non-current (Notes 4 and 8) Financial assets at flar value through porfix or true - non-current (Notes 4 and 15) Financial assets at flar value through porfix or true - non-current (Notes 4 and 15) Financial asset at flar value through porfix or true - non-current (Notes 4 and 15) Financial asset at flar value through porfix or true - non-current (Notes 4 and 15) Financial asset at flar value through porfix or true - non-current (Notes 4 and 15) Financial asset at flar value through porfix or true - non-current (Notes 4 and 15) Financial asset (Notes 4 and 17) Financial asset (Notes 4 and 17) Financial asset (Notes 4 and 18) Financial liabilities of flar value through positic or loss - current (Notes 4 and 17) Financial liabilities of flar value through positic or loss - current (Notes 4 and 17) Financial liabilities (Notes 4 and 18) Financial					200
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Filamenial assets as fair what though other comprehensive income : none-current (Notes 4 and 8) Filamenial assets as short/ized one-concurrent (Notes 5 and 8) Filamenial assets as short/ized one-concurrent (Notes 4 and 15) Filamenial assets associated for aning equity method (Notes 4 and 15) Filamenial assets associated for aning equity method (Notes 4 and 15) Frozers, plant and quiperent (Notes 4 and 17) Filamenial assets associated (Notes 4 and 17) Filamenial assets associated (Notes 4 and 17) Other intengible assets (Notes 4 and 19) Delier intengible assets (Notes 4 and 20) Delier intengible assets (Notes 4 and 20) Foreign propayments for leases (Notes 4) Total non-current assets TOTAL LIABILITIES AND EQUITY CURRENT LIABILITIES STATES AND EQUITY CURRENT LIABILITIES AND EQUITY CURRENT LIABILITIES Solicities (Notes 4 and 22) Current as inhabities (Notes 4 and 22) Current as inhabities (Notes 4 and 22) Current as inhabities (Notes 4 and 22) Notes payable (Notes 4 and 22 and 35) Other payables (Notes 4 and 22 and 35) Other pa		1303.00		216 (20	
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Investment properties (Police 4 and 18) 2,441,851 1 2,112,021 1 Conclosed (Notes 4 and 20) 2,149,300 1 3,187,667 1 1,191,006 1				79,162,641	
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Total non-current issess Total current institutes Financial institutes fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (Note 4 and 7) Total current limbilities or fair value brough profit or loss -non-current (No		7.2.7.2.2	-		
TOTAL \$1,00,00,00,00,00,00,00,00,00,00,00,00,00	Other non-current assets (Notes 4 and 13)				
CURRENT LIABILITIES Short-term borrowings (Note 21) \$ 37,560,976 12 \$ 37,560,976 13 \$ 37,560,976 14 \$ 37,560,976 14 \$ 37,560,976 14 \$ 37,560,976 15 \$ 37,560	Total non-current assets	197.418.641	54	139,878,455	46
CURRENT LIABILITIES \$ 4,247,828 12 \$ 37,560,974 12	TOTAL	3 363 056 330	100	\$ 304,262,413	100
Silon-team borrowings (Note 21) \$2,47,828 12 \$17,500,974 12 \$17,500,974 12 \$17,500,974 12 \$17,500,974 12 \$2,857,255 12 Financial liabilities at fair value through profit or loss - current (Notes 4 and 7) 47,741 719,322 13 71,129 - 9,406 - 14,666,337 4 15,101,841 5	LIABILITIES AND EQUITY				
Slot-ferm borrowings (Note 21) \$ 42,247,828 12 5 37,560,974 12 12,859,225 12 15 15 15 15 15 15	CURRENT LIABILITIES	17.			
Short-term bills payable (Notes 21) 2,847,678 1 2,869,225 1		\$ 42,247,828	12	\$ 37,560,974	12
Notes payable (Notes 4 and 22 and 35) Accounts payable (Notes 4 and 22 and 35) Accounts payable (Notes 4 and 22 and 35) Accounts payable (Notes 4 and 22 and 35) Current tax flabilities (Notes 4 and 28) Current tax flabilities (Notes 4 and 17) 3,008,023 Current tax flabilities (Notes 4 and 17) Current payables (Notes 2 and 28) Current tax flabilities (Notes 4 and 17) Current payables (Notes 2 and 28) Current tax flabilities (Notes 4 and 17) Current payables (Notes 2 and 28) Total current liabilities NON-CURRENT LIABILITIES Financial liabilities at fair value through profit or loss - sont-current (Note 4 and 7) Current payables (Notes 2 and 28) Lease liabilities (Notes 4 and 28) Lease liabilities (Notes 4 and 28) Lease liabilities in-on-current (Notes 4 and 28) Lease liabilities in-on-current (Notes 4 and 28) Lease liabilities in-on-current (Notes 4 and 28) Other conventions (Notes 2 and 28) Current payables (Notes 2 and 28) Current liabilities (Notes 4 and 28) Current payables (Notes 2 and 28) Current payables	Short-term bills psynble (Note 21)				
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Other payables (Notes 23)			4		
Current tox liabilities (Notes 4 and 23) 2,093,455 2,478,784 1					
Current portion of long-term borrowings (Note 21) 26,796 - 4,194,398 2 2 2 2 2 2 2 2 2				2,478,784	
Total current liabilities 98.233.680 27 93.103.080 31			1	4 104 200	
NON-CIRRENT LIABILITIES 308,365			2		
Financial liabilities at fair value through profit or loss - non-current (Note 4 and 7) Long-term burnwings (Note 21) Defured tax liabilities (Notes 4 and 28) Least liabilities (Notes 4 and 28) Least liabilities (Notes 23) Least liabilities (Notes 24 and 17) Long-term payables (Notes 23) Not defined banefit liabilities (Notes 4 and 24) Other non-current liabilities (Notes 4 and 24) Other non-current liabilities (Notes 4 and 24) Other non-current liabilities Total non-current liabilities Total non-current liabilities Total liabilities 173,187,303 Regultry ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 25) Share capital Ordinary shares Capital surplus Least regular Ordinary shares Least regular	Total current liabilities	98,233,680	27	93,303,080	_31
Long-term borrowings (Note 21) 60,290,094 17 53,695,306 18 Defured 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 payable (Notes 23) 152,831 151,483 - Net defined benefit liabilities (Notes 4 and 24) 4,251,602 1 3,493,659 1 Other non-current liabilities 68,314 67,759 - Total non-current liabilities 173,187,103 48 152,064,707 50 EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 25) Share capital Ordinary alarea 29,467,872 8 29,467,872 10 Capital surplus 4,392,397 1 4,500,992 1 Retained carnings 14,881,914 4 13,811,050 4 Special searcy 14,881,914 4 13,811,050 4 Special reserve 22,293,369 6 13,917,230 5 Unspringinated carnings 24,488,820 10 38,160,517 13 Total retained carnings 11,684,567 1 (22,293,369) (27) Total equity stributable to owners of the Company 117,408,939 32 77,863,392 26 NON-CONTROLLING INTERESTS 22,460,088 20 74,334,114 24 Total equity 182,869,027 52 152,197,706 50	NON-CURRENT LIABILITIES				
Definited tax limbilities (Notes 4 and 28)					
Lease liabilities - son-current (Notes 4 and 17) 8,255,154 2 1					
Long-term payables (Note 23) 152,831 151,483 151,483 151,483 172,1602 1 1,493,669 1 1,493,669 1 1,493,669 1 1,493,669 1 1,493,669 1 1,493,669 1 1,493,669 1 1,493,669 1 1,493,669 1 1,493,669 1 1,493,669 1 1,493,699 1				1,555,400	
Net defined bunefit fiabilities (Notes 4 and 24) 1,493,692 1 1,493,699 1 1,000 1 1,493,699 1 1,493,699 1 1,493,699 1 1,493,699 1 1,493,699 1 1,493,699 1 1,493,693 1 1,493,699 1 1,493,693 1 1,493,693 21 1,493,699 1 1,493,693 21 1,493,693 1 1,493,693			12	151,483	
Total non-ourrent liabilities 74,953,623 21 58,761,627 19	Net defined benefit liabilities (Notes 4 and 24)		1		
Total liabilities 173,187,303 48 152,064,707 50	Other non-current lisbilities	68,314		67,769	
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 carmings 14,881,914 4 13,811,050 4 Special reserve 22,293,369 6 13,917,230 5 Unappropriated carmings 24,488,820 10 38,360,517 13 Total retained carmings 71,664,103 20 66,088,797 22 Other equity 11,684,567 1 (22,293,699 47) Total equity attributable to owners of the Company 117,408,939 32 77,363,392 26 NON-CONTROLLING INTERESTS 72,460,088 20 74,334,314 24 Total equity 189,869,027 52 152,197,706 50	Total non-current liabilities	74,953,623	21	58,761,627	19
Share capital 29,467,872 8 29,467,872 10 Capital surplus 4,592,397 1 4,600,092 1 Retnined carnings 14,881,914 4 13,811,050 4 Special reserve 22,293,369 6 13,917,230 5 Unappropriated earnings 24,488,820 10 38,360,517 13 Total retained earnings 71,664,103 20 66,088,797 22 Other equity 11,684,367 1 (22,293,369) 47 Total equity attributable to owners of the Company 117,408,939 32 77,363,392 26 NON-CONTROLLING INTERESTS 72,460,088 20 74,334,114 24 Total equity 139,869,027 32 152,197,706 50	Total liabilities	173,187,303	48	152,064,707	50
Ordinary shares 29,67,872 8 29,467,872 10 Capital surplus 4,592,397 1 4,600,092 1 Retained earnings 14,881,914 4 13,811,050 4 Special searure 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 56,088,797 22 Other equity 11,684,567 1 (22,293,369) (7) Total equity attributable to owners of the Company 117,408,939 32 77,363,392 26 NON-CONTROLLING INTERESTS 72,460,088 20 74,334,314 24 Total equity 189,869,027 32 152,197,706 50	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 25)				
Capital surplus		20.467.022		00 867 979	10
Retained earnings 14,881,914 4 13,811,050 4 Legal reserve 22,293,369 6 13,917,230 5 Unappropriated earnings 34,488,820 10 38,360,517 13 Total retained earnings 71,564,103 20 56,088,797 22 Other equity 11,684,567 1 (22,293,369) (7) Total equity sitributable to owners of the Company 117,408,939 32 77,363,392 26 NON-CONTROLLING INTERESTS 72,460,088 20 74,334,314 24 Total equity 189,869,027 52 152,197,706 50					10
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 116,844,567 1 (22,293,369) (7) Total equity attributable to owners of the Company 117,408,939 32 77,363,392 26 NON-CONTROLLING ENTERESTS 72,460,088 20 74,334,314 24 Total equity 189,869,027 32 152,197,706 50					
Unseptropristed earnings 34.488.820 10 38.360.517 13 Total retained earnings 71.664.103 20 66.088.797 22 Other equity 11.684.367 1 (22.293.369) 47 Total equity attributable to owners of the Company 117,408.939 32 77,363,392 26 NON-CONTROLLING INTERESTS 72.460.088 20 74.334,314 24 Total equity 139.869.027 52 152.197.706 50				13,811,050	
Total retained earnings					
Other equity 11,684 567 1 (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 139,869,027 52 152,197,706 50					
NON-CONTROLLING INTERESTS 72,460,088 20 74,334,314 24 Total equity 189,869,927 52 152,197,706 50					
Total equity 189.869.027 52 152.197.706 50	Total equity attributable to owners of the Company	117,408,939	32	77,863,392	26
	NON-CONTROLLING INTERESTS	72,460,088		74,334,314	24
TOTAL \$ 363 056 330 100 \$ 304 262 413 100	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)

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)	233,641,231	<u>74</u>	217.844,794	_74
GROSS PROFIT	79,515,354	_26	75,471,295	_26
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	6,444,297	2	6,230,618	2
Total operating expenses	65,564,894	_21	61,661,831	21
INCOME FROM OPERATIONS	13,950,460	5	13,809,464	5
NON-OPERATING INCOME AND EXPENSES	ar ar			
Other income (Note 27)	4,073,415	1	3,637,248	1
Other gains and losses (Note 27)	(671,207)	ŝ	(170,459)	
Net (loss) gain on derecognition of financial assets at	(0/1,20/)		(170,433)	
amortized cost	(3,260)	88	5,477	55
Finance costs (Note 27)	(3,241,955)	(1)	(2,781,382)	(1)
Share of the profit of associates and joint ventures	(0,271,000)	(1)	(2,701,302)	60
(Notes 4 and 15)	7,414,525	2	5,760,035	2
Total non-operating income and expenses	7,571,518	2	6,450,919	2
INCOME BEFORE INCOME TAX	21,521,978	7	20,260,383	7
INCOME TAX EXPENSE (Notes 4 and 28)	(3,519,204)	_(1)	(3,888,517)	(1)
NET INCOME FOR THE YEAR	18,002,774	6	16,371,866	6
OTHER COMPREHENSIVE INCOME (LOSS) Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 24) Unrealized gain on investments in equity	(132,669)	¥	38,359	2
instruments designed at fair value through other comprehensive income	3,129,649	1	199,697	7
Share of the other comprehensive income (loss) of associates and joint ventures	173,895		(504,544) (Cor	- ntinued

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	
57	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	31,091,295	_10	(25,647,596)	<u>(9)</u>
Other comprehensive income (loss) for the year, net of income tax	29,821,437	9	(23,332,866)	(8)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 47.824,211</u>	_15	\$ (6,961,000)	(2)
NET INCOME ATTRIBUTABLE TO: Owners of the Company Non-controlling interests	\$ 11,828,609 6.174,165	4 2	\$ 10,708,646 5,663,220	4 2
	\$ 18,002,774	6	\$ 16,371,866	6
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company Non-controlling interests	\$ 43,908,682 3,915,529	14 1	\$ (13,545,977) 6,584,977	(4) 2
	\$ 47,824,211	<u>_15</u>	\$ (6,961,000)	(2)
EARNINGS PER SHARE (Note 29)	¢ 401		\$ 3.63	
Basic Diluted	\$ 4.01 \$ 4.01		\$ 3.62	

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 AND SUBSIDIARIES

COMBOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE VEALS RINDED DECEMBER 31, 2019 AND JUST (In Taimed of New Taimed Diction)

Exercise State Copies State Copies State Copies State Copies Copie						COCCUTION CONTRACTOR OF THE CO		Other Equity	Contro				
Section Sect					Boolead Farming		Kachange Differences on	Unoughed (Lost) Galo on	Unrailted Gelo (Loss) as Florischil Asses at Pair Vaher Through Other				
Secretary Secr		Share Conflet	Challed Secular	Lend Barrye	Special Mostrue	Daspprapriated	Translating Foreign Operations	Available-for-sile Finencial Ameter	Camprehenity	Others	Total	Librati	Total Equity
1,21,100 1,22,100			4616141	40 619 880	5 11416368	1 17,286,118	(455,097,1) \$	\$ (12,127,139)			\$ 83,615,378	1 74,764,568	\$ 158,379,946
1,100,000 1,10	BALANCE AT JANUARY 1, 2018	* *******				111726	• •	13,127,139	1,500,011	(528,673)	13,772,386		13,772,185
1,20,201	Effect of sampactors application			20000000				9	1,000,000	150,637	97,387,764	14,764,558	(71,152,332
1,20,1,01	BALANCE AT JANUARY 1, 1019 AS RESTATED	29,467,672	4,635,341	12,518,1839	13,616,368	37,586,249	(4,780,529)	2	**************************************				
Care	Augmentation of 2017 constrain (Note 25)			10,000,000		A de sea ton	0	4	*	•	*	1740	
130,000 130,000 130,000 140,	Lagal marries Social marries	0.5	TT	1,252,161	180,861	(280,862)	(e)	1.00	20	959	03.895.574)	¥ (%)	(\$100,574)
1,00,004	Cost divisions		1			(\$189,224)							CK 689 5741
				1.292.161	293,462	(7,466,597)					0.105.204		
1478-05 1478	Man and the state of the state		S	*	9	319/101/01	£		Sã.		10.708.646	5,651,220	16,371,386
1,15,201	Net around an only your enters parameter of parameters					(64,539)	1.478.405		(12.677.612)	(12,992,872)	(25,254,621)	921.757	(3313166)
1,1,2,20 1,1,5,20 1,2,1,1,1,0 1,2,1,1,1,0 1,2,1,1,1,0 1,2,1,1,1,0 1,2,1,1,1,0 1,2,1,1,1,0 1,2,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1	Other comprehensive (loss) mesons for the year cales incomes 31, 2019					10.644.107	1,478,405		02.677.6123	(32.995.872)	C11.583.2TO	5,384,777	(0.351 1001)
1,000 1,00	Total nerropellarates accome (loss) for the year cades December 33, 2018		1000			70E8 6207		,	14	9	(815,235)		(15(22))
100 100	Starre of changes to equation of extendiaries (Notes 4 and 25)	•	(13,453)	92		(A) C, CD)							
Company 1, 208	Change in repuisi supplies from investments on emocates and joint verticals accounted for many the parties the parties method (Notes 4 and 15).	•	9	3.9	()	(0,333,670)	×		2,333,670	20	\$	546500 erason	ğ
			80	(D)				1			1	(7,015,231)	(1015/201)
12,000,000 12,	Change in 000-controlling relations		1	The same of	100 001	174 168	1.478.405	0.0	(10,353,942)	(17,550,677)	(12,526,372)	1430,2543	(18.954.626)
25/46/972 4,800031 13,01/46 13,91/230 14,90031	Change is equity for the year ended December 31, 2018	*	(15742)	282,101	107.00					100 000 000	27 365 702	74.134.314	153,197,706
1,000,000 1,00	BALANCE AT DECEMBER 31, 2018	25,467,872	4,500,051	13,111,050	13,917,230	113,036,81	(511,114)	***	(Maryor)	Supplement of the supplement o			
	Appropriation of 2018 contings (Natio 25)			999 0000		V 820 954 V	8	•		355	(4)	300	203
1,500,000	Legal seserces	• •	£0€	- Tomario	8,576,139	(481,018)	(2)		(i)		(1810181)		CINTRESSI
1,800,145	Cash sivinends	4			*	(44,000,141)					100 000 00		64 620,1813
				1,070,354	8,316,139	(13,862,134)		1			(8,840,182		
12,00,007						016,852,11	93		136	*	409/803/11	6,174,165	18,1002,774
(4.155) (7.156,112	NAT MESSAGE FOR U.E. FOR GLARM LOCKSTON AN, 4000	8	SE .			(35,330)	72,386,025		20 395 260	13.920,337	33,160,073	(2.258.636)	29.821.417
(4.150) (7.501	COTA COMMISSION (1991) INVOICE (1991) AND					11,723,870	(2.386,025)	1	30,336,280	13.928,522	43,509,552	1.915.529	47.824.211
(4155) (75,00)	Coor his conduction manual (real) (or mo has a conduct or conduct of the												
(4,156) (5,000.24) (5,	Expans of the consideration received over the easy-pag erround of the relatifiation and assets during central slappond or companion (Notez 4 and 25).		(1,534)		<u> </u>	X	3%	9	60	500	(923)	* 30	(902)
18,000.00 18,0	Start of changes in equities of subsidiarse (Nova 4 and 25).	211	30	38	W	(16,149)	*6	7/	0	12	(61.67)		Transfer C
12 12 12 12 12 12 12 12	Change in sugital suplus from howements in successes and joint vertices accounted	n.	00166	2	2	(9,006,234)	2	2)	1,847,124	hii	138,734	X	136,734
(00280) 002800 1 102000 1 102000 1 102000 1 102000 1 102000 1 102000 1 102000 1 102000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 10200000 1 10200000 1 10200000 1 10200000 1 10200000 1 10200000 1 10200000 1 10200000 1 10200000 1 10200000 1 10200000 1 102000000 1 102000000 1 1020000 1 10200000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 10200000 1 1020000 1 1020000 1 1020000 1 1020000 1 10200000 1 10200000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 10200000 1 1020000 1 1020000 1 1020000 1 1020000 1 10200000 1 10200000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 1020000 1 10	for using the equal method (Mater 4 and 25)		Carried				3 7	900	100			(\$789,735)	(3,789,752)
5 10 00 10 10 10 10 10 10 10 10 10 10 10	Change in ton-econolling intensits			0000000	100 NO.	1000000		(CA)	10, 10, 10,	19 500 577	39.545.567	(1.874,226)	37.571.321
5 20 20 21 22 23 24 25 24 25 25 25 25 25 25 25 25 25 25 25 25 25	Change in zouty far the year ended December 11, 2019		(2807)	1,070,964	8.276.129	(1.871.62T)	G.135.02)		1			97.000	C 100 000 012
The second secon	BALANCE AT DECEMBER 31, 2019	5 29 401 172	\$ 4 592 197	S 14,181 914	\$ 12.251,169	4 34.483.570	\$ (2.45E.103)		\$ 11795433	5 423,243	117418331	Name of the last	1

The accompanying nature on the gain part of the correlated functial defineds. (With Debite & Toothe mild upon detect March 31, 2000).

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		57/23/E 3/23/S
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) (4.207,115)
Income tax paid	(3,336,520)	(4,207,113)
Net cash generated from operating activities	24,509,466	10,543,202
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from return of capital of financial assets at fair value through		
other comprehensive income	Accessors and a second	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)
CONTRACTOR		(Continued)

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	N27	(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	3
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	NASCE S	(236,267)
Acquisition of long-term prepayments for leases	(2)	(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	1,835	<u></u>
	(14,947,772)	(6,707,486)
Net cash used in investing activities	(14.947,772)	(0,707,480)
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	(4.897,130)	(7,015,231)
Net cash used in financing activities	(2,968,130)	(6,229,073)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(1,795,610)	537,005
	5=_5\	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,797,954	(1,856,352)
2011122112	W. G.	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	32,252,001	34,108,353
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 37,049,955	\$ 32,252,001
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:

- 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.
- 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.
- 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.
- 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.

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

Currentnern Currentnern Current (Notes 4 and 5) 133,716 5 194,630 194,63		2019	-30	2018	- 50
Cash and cash penyivalentic (Notics 4 and 5) Si 13,716 Si 194,630 Financial assets at fiar value florough income - current (Notics 4 and 7) Financial assets at fiar value florough come - current (Notics 4 and 8) Financial assets at fiar value florough offer comprehensive income - current (Notics 4 and 8) Financial assets at fiar value florough offer comprehensive income - current (Notics 4 and 8) Financial assets at fiar value florough offer comprehensive income - current (Notics 4 and 8) Financial assets at materization of comprehensive income - current (Notics 4 and 12) Financial assets at materization of comprehensive income - current (Notics 4 and 12) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 13) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 12) Financial assets at fiar value	ASSETS	Amount	%	Amount	%
Cash and cash penyivalentic (Notics 4 and 5) Si 13,716 Si 194,630 Financial assets at fiar value florough income - current (Notics 4 and 7) Financial assets at fiar value florough come - current (Notics 4 and 8) Financial assets at fiar value florough offer comprehensive income - current (Notics 4 and 8) Financial assets at fiar value florough offer comprehensive income - current (Notics 4 and 8) Financial assets at fiar value florough offer comprehensive income - current (Notics 4 and 8) Financial assets at materization of comprehensive income - current (Notics 4 and 12) Financial assets at materization of comprehensive income - current (Notics 4 and 12) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 13) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 8) Financial assets at fiar value florough other comprehensive income - concurrent (Notics 4 and 12) Financial assets at fiar value	AUTHORIT LOCTTO				
Financial assets at fix value through income - current (Notes 4 and 3) Financial assets at fix value through offer comprehensive income - current (Notes 4 and 3) Financial assets at ameritzed out of current (Notes 4 and 3) Financial assets at ameritzed out of current (Notes 4 and 5) Financial assets at ameritzed out of current (Notes 4 and 5) Financial assets at ameritzed out of current (Notes 4 and 5) Financial assets at ameritzed out of current (Notes 4 and 5) Financial assets at ameritzed out of current (Notes 4 and 29) Financial assets (Notes 4 and 12) Fool current assets Financial assets of the Notes 4 and 12) Financial assets of the Notes 4 and 13) Financial assets of the Notes 4 and 13) Financial assets of the Notes 4 and 14) Financial assets of the Notes 4 and 15) Financial assets of Notes 4 and 15) Financial assets of Notes 4 and 15) Financial assets (Notes 4 and 15) Financial assets of Notes 4 and 15) Financial liabilities at flat value firouph profit or loss - current (Notes 4 and 7) Financial liabilities at flat value firouph profit or loss - current (Notes 4 and 7) Financial liabilities or Part of Notes 4 and 15) Financial liabilities or Part of Notes 4 and 15) Financial liabilities or Part of Notes 4 and 15) Financial liabilitie		\$ 153,716	\$20	\$ 194,630	-
Filmonial assets at fair value through other comprehensive accounce - current (Notes 4 and 8) Filmonical assets at anterized ord - current (Notes 4 and 8) Filmonical assets at anterized ord - current (Notes 4 and 8) Filmonical assets at anterized ord - current (Notes 4 and 9) Filmonical assets at anterized ord - current (Notes 4 and 9) Filmonical assets at anterized ord - current (Notes 4 and 10) Filmonical assets at anterized ord - current (Notes 4 and 12) Filmonical assets at an experiment of the state of the current assets (Notes 4 and 12) Filmonical assets at an experiment (Notes 4 and 12) Filmonical assets at menciculo cost - non-current (Notes 4 and 18) Filmonical assets at menciculo cost - non-current (Notes 4 and 18) Filmonical assets at menciculo cost - non-current (Notes 4 and 18) Filmonical assets at menciculo cost - non-current (Notes 4 and 18) Filmonical assets at menciculo cost - non-current (Notes 4 and 18) Filmonical assets at menciculo cost - non-current (Notes 4 and 19) Filmonical assets at menciculo cost - non-current (Notes 4 and 19) Filmonical assets at menciculo cost - non-current (Notes 4 and 18) Filmonical assets at menciculo cost - non-current (Notes 4 and 19) Filmonical assets at menciculo cost - non-current (Notes 4 and 18) Filmonical assets at menciculo (Note 4 and 19) Filmonical assets at menciculo (Note 4 and 19) Filmonical assets at a menciculo (Note 4 and 19) Filmonical assets at a menciculo (Note 4 and 19) Filmonical assets at a menciculo (Note 4 and 12) Folder order assets (Notes 4 and 12) Filmonical assets at a menciculo (Note 4 and 12) Filmonical assets at a menciculo (Note 4 and 12) Filmonical assets at a menciculo (Note 4 and 19) Filmonical assets at a menciculo (Note 4 and 19) Filmonical assets at a menciculo (Note 4 and 19) Filmonical assets at a menciculo (Note 4 and 19) Filmonical assets at a menci	Financial assets at fair value through income - current (Notes 4 and 7)		* 33	H 100 St	
Accounts active all units control with the control of the control	Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	**************************************			4
Accounts according from related parties (Notes 4, 10 and 29) Cher recognishes (Notes 4 and 12) Cher recognishes (Notes 4 and 12) Cher recognishes (Notes 4 and 12) Cher recognishes (Notes 4 and 13) Cher recognishes (Notes 4 and 13) Cher recognishes (Notes 4 and 14) Cher recognishes (Notes 4 and 15) Cher recognishes (Notes 4 and 17) Cher recognishes (Notes 4 and 17) Cher recognishes (Notes 4 and 12) Cher recognishes (Notes 4 and 25) Notes payable (Notes 4 and 25) Notes pa	Financial assets at amortized cost - current (Notes 4 and 9)				
Section Sect			- 5		
Section Sect	Accounts receivable (Notes 4 and 10)		7	The state of the s	2
Section Sect	Accounts receivable from related parties (Notes 4, 10 ann 29)				- 2
Total current assets (Notes 4 and 12) Total current assets of thir relate through other comprehensive income - non-current (Notes 4 and 8) S. 248.705	4.70-10-10-10-10-10-10-10-10-10-10-10-10-10		2		3.43
NON-CURRENT ASSETS Financial assets at fair value through other comprehensive incomes - non-current (Notes 4 and 8) Financial assets at marcitaced cost - non-current (Notes 4 and 19) Investments accounted for using equity method (Notes 4 and 13) Investments accounted for using equity method (Notes 4 and 13) Investments accounted for using equity method (Notes 4 and 13) Investments accounted for using equity method (Notes 4 and 13) Investment accounted for using equity method (Notes 4 and 13) Investment accounted for using equity method (Notes 4 and 13) Investment accounted for using equity method (Notes 4 and 14) Investment accounted for using equity method (Notes 4 and 15) Interestment accounted for using equity method (Notes 4 and 15) Interestment accounted for using equity method (Notes 4 and 17) Other non-current assets (Notes 4 and 12) Interestment accounted for using equity accounter (Notes 4 and 17) Interestment accounter (Notes 4 and 12) INTEREST LIABILITIES Short-term borrowings (Note 18) Interestment (Notes 4 and 19) Interestment accounts account payable (Notes 4 and 19) Interestment accounts account payable (Notes 4 and 19) Interestment accounts payable (Notes 4 and 19) Interestment payable (Notes 4 and 19) Int				57,190	
Financial assets a finir value through other comprehensive income - non-current (Notes 4 and 8) Financial assets a marricate od car. Jone-current (Notes 4 and 9) Illinos of the standard of t	Total current assets	8,248,705	5	8,327,151	7
Financial assets at americade cost - anon-current (Notes 4 and 19)	NON-CURRENT ASSETS	2022049		Our Hard Co.	
International Control of Contro	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)			60,736	
Treatments accounted in value groups (Notes 4 and 15) 220,137 3 5,341,147 5	Financial assets at amortized cost - non-current (Notes 4 and 9)			09 566 560	
Property Just and collegiplated (Votes 4 and 12) 1,985,597 2 1,985,697 2 1,985,6	Investments accounted for using equity method (Notes 4 and 13)				
Total assess Choice 4 and 16 1,935,772 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1 1,985,597 2 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597 3 1,985,597			3	3,341,147	
Integration Report (votes 4 and 17)			1	1 985 597	2
Defined and smean (Notes 4 and 25) Other non-surrent assets (Notes 4 and 12) Total non-current assets (Notes 4 and 12) Total non-current assets (Notes 4 and 12) Total non-current assets (Notes 4 and 12) TOTAL LIABILITIES AND EQUITY CURRENT LIABILITIES Short-term borrowings (Notes 18) Financial liabilities a flar value through profit or loss - current (Notes 4 and 7) Notes payable (Notes 4 and 19) Notes payable (Notes 4 and 19) Accounts payable (Notes 4 and 25) Lease liabilities - current (Notes 4 and 25) Current tax liabilities (Notes 4 and 25) Current tax liabilities (Notes 4 and 25) Current tax liabilities - current (Notes 4 and 15) Total current liabilities Total current liabilities Total current liabilities NON-CURRENT LIABILITIES NON-CURRENT LIABILITIES Long-term borrowings (Notes 18) Total current liabilities 19,119,306 12,3446,592 14,230,436,555 20 NON-CURRENT LIABILITIES Soft of the current liabilities 10,240,240 11,547 11,547 129,334 11,547 129,334 11,547 129,334 11,547 129,334 11,547 129,334 11,547 129,334 11,547 129,334 11,547 129,334 11,547 129,334 11,547 129,334 13,341 13,341,341 13,341,341 14,381,341 14,381,341 15,341,341 16,341,341 17,341,341 18,341,341 18,341,341 19			1.00	*	
Total non-current assets (Notes 4 and 12) Total non-current assets (Notes 4 and 12) Total non-current assets (Notes 4 and 12) LIABILITIES AND EQUITY CURRENT LIABILITIES Shoot-term borrowings (Notes 18) Shoot-term borrowings (No			1.5	4,532	-
TOTAL S 161.661.120 100 S 114.821.245 100				535,493	
LIABILITIES AND EQUITY CURRENT LIABILITIES Short-term borrowings (Note 18) Short-term borrowings (Note 18) Financial limities at fair value (frough profit or loss – current (Notes 4 and 7) Notes payable (Notes 4 and 19) Notes payable (Notes 4 and 19) Notes payable to related parties (Notes 4, 19 and 29) Accounts payable (Notes 4 and 19) Accounts payable (Notes 4 and 19) Accounts payable (Notes 4 and 19) 1,051,378 1,224,211 1,224,221 1,224,221 1,224,221 1,224,221 1,224,221 1,224,221 1,224,221 1,224,221 1,224,221 1,224,221 1,224,221 1,224,221 1,224,221 1,224,221 1,224,221 1,224,221 1,224,222 1,224,	Total non-current assets	_153,412,415	95	106,494,094	93
CURRENT LIABILITIES	TOTAL	\$ 161,661,120	100	\$ 114,821,245	_100
Short-term borrowings (Note 18) \$19,909,700 12	LIABILITIES AND EQUITY				
Solid-Farm converge (Notes 4 and 19) 10,024 7,678 7,688 7,68	CURRENT LIABILITIES		32	12711030922	2423
Notes payable (Notes 4 and 19) Notes payable (Notes 4 and 19) Notes payable (Notes 4 and 19) Notes payable to related parties (Notes 4, 19 and 29) Notes payable to related parties (Notes 4, 19 and 29) Accounts payable to related parties (Notes 4, 19 and 29) Current was instituted parties (Notes 4, 19 and 29) Current was instituted parties (Notes 4, 19 and 29) Current was instituted parties (Notes 4, 19 and 29) Current was instituted parties (Notes 4 and 15) Lease institutes current (Notes 4 and 15) Lease institutes current (Notes 4 and 15) Current partie morrowings (Note 18) Other current liabilities Total current fishilities NON-CURRENT LIABILITIES Long-term borrowings (Note 18) 19 319,306 12 12,905,602 11 291,324 Lease liabilities - non-current (Notes 4 and 25) Lease liabilities - non-current (Notes 4 and 25) Lease liabilities - non-current (Notes 4 and 21) Other non-current liabilities (Notes 4 and 21) Total non-current liabilities 20,805,559 13 13,914,218 12 Total liabilities EQUITY (Notes 4 and 22) Share capital Ordinary shares Capital surplus Retained earnings 14,881,914 9 13,811,050 15 Capital surplus Retained earnings 14,881,914 9 13,811,050 15 Capital surplus Retained earnings 14,883,914 9 13,811,050 15 Capital surplus Retained earnings 14,883,914 9 13,811,050 15 Capital surplus Total equity Total equity Total equity Total equity 117,408,332 73 77,863,392 61	Short-term borrowings (Note 18)				
Notes payable (Notes 4 and 19) Notes payable (Notes 4 and 19) Notes payable to related parties (Notes 4, 19 and 29) Accounts payable to (Notes 4 and 19) Accounts payable to (Notes 4 and 19) 22,812 - 82,876 - 82,876 - 1,947,302 1 1,944,626 2 Current by subhities (Notes 20) Current to stabilities (Notes 4 and 25) Lease liabilities (Notes 4 and 15) Current purson of long-term borrowings (Note 18) Current purson of long-term borrowings (Note 18) Total current liabilities NON-CURRENT LIABILITIES Long-term borrowings (Note 18) NON-CURRENT LIABILITIES Long-term borrowings (Note 18) NON-CURRENT LIABILITIES Long-term borrowings (Note 18) 19,319,306 12 12,505,602 11 23,446,622 14 23,043,635 20 NON-CURRENT LIABILITIES Long-term borrowings (Note 18) 19,319,306 12 12,505,602 11 Not defined benefit liabilities (Notes 4 and 25) Not defined benefit liabilities (Notes 4 and 21) Other non-current liabilities (Notes 4 and 21) Total non-current liabilities (Notes 4 and 21) Total non-current liabilities (Notes 4 and 21) Total induction (Notes 4 and 22) Share capital Ortinary shares Capital surplus Retained earnings Logal reserve 14,881,914 9 13,811,050 17 Shock equity Total equity Total equity Total equity Total equity Total equity 11,748,932 73 77,863,392 66					্
Notes payable to related parties (votes 4, 19 and 29) Accounts payable to related parties (votes 4, 19 and 29) Accounts payable to related parties (Notes 4, 19 and 29) Current tax liabilities (Notes 4 and 25) Lease liabilities (Notes 4 and 25) Lease liabilities current (Notes 4 and 15) Current paytion of long-term borrowings (Note 18) Other current liabilities Total current liabilities Total current liabilities NON-CURRENT LIABILITIES Long-term borrowings (Note 18) Defirred tax liabilities (Notes 4 and 25) Lease liabilities (Notes 4 and 25) Lease liabilities (Notes 4 and 25) Lease liabilities (Notes 4 and 25) Total current liabilities Total current liabilities Total current liabilities 19,319,306 12 12,905,602 11 23,446,622 14 23,043,655 20 NON-CURRENT LIABILITIES Long-term borrowings (Notes 18) 19,319,306 12 12,905,602 11 29,324 12 29,346 12 29,346 13 20 NON-CURRENT LIABILITIES Long-term borrowings (Notes 4) 19,319,306 12 12,905,602 11 21,905,602 11 21,905,602 11 21,905,602 11 21,905,602 11 21,905,602 11 22,903,655 20 NON-CURRENT LIABILITIES Long-term borrowings (Notes 4) 19,319,306 12 12,905,602 11 29,346,622 14 23,043,655 20 NON-CURRENT LIABILITIES Long-term borrowings (Notes 4) 19,319,306 12 12,905,602 11 29,305,602 11 29,305,602 11 20,005,602 11	Notes payable (Notes 4 and 19)	10,024			
Care that the standard (Notes 4 and 15)	Notes payable to related parties (Notes 4, 19 and 29)	1 051 378	1	11.00.141	
Care State	Accounts payable (Notes 4 and 19)				- 3
Care State		10 C C C C C C C C C C C C C C C C C C C	1	1,954,626	2
Lease bindrities - current (Notes 4 and 15) 263,796 - 4,194,398 4,194,		9,370		717,895	
Current purtion of long-term borrowings (Note 18) 263,796 - 4,194,398 4 173,942 - 177,126 -				000000000000000000000000000000000000000	
Total current liabilities			*		4
NON-CURRENT LIABILITIES Long-term berrowings (Notes 18) Long-term berrowings (Notes 4 and 23) Lease liabilities (Notes 4 and 25) Lease liabilities - non-current (Notes 4 and 15) Net defined benefit inhilities (Notes 4 and 21) Other non-current liabilities (Notes 13) Total non-current liabilities Total liabilities Total liabilities EQUITY (Notes 4 and 22) Share capital Ordinary shares Capital surplus Retained earnings Legal reserve Unappropriated earnings Unappropriated earnings Total oquity Total oquity Total oquity 117,408,939 73 77,863,392 66		173,942	-	177,126	
Long-term borrowings (Note 18) 19,319,306 12 12,905,602 11	Total current liabilities	23,446,622	14	23,043,635	20
Designed tax lisibilities (Notes 4 and 25)		10 310 306	12	12 905 602	- 11
Lease liabilities - non-current (Notes 4 and 15) 23,491 - 670,776 1 1 1 1 1 1 1 1 1					3.
Not defined benefit liabilities (Notes 4 and 21) Other non-current liabilities (Notes 13) Total non-current liabilities Total liabilities Total liabilities 20,805,559 13 13,914,218 12 Total liabilities EQUITY (Notes 4 and 22) Share capital Ordinary shares Capital surplus Retained earnings Lugal reserve Lugal reserve Special reserve Unappropriated earnings Total retained sarnings Total retained sarnings Total retained sarnings Total equity Total 8 and 21) Total 704,713 - 670,776 1 46,516 - 120 Total 704,513 - 13 Total 704,513 - 14 Total 81,914 9 13,811,050 17 Total equity Total equity Total equity Total equity			-	2000 Sin a	
Other non-current limbilities (Note 13) 46.502 - 40.316 Total non-current limbilities 20.805,559 13 13.914.218 12 Total limbilities 44.252,181 27 36.957,353 32 EQUITY (Notes 4 and 22) Share capital 29.467,872 18 29.467,872 26 Share capital Ordinary shares 4.592,397 3 4.600,092 4 Capital surplus 14,881,914 9 13,811,090 12 Legal reserve 22,293,369 14 13,917,230 12 Special reserve 22,293,369 14 13,917,230 12 Unapproprieted samings 34.488,820 22 38,360,517 33 Total retained carnings 71.664,103 45 66,088,797 37 Other equity 11.684,567 7 (22.293,369) (15 Total equity 117,408,939 73 77,863,392 66			-	670,776	1
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 14,881,914 9 13,811,090 17 Special reserve 22,293,369 14 13,917,230 17 Special reserve 22,293,369 14 13,917,230 17 Unappropriated samings 34.488,820 22 38,360,517 33 Total retained earnings 71,664,103 45 66,088,797 37 Other equity 11,684,567 7 (22,293,369) (15) Total equity 117,408,939 73 77,863,392 66		46,502		46,516	-
EQUITY (Notes 4 and 22) Share capital Ordinary shares Capital sumplus Retained earnings Legal reserve 14,881,914 9 13,811,050 12 Special reserve 22,293,369 14 13,917,230 12 Special reserve 10nappropriated earnings Total retained earnings 71,664,103 45 66,088,797 37 Other equity Total equity Total equity 117,408,939 73 77,863,392 66	Total non-current liabilities	20,805,559	_13	13,914,218	_12
Share capital 29.467,872 18 29.467,872 26 Capital surplus 4.592,397 3 4.600,092 4 Retained earnings 14,881,914 9 13,811,050 12 Legal reserve 22,293,369 14 13,917,230 12 Special reserve 22,293,369 14 13,917,230 12 Unappropriated samings 34,488,820 22 38,360,517 33 Total retained samings 71,664,103 45 66,088,797 57 Other equity 11,684,567 7 (22,293,369) (15 Total equity 117,408,939 73 77,863,392 66	Total liabilities	44.252,181	27	36,957,853	32
Ordinary shares 29.467,872 18 29.467,872 20 Capital surplus 4.592,397 3 4.600,092 4 Retained earnings 14,881,914 9 13,811,050 12 Legal reserve 22,293,369 14 13,917,230 15 Special reserve 22,293,369 14 13,917,230 15 Unappropriated samings 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) (15 Total equity 117,408,939 73 77,863,392 66					
Contral surplus Retained earnings Legal reserve 14,881,914 9 13,811,050 12 22,293,369 14 13,917,230 12 3pecial reserve 22,293,369 14 13,917,230 12 Unappropriated earnings 34,483,820 22 38,360,517 33 Total retained earnings 71,664,103 45 66,088,797 37 Other equity Total equity 117,408,939 73 77,863,392 66		29 467 877	18	29,467,872	26
Retained earnings Legal reserve Special reserve Unappropriated samings Total retained earnings Total equity 14,881,914 9 13,811,050 17 22,293,369 14 13,917,230 17 33 34,488,820 22 38,360,517 33 71,664,103 45 66,088,797 57 Other equity 11,684,567 7 (22,293,369) (15 Total equity			3		- 4
Legal reserve 14,881,914 9 13,811,050 17,851,05				Se	
Special reserve 22,293,369 14 13,917,20 15 15 15 15 15 15 15 1		14,881,914			12
Unappropriated samings 34.488,820 22 38,360,317 3: Total retained samings 71,664,103 45 66,088,797 57 Other equity 11,684,567 7 (22,293,369) (15 Total equity 117,408,939 73 77,863,392 66					12
Total equity 71,664,103 42 66,083,77 2. Other equity 11.684,567 7 (22,293,369) (15 Total equity 117,408,939 73 77,863,392 66			22		33
Total equity 117,498,939 73 77,863,392 68			_45		
1021 equity		11,684,567	_1		
TOTAL \$ 161.661,120 100 \$ 114.821,245 100	Total equity	117,408,939	73	77,863,392	68
	TOTAL	\$ 161,661,120	_100	S 114,821,245	100

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

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

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	- 38
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 29)	\$ 11,399,477	100	\$ 12,062,778	100
OPERATING COSTS (Notes 24 and 29)	6,655,923	_58	7,452,651	_62
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	1,613,603	_14	1,778,265	15
Total operating expenses	4,203,025	_37	4,132,228	_34
INCOME FROM OPERATIONS	540,529	5	477,899	4
NON-OPERATING INCOME AND EXPENSES	25			
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		11 - 2	(224)	
Finance costs (Note 24)	(373,715)	(3)	(319,999)	(3)
Share of the profit of subsidiaries and associates				
(Notes 4 and 13)	11.700,954	<u>103</u>	9.835,610	82
Total non-operating income and expenses	11,854,667	104	11,131,948	_92
INCOME BEFORE INCOME TAX	12,395,196	109	11,609,847	96
INCOME TAX EXPENSE (Notes 4 and 25)	(566,587)	<u>(5</u>)	(901,201)	(7)
NET INCOME FOR THE YEAR	11,828,609	104	10,708,646	89
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)	923
Unrealized gain on investments in equity	******	7.0	AT ARTITUM	
instruments at fair value through other	N. 1997 T. 24 Ballon			
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)
			(Co	ntinued)

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	
19	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss: Share of the other comprehensive income (loss) of		4000		/400X
subsidiaries and associates	\$ 28,933,948	254	<u>\$ (24,156,118)</u>	<u>(200</u>)
Other comprehensive loss for the year, net of income tax	32,080,073	281	_(24,254,623)	<u>(201</u>)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 43,908,682	385	\$ (13,545,977)	<u>(112</u>)
EARNINGS PER SHARE (Note 26) Basic Diluted	\$ 4.01 \$ 4.01		\$ 3.63 \$ 3.62	

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

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

(Concluded)

POU CHEN CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE VEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Triwan Deleta)

								(Less) as Financial		
				Retained Eornings	Descripting	Exchange Differences on Translading	Unrealized Loss on Available-for-sale	Assets at Fair Value through Other Comprehensive		Total Would
	Share Capital	Capital Surphy	Legal Reserva	Special Reserve	Esrnings	Foreign Operations	Planacial Assets	Income	Other	-
	C 30 467 8TD	1461534 2	\$ 12,518,889	\$ 13,636,368	\$ 37,294,138	§ (1,790,529)	\$ (12,127,139)		£ +33	\$ 83,615,575
BALANCE AT JANGARY 1, 2018	********			** ATTACABLE :	292,111		(2.127.139	1360.011	(\$28,875)	13.777.386
Effect of retrospective application						1002 year av		1,865,013	(506,437)	97,387,764
BALANCE AT JANUARY 1, 2018 AS RESTATED	29,467,872	4,615,341	12,518,389	13,636,368	57,586,249	(erchevir)		0		
Appropriation of 2017 curaines (Note 22)			1000 100		(131-595-17	ŝ	- 0		•	•
Legal recenve Secretal reserve	e d		1077671	280,862	(230,162)	, ,			• •	(5.393.374)
Cesh dividends				1	Constant of			S *		(\$193,574)
	1		1352,161	230.662	(7,456,597)					10 708 646
Not income for the year ended December 31, 2018	*	*	*	٠	10,708,646	*	٠		•	
Out.	•	*	1		(64,539)	1,478,405	1	(12,677,612)	112.990.877)	124,654,623
COURT COMPANY (COMPANY COMPANY			•	*	10.644.107	1.478,403	1	(12.677.612)	(12.990.877)	(13.545.977)
Total comprehensive income (loss) for the year mind (sectiones >1, cold										- 202
Change in equial surplus from invariancers in associates occunited for using the equity method (Notes 4 and 22).	٠	101	33	8	(2,335,670)		¥.	2,333,670	4	906 307
St. v	•	(15.653)		*	(272.68)	•		The second secon		- Parent
CENTRE OF CHARGE AN EXPENSE OF SECOND		(14.940)	1300 161	210,862	774,268	1,479,405		(10,343,942)	(12 990 \$77)	(19.524.372)
Change in equity for the year ended December 31, 2011		2000		900 010 00	219 050 517	(313.124)	(2)	(8,483,931)	(13,497,314)	77,869,392
BALANCE AT DECEMBER 31, 2013	29,467,872	4,600,092	13,811,050	14,517,430	a property of					
Appropriation of 2018 earnings (Note 22)			100000	ů.	73 070 8645		7740	36	¥.	360
Legal reserve	30		1,070,804	1,376,139	(8,376,139)		6794	34001		(4.320.18D)
Spetal reserve					(4.420.181)				3	VI STOR TOTAL
			1,070,864	8376.339	(12.167.114)					000 000 11
Not income for the contracted December 31, 2019		i	4	•	609'823'11	îř.	100 400		Chicago Action (Chicago)	600'974'11
OCCUPATION OF THE PROPERTY OF	7 1			136	(50,739)	(2.185.025)		20.396,230	13,920,557	32,080,073
Other comprehensive (loss) moone for the year raded December 28, 2019					1120 000 000	1756.0251 (%)		20,356,280	13.920.557	43,900,682
Total campechensive inteams (kess) for the year ended December 33, 2019					1	1				
Excess of the consideration rescived over the corrying amount of the							(5)	15	30	(667'5)
substitution for annea during comme disposal or experiment (record and 22)	154	(3,539)	64E	*	£2.	62			- 69	726 3491
Share of changes in equation of subsidiaries (Notes 4 and 22)		38	3¥	Œ	(76,349)	×	82			
Change in capital surplus from investments in associates accounted for		361.50	500)(6	(1,706,234)			1.847,124		136.734
using the equity method (footes 4 mm 2.2)				400 400 400	3.4 460 03/1	19 408 (49)	•	13,759,473	\$ 423,243	2 117 408 232
BALANCE AT DECEMBER 31, 2019	\$ 29.467.872	4.522.321	\$ 14.883.414	A ALCOHOL:	14.358.862	-				

The economyanying notes are an integral part of the financial statements. (With Deboins & Touchs malit report dated March 31, 2020)

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	3.73
Expected credit loss recognized on accounts receivable	48,534	10-10 10 10-10 10-10 10-10 10-10 10-10 10-10 10-10 10-10 10-10 10-10 10-10 10 10-10 10 10-10 10 10-10 10 10-10 10 10-10 10 10 10-10 10 10 10 10 10 10 10 10 10 10 10 10 1
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	2	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	20	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	275,806	(37,809)
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	90 to 20 to
Acquisition of property, plant and equipment	(401,353)	(794,936)
Proceeds from disposal of property, plant and equipment	40,707	99,197
		(Continued)

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)	a.
Increase in other current liabilities	87	(236,267)
Increase in prepayments for equipment	(3,289)	(3,667)
Increase in other prepayments	300	486 JA
Interest received	32,491	34,691
Dividends received	781,270	932,160
Cash dividends from reduction of capital surplus from associates	Macada California	70,067
Net cash used in investing activities	(3,618,063)	(565,430)
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)	100 (00 00 00 00 00 00 00 00 00 00 00 00
Cash dividend	(4,420,181)	(5,893,574)
Increase in guarantee deposits	116	13,059
Net cash generated from (used in) financing activities	3,301,343	(401,715)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(40,914)	(1,004,954)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	194,630	1,199,584
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)

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: 小東 矮 魔

Chen, Huan-Chung

Date: April 28, 2020