



Stock Code : 9904

寶成工業股份有限公司

POU CHEN CORPORATION

2021
Annual General
Shareholders' Meeting
Meeting Handbook

Notice to readers

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



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I. Meeting Procedure

Pou Chen Corporation

2021 Annual General Shareholders' Meeting Procedure

1. Call the Meeting to Order
2. Chairperson Remarks
3. Reported Matters
4. Acknowledged Matters
5. Matters for Discussion
6. Extemporaneous Motions
7. Adjournment



II. Meeting Agenda

Pou Chen Corporation

2021 Annual General Shareholders' Meeting Agenda

Time: 9:30 a.m., June 16, 2021 (Wednesday)

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

Chairperson Remarks

A. Reported Matters

1. 2020 Business and Financial Reports. (please refer to pages 3-30)
2. Audit Committee's Review Report on the 2020 Financial Statements. (please refer to pages 31-32)
3. Report on the 2020 Distribution of Employees' Compensation and Directors' Remuneration. (please refer to page 33)
4. Report on the 2020 Profit Distribution of cash dividends. (please refer to page 33)

B. Acknowledged Matters

1. Acknowledgement of 2020 Business Report, Financial Statements and Profit Distribution Plan. (please refer to pages 33-34)

C. Matters for Discussion

1. Discussion on the amendments to the Company's "Rules for Election of Directors". (please refer to pages 35-40)
2. Discussion on the amendments to the Company's "Rules and Procedures of Shareholders' Meetings". (please refer to pages 41-43)
3. Proposal for release the Company's Director from non-competition restrictions. (please refer to pages 43-44)

D. Extemporary Motions

E. Adjournment

A. Reported Matters

1. 2020 Business and Financial Reports

a. Business Report

i. Result of Operations

For the year ended December 31, 2020, the Company's non-consolidated operating revenue was NT\$8.2 billion. The consolidated operating revenue was NT\$250 billion, representing a decrease of 20.18% compared to NT\$313.2 billion in the previous year. The net income attributable to owners of the Company was NT\$4.8 billion, a decrease of 59.08% compared to NT\$11.8 billion in the previous year. (Schedule 1 and Schedule 1-1)

(1) Operating revenue

The Company's consolidated operating revenue was generated from its two core businesses: manufacturing of shoes, and retailing of sporting goods and brand licensing business, accounting for 56% and 44% of consolidated operating revenue in 2020, respectively. (Schedule 2)

The Company's consolidated operating revenue in 2020 was decreased by NT\$63.2 billion from the previous year, which was primarily due to the adjusted and cancelled order books from customers in response to depressed consumer sentiment resulting from the novel coronavirus ("COVID-19") pandemic. This in turn affected the productivity and shipment of the manufacturing business. With regard to retailing of sporting goods and brand licensing business, as a result of China's strict control measures implemented to contain the spread of COVID-19 in early 2020, the brick-and-mortar stores had temporarily suspended the operations from the Chinese New Year to mid-March 2020. However, as the local pandemic situation improved gradually, sales performance progressively recovered starting from the second quarter of 2020.

(2) Income from operations

In the year ended December 31, 2020, the Company's consolidated gross profit was NT\$54.8 billion, a decrease of 31.14% compared to NT\$79.5 billion in the previous year. The consolidated gross profit margin contracted from 25.4% in the previous year to 21.9%. The decrease in the consolidated gross profit was primarily due to the declined consolidated operating revenue in 2020 compared with the previous year, as well as the decreased production efficiency and capacity utilization of manufacturing business. In addition, retailing of sporting goods and brand licensing business expanded sales discount to motivate consumer demand.

In response to the uncertainties in the business environment, the Company adjusted the production capacity of its manufacturing business to strengthen



production flexibility. Such adjustment led to an increase in non-recurring expenses for 2020. Regardless, sales from retailing of sporting goods and brand licensing business decreased in 2020, causing relevant selling and marketing expenses declined accordingly. In addition, by implementing various cost-saving measures, the Company's consolidated operating expenses for 2020 decreased by NT\$8.7 billion as compared to 2019. Therefore, the Company's consolidated loss from operations in 2020 was NT\$2.1 billion, representing a decrease of 115.13% compared to the consolidated income from operations of \$14 billion in the previous year. However, the operating performance of manufacturing business had a sequential improvement, enabling the Company to record a consolidated income from operations of NT\$2.3 billion for the fourth quarter of 2020.

(3) Net income and Earnings per share

The net income attributable to owners of the Company in 2020 was NT\$4.8 billion, decreased by NT\$7 billion compared to the previous year. The earnings per share was NT\$1.64 for 2020, which was a decrease of NT\$2.37 compared to NT\$4.01 in the previous year.

Handbook for the 2021 Annual General Shareholders' Meeting

Schedule 1: Consolidated Financial Statements

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

Item	Year	2020		2019		+(-)%
		Amount	%	Amount	%	
Operating revenue		249,954,311	100%	313,156,585	100%	(20.18%)
Gross profit		54,751,105	22%	79,515,354	26%	(31.14%)
(Loss)Income from operations		(2,111,078)	(1%)	13,950,460	5%	(115.13%)
Income before income tax		5,961,326	3%	21,521,978	7%	(72.30%)
Net income for the year		3,919,417	2%	18,002,774	6%	(78.23%)
Net income attributable to	Owners of the Company	4,840,184	2%	11,828,609	4%	(59.08%)
	Non-controlling interests	(920,767)	-	6,174,165	2%	(114.91%)
Earnings per share (Basic)		1.64		4.01		

Schedule 1-1: Separate Financial Statements

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

Item	Year	2020		2019		+(-)%
		Amount	%	Amount	%	
Operating revenue		8,219,523	100%	11,399,477	100%	(27.90%)
Gross profit		3,925,008	48%	4,743,554	42%	(17.26%)
Income from operations		474,916	6%	540,529	5%	(12.14%)
Income before income tax		6,226,300	76%	12,395,196	109%	(49.77%)
Net income for the year		4,840,184	59%	11,828,609	104%	(59.08%)
Earnings per share (Basic)		1.64		4.01		

Schedule 2: Consolidated Operating Revenue

(in NT\$ thousands)

Primary business	Year	2020		2019	
		Amount	%	Amount	%
Manufacturing of shoes		139,875,281	56%	185,444,582	59%
Retailing of sporting goods and brand licensing business		109,360,824	44%	126,866,572	41%
Others		718,206	-	845,431	-
Total		249,954,311	100%	313,156,585	100%



ii. Research and Development

In 2020, the Company's consolidated research and development expenses was NT\$5.6 billion, including continuous investments in automation, advanced processes, and the adoption and refinement of key technologies to enhance operational efficiency and flexible productivity as well as to provide the most valuable integrated solutions. The Company also has a research and development team and a parallel independent product development center for each of its major customers. From product development up to product prototyping, the Company works closely with its customers to incorporate innovative elements and environmental-friendly materials, and to produce high-quality footwear products so as to quickly and flexibly respond to the changing market.

iii. Corporate Social Responsibility

As a socially and environmentally responsible corporate citizen, the Company is committed to sustainable development and social responsibilities. The Company values the rights and interests of its stakeholders, including shareholders/investors, customers, employees, suppliers, and the community and continues to promote the following activities:

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

In order to effectively manage environmental risks, the Company continues to improve and introduce appropriate and effective pollution prevention facilities to reduce the environmental impact of manufacturing processes. With the aim of achieving zero increase in greenhouse gas emission by 2025, as compared with the base year of 2019, the Company promotes energy-saving initiatives and usage of renewable energy. This demonstrates the Company's commitment to sustainability, enhances international reputation and reputation among brand customers, and ensures the sustainable development of energy usage.

(2) Safety and Health Management

The Company establishes and implements a top-down safety culture to ensure that its factories continue to produce products safely. In 2021, the Company will expand to promote basic practices, risk assessment, and ESH (Environmental, Safety and Health) partnership system so as to raise safety awareness and reinforce the Company's safety culture. By identifying risky areas in terms of regions and personnel, the Company offers technical solutions for risky areas. The Company will also continue to strengthen occupational hazard and fire prevention measures, improve safety performance, and reduce unnecessary consumption in order to achieve the goal of safety self-management.

(3) Compliance Management

The Company identifies deficiencies in daily operations at factories from objective perspectives, and keeps track of improvement progress to reduce or eliminate the probability of major accidents, so as to ensure that all factories conform to the Group's "Code of Conduct", governmental laws and regulations, as well as adhere customer's specifications, which will ultimately reinforce the Company's cooperation relations with customers. In 2021, the Company will continue to comply with the "UN Universal Declaration of Human Rights" and the "ILO Declaration Fundamental Principles and Rights at Work" and endeavor to implement the principles of fairness and human rights policies.

(4) Friendly Workplace

The Company through training and interviews to strengthen management opportunities, keeps abreast of issues that are of concern to employees, strives to quickly respond and implement risk prevention so as to create an effective and positive communication mode. In 2021, the Company will continue to organize employee relationship activities, participate in community services, promote co-prosperity by enhancing internal cohesiveness and organizational identification, and simultaneously maintain and positive interactive relationship with workers union to forge solid employee-employer relationship and build an inclusive, harmonious, and friendly workplace.

iv. 2021 Business Plan

(1) Operating Guidelines

With continuous focus on managing its two major business activities, manufacturing of shoes and retailing of sporting goods and brand licensing, the Company will constantly strengthen its competency and ensure a stable business growth that emphasizes both quality and quantity. To achieve this, the following activities are promoted:

■ Manufacturing of shoes

(a) To establish a sustainable business model

The Company continues to implement measures for production optimization, promote lean production, and enforce stringent cost control in order to improve production efficiency. To optimize its long-term smart manufacturing strategy, the Company will continue to enhance its product development and innovation capabilities, focus on digital transformation, process improvement, and key technologies, improve automation levels and integrate optimal IoT systems, and strengthen the responsiveness of factories.



(b) To improve flexible manufacturing capabilities

In response to the impact of the COVID-19 pandemic on global economic activities, the Company made further adjustments of its production allocation. In 2020, Vietnam, Indonesia, and China accounted for 46%, 39%, and 11% of the Company's total shoe shipments, respectively, whereas that of Cambodia, Bangladesh, and Myanmar accounted for 4%. In 2021, the Company will pay more attention to capacity optimization, continue to improve the production efficiency at various manufacturing facilities, and be flexible to production planning based on customer orders and the operational status of each factory.

(c) To solidify relationship with brand customers

The Company focuses on serving customers with growth potential, and provides them with smart manufacturing and innovative service oriented integrated solutions, ranging from materials development, technological innovation, process improvement, flexible production to diverse products. With commitment and conformance to sustainable production, the Company takes its services to a higher level to create more benefits for its customers, and forges a deeper cooperative tie with them that would make the Company the most valuable strategic partner to its brand customers.

(d) To promote continuous supply chain integration

To achieve optimal quality, fast responses, and flexible delivery, the Company continues to promote the effective integration and optimization of supply chain resources, and to strengthen its network of connections and build a supply chain management system that more closely aligns with market trends, which in turn increase customer satisfaction. In addition, the Company cooperates with customers and strategic suppliers in developing innovative applications to aggressively achieve the vision of "resource integration and value enhancement".

■ Retailing of Sporting Goods and Brand Licensing

(a) To improve operational efficiency of retail business

The Company accelerates the optimization and upgrading of its brick-and-mortar stores to create better interactive consumer experiences. By establishing new stores with careful consideration and closing low-productivity stores after constant reviews, the Company secures its retail network advantages to continuously improve business profitability. Moreover, the Company works closely with its brand partners to optimize inventory structure and turnover efficiency, effectively control payment collection periods, and adopt numerical management to improve the ability to respond to business decisions quickly, thereby strengthening business management performance.

(b) To accelerate the digital transformation strategy

The impacts of the Pandemic on real economy and changes in consumer behaviors have highlighted the value of technological applications. Therefore, the Company accelerates its digital developments, including introducing WeChat stores, using mobile app and TikTok platforms, optimizing strategic approaches to cooperating with various major e-commerce platforms. In 2021, the Company will keep on improving its ability to operate online channels, and increase the effectiveness of product sharing platforms to facilitate inventory flow across different platforms, enable effective product sales, and thereby improve operational efficiency.

(c) To promote diverse sports services

The Company will continue to develop sports services store "Next Store", which acts as a service hub to enrich consumer experiences by incorporating sports service elements, providing a diverse range of sports products as well as services relating to training courses, sports events, product and lifestyle consultations, and healthy meals. In addition, the Company will link physical stores and online channels more closely to sports events to create a "364-day service" in combination with a "1-day event", supporting and maintaining customer relations management, increasing customer loyalty and participation, while sustaining sales momentum.

(2)Prospects

Looking forward to 2021, with vaccination programs around the globe are starting to roll out, revealing a light at the end of the pandemic tunnel. Major countries have kept their expansionary policies and introduced fiscal stimulus programs, supporting the recovery of the global economy. However, it is still difficult to predict whether the available vaccines are prevalently used and effective, and the uncertainties and potential changes for the pandemic remains the greatest risk to the prospect of the global economy. The uneven recovery across the globe, changes in consumer behaviors, the U.S. economic policies, and financial vulnerabilities also add more variables to the operating environment.

The Company will continue to uphold the belief of managing businesses steadily, place value on corporate governance and the importance of building a sustainable culture, and focus on its main business activities, manufacturing of shoes and retailing of sporting goods and brand licensing. Regarding manufacturing business, the Company intends to continue taking production optimization measures, places emphasis on flexible production and diversification, strengthens the ability to cooperate with suppliers, and forge deeper ties with customers by improving product development and innovation capabilities. With respect to retailing of sporting goods and brand licensing,



the Company aims to keep abreast of key opportunities for business development, continuously promote the upgrading and optimization of its brick-and-mortar stores, and improve the ability to operate online channels. The Company will also constantly develop innovative business models and interactive sports services to expand the scale of interactive communications with consumers, and simultaneously enhance business intelligence system to support more effective management and continuously increase the operational efficiency.

The slow recovery of the global economy will eventually restore consumer demands. A post-COVID era will be characterized by an increase in health awareness and physical activities. The Company remains confident in the long-term growth prospects of the sports industry and will continue to build up its core competencies and competitive advantages, while staying committed to delivering quality performance. In face of the new norms in an ever-changing business environment, the Company will continue to implement corporate governance, strengthen risk management, improve emergency response capabilities, reinforce operational resilience, be more fully prepared for its long-term development, and create sustainable value for each and every stakeholder.

Chan, Lu- Min



Chairman of the Board

Lu, Chin- Chu



President

Ho, Ming-Kun



Head of Accounting Dept.

b. Financial Report

i. Consolidated Financial Statements and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Pou Chen Corporation

Opinion

We have audited the accompanying consolidated financial statements of Pou Chen Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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, 2020.



Write-down of Inventory

As of December 31, 2020, the carrying amount of finished goods for retail included in the inventories was \$25,709,721 thousand. For the related disclosures, refer to Notes 4, 5 and 12 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 2020 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, 2020, goodwill allocated to the manufacture and sale of footwear of the Group amounted to \$5,223,090 thousand. For related disclosures, refer to Notes 4, 5 and 20 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 2020 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, 2020 and 2019, the carrying amounts of the investment in Ruen Chen Investment Holding Co., Ltd. were \$75,039,348 thousand and \$49,612,043 thousand which constituted 20.34% and 13.67% of the Group's consolidated total assets, respectively. For the years ended December 31, 2020 and 2019, the profit of the associate were \$6,385,558 thousand and \$5,766,591 thousand which constituted 107.12% and 26.79% of the income which the Group recognized before income tax, respectively. As of December 31, 2020 and 2019, the carrying amounts of the investment in Nan Shan Life Insurance Co., Ltd. were \$812,298 thousand and \$548,783 thousand which constituted 0.22% and 0.15% of the Group's consolidated total assets, respectively. For the years ended December 31, 2020 and 2019, the profit of the associate were \$66,911 thousand and \$22,406 thousand which constituted 1.12% and 0.10% of the income which the Group recognized before income tax, respectively.

We have also audited the parent company only financial statements of Pou Chen Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 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 Wen-Yea, Shyu and Kenny Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2021

Notice to Readers

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

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

Handbook for the 2021 Annual General Shareholders' Meeting

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 32,108,725	9	\$ 37,049,955	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,769,286	1	692,874	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 9)	16,685,548	5	17,736,334	5
Financial assets at amortized cost - current (Notes 4 and 10)	7,492,930	2	1,656,038	1
Notes receivable (Notes 4 and 11)	39	-	509	-
Accounts receivable (Notes 4, 11 and 35)	31,916,866	9	34,261,246	10
Other receivables (Notes 4 and 11)	5,312,322	1	5,115,656	1
Inventories - manufacturing and retailing (Notes 4 and 12)	45,214,271	12	54,713,419	15
Inventories - construction (Notes 4 and 12)	3,716,256	1	3,909,013	1
Non-current assets held for sale (Note 4 and 13)	630,861	-	1,342,804	-
Other current assets (Notes 4 and 14)	8,648,792	2	9,159,841	3
Total current assets	155,495,896	42	165,637,689	46
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	997,231	-	1,353,545	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	1,050,168	-	1,222,245	-
Financial assets at amortized cost - non-current (Notes 4, 10 and 36)	3,472,325	1	5,918,089	2
Investments accounted for using equity method (Notes 4 and 16)	97,988,994	27	72,310,784	20
Property, plant and equipment (Notes 4 and 17)	69,983,286	19	77,861,266	21
Right-of-use assets (Notes 4 and 18)	20,535,496	6	18,983,090	5
Investment properties (Notes 4 and 19)	2,827,040	1	2,841,851	1
Goodwill (Notes 4 and 20)	7,957,895	2	8,279,832	2
Other intangible assets (Notes 4 and 21)	1,874,808	-	2,149,303	1
Deferred tax assets (Notes 4 and 29)	2,757,568	1	2,167,426	1
Other non-current assets (Notes 4 and 14)	3,973,852	1	4,331,210	1
Total non-current assets	213,418,663	58	197,418,641	54
TOTAL	\$ 368,914,559	100	\$ 363,056,330	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 22)	\$ 23,732,375	6	\$ 42,247,828	12
Short-term bills payable (Note 22)	3,360,748	1	2,547,678	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	131,348	-	47,741	-
Financial liabilities for hedging - current (Notes 4 and 8)	278	-	-	-
Notes payable (Notes 4, 23 and 35)	7,402	-	11,199	-
Accounts payable (Notes 4, 23 and 35)	16,628,923	4	14,866,337	4
Other payables (Note 24)	21,217,044	6	25,295,496	7
Current tax liabilities (Note 4)	3,051,860	1	2,093,845	-
Lease liabilities - current (Notes 4 and 18)	4,640,954	1	3,908,023	1
Current portion of long-term borrowings (Note 22)	5,888,875	2	263,796	-
Other current liabilities	6,748,629	2	6,951,737	2
Total current liabilities	85,408,436	23	98,233,680	27
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Note 4 and 7)	714,819	-	308,366	-
Long-term borrowings (Note 22)	66,328,779	18	60,290,054	17
Deferred tax liabilities (Notes 4 and 29)	1,461,216	-	1,627,302	1
Lease liabilities - non-current (Notes 4 and 18)	9,494,536	3	8,255,154	2
Long-term payables (Note 24)	148,032	-	152,831	-
Net defined benefit liabilities (Notes 4 and 25)	4,055,076	1	4,251,602	1
Other non-current liabilities	60,463	-	68,314	-
Total non-current liabilities	82,262,921	22	74,953,623	21
Total liabilities	167,671,357	45	173,187,303	48
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 26)				
Share capital				
Ordinary shares	29,467,872	8	29,467,872	8
Capital surplus	4,389,862	1	4,592,397	1
Retained earnings				
Legal reserve	16,064,775	4	14,881,914	4
Special reserve	-	-	22,293,369	6
Unappropriated earnings	56,743,003	16	34,488,820	10
Total retained earnings	72,807,778	20	71,664,103	20
Other equity	27,443,947	8	11,684,567	3
Total equity attributable to owners of the Company	134,109,459	37	117,408,939	32
NON-CONTROLLING INTERESTS	67,133,743	18	72,460,088	20
Total equity	201,243,202	55	189,869,027	52
TOTAL	\$ 368,914,559	100	\$ 363,056,330	100

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

(With Deloitte & Touche audit report dated March 24, 2021)



POU CHEN CORPORATION

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 35)	\$ 249,954,311	100	\$ 313,156,585	100
OPERATING COSTS (Notes 25, 28 and 35)	<u>195,203,206</u>	<u>78</u>	<u>233,641,231</u>	<u>74</u>
GROSS PROFIT	<u>54,751,105</u>	<u>22</u>	<u>79,515,354</u>	<u>26</u>
OPERATING EXPENSES (Notes 25 and 28)				
Selling and marketing expenses	31,835,128	13	37,835,986	12
General and administrative expenses	19,459,894	8	21,284,611	7
Research and development expenses	<u>5,567,161</u>	<u>2</u>	<u>6,444,297</u>	<u>2</u>
Total operating expenses	<u>56,862,183</u>	<u>23</u>	<u>65,564,894</u>	<u>21</u>
(LOSS) INCOME FROM OPERATIONS	<u>(2,111,078)</u>	<u>(1)</u>	<u>13,950,460</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 28)	639,635	-	784,118	-
Other income (Note 28)	3,435,429	2	3,289,297	1
Other gains and (losses) (Note 28)	(1,496,270)	-	(671,207)	-
Net gain (loss) on derecognition of financial assets at amortized cost	3,214	-	(3,260)	-
Finance costs (Note 28)	(2,407,297)	(1)	(3,241,955)	(1)
Share of the profit of associates and joint ventures (Notes 4 and 16)	<u>7,897,693</u>	<u>3</u>	<u>7,414,525</u>	<u>2</u>
Total non-operating income and expenses	<u>8,072,404</u>	<u>4</u>	<u>7,571,518</u>	<u>2</u>
INCOME BEFORE INCOME TAX	5,961,326	3	21,521,978	7
INCOME TAX EXPENSE (Notes 4 and 29)	<u>2,041,909</u>	<u>1</u>	<u>3,519,204</u>	<u>1</u>
NET INCOME FOR THE YEAR	<u>3,919,417</u>	<u>2</u>	<u>18,002,774</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 25)	(290,488)	-	(132,669)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(313,926)	(1)	3,129,649	1

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2020		2019	
	Amount	%	Amount	%
Share of the other comprehensive (loss) income of associates and joint ventures	(174,988)	-	173,895	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(4,726,138)	(2)	(4,440,733)	(2)
Gain on hedging instruments	1,195	-	-	-
Share of the other comprehensive income of associates and joint ventures	<u>19,266,213</u>	<u>8</u>	<u>31,091,295</u>	<u>10</u>
Other comprehensive income for the year, net of income tax	<u>13,761,868</u>	<u>5</u>	<u>29,821,437</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 17,681,285</u>	<u>7</u>	<u>\$ 47,824,211</u>	<u>15</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 4,840,184	2	\$ 11,828,609	4
Non-controlling interests	<u>(920,767)</u>	<u>-</u>	<u>6,174,165</u>	<u>2</u>
	<u>\$ 3,919,417</u>	<u>2</u>	<u>\$ 18,002,774</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 20,587,697	8	\$ 43,908,682	14
Non-controlling interests	<u>(2,906,412)</u>	<u>(1)</u>	<u>3,915,529</u>	<u>1</u>
	<u>\$ 17,681,285</u>	<u>7</u>	<u>\$ 47,824,211</u>	<u>15</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 1.64</u>		<u>\$ 4.01</u>	
Diluted	<u>\$ 1.64</u>		<u>\$ 4.01</u>	

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

(With Deloitte & Touche audit report dated March 24, 2021)

(Concluded)



POU CHEN CORPORATION

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company				Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2019	\$ 29,467,872	\$ 4,600,092	\$ 13,917,230	\$ 38,360,317	\$ (312,124)	\$ (8,483,931)	\$ -	\$ 74,334,314	\$ 152,197,706
Appropriation of 2018 earnings (Note 26)	-	-	-	(1,070,864)	-	-	-	-	-
Legal reserve	-	-	8,376,139	(8,376,139)	-	-	-	-	-
Special reserve	-	-	-	(4,420,181)	-	-	-	-	(4,420,181)
Cash dividends	-	-	8,376,129	(13,867,184)	-	-	-	-	(4,420,181)
Net income for the year ended December 31, 2019	-	-	-	11,828,609	-	-	-	6,174,165	18,002,774
Other comprehensive (loss) income for the year ended December 31, 2019	-	-	-	(80,229)	(21,866,025)	20,396,280	-	32,080,072	29,821,432
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	11,772,870	(21,866,025)	20,396,280	-	43,908,682	47,824,211
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 26)	-	(3,539)	-	-	-	-	-	(3,539)	(3,539)
Share of changes in equities of subsidiaries (Notes 4 and 26)	-	-	-	(76,149)	-	-	-	(76,149)	(76,149)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 26)	-	-	-	(1,706,234)	-	1,706,234	-	-	-
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 26)	-	(41,150)	-	-	-	140,890	-	136,734	136,734
Change in non-controlling interests	-	-	-	-	-	-	-	(5,789,755)	(5,789,755)
Change in equity for the year ended December 31, 2019	-	(7,685)	-	(3,871,627)	(21,866,025)	22,243,404	-	39,445,542	37,671,321
BALANCE AT DECEMBER 31, 2019	29,467,872	4,592,397	22,293,369	34,488,820	(2,498,149)	13,759,473	-	117,408,939	189,869,027
Appropriation of 2019 earnings (Note 26)	-	-	(22,293,369)	(1,182,861)	-	-	-	-	-
Legal reserve	-	-	22,293,369	(22,293,369)	-	-	-	-	-
Special reserve	-	-	-	(3,683,484)	-	-	-	-	(3,683,484)
Cash dividends	-	-	22,293,369	(34,488,820)	-	-	-	-	(3,683,484)
Net income for the year ended December 31, 2020	-	-	-	4,801,184	-	-	-	(920,767)	3,919,417
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	(163,329)	(2,993,220)	10,697,670	1,195	15,412,511	13,761,888
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	4,637,855	(2,993,220)	10,697,670	1,195	20,887,692	17,681,285
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 26)	-	(230,093)	-	-	-	-	-	(230,093)	(230,093)
Share of changes in equities of subsidiaries (Notes 4 and 26)	-	-	-	(1,158)	-	-	-	(1,158)	(1,158)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 26)	-	-	-	152,062	-	(152,062)	-	(523)	(523)
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 26)	-	335	-	-	-	-	-	335	335
Unclaimed dividends by shareholders	-	27,223	-	-	-	-	-	27,223	27,223
Change in non-controlling interests	-	-	-	-	-	-	-	(2,419,410)	(2,419,410)
Change in equity for the year ended December 31, 2020	-	(202,535)	-	27,254,183	(2,993,220)	10,545,608	1,195	16,700,520	11,274,175
BALANCE AT DECEMBER 31, 2020	\$ 29,467,872	\$ 4,389,862	\$ -	\$ 67,733,005	\$ (5,491,369)	\$ 24,305,081	\$ 1,195	\$ 134,109,458	\$ 201,243,202

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated March 24, 2021)

POU CHEN CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax for the year	\$ 5,961,326	\$ 21,521,978
Adjustments for:		
Depreciation expenses	16,127,403	15,226,379
Amortization expenses	483,716	502,692
Expected credit loss on accounts receivable	13,745	121,027
Net loss (gain) on fair value change of financial instruments at fair value through profit or loss	675,985	(478,172)
Finance costs	2,407,297	3,241,955
Net (gain) loss on derecognition of financial assets at amortized cost	(3,214)	3,260
Interest income	(639,635)	(784,118)
Dividend income	(1,006,050)	(988,097)
Compensation cost of employee share options	11,992	154,948
Share of profit of associates and joint ventures	(7,897,693)	(7,414,525)
Net loss on disposal of property, plant and equipment	482,997	562,142
Net gain recognized on disposal of the land use right	(153,880)	-
Net gain on disposal of subsidiaries, associates and joint ventures	(535,107)	(579,794)
Impairment loss	457,134	308,296
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(2,906,023)	45,280
Notes receivable	470	456
Accounts receivable	2,335,215	2,065,311
Other receivables	(171,338)	(48,756)
Inventories	9,479,131	(4,257,541)
Other current assets	511,049	(754,160)
Other operating assets	87,904	(8,860)
Notes payable	(3,797)	1,793
Accounts payable	1,762,586	87,304
Other payables	(3,094,485)	1,674,763
Other current liabilities	689,126	138,821
Net defined benefit liabilities	(487,014)	625,264
Other operating liabilities	(4,799)	1,348
Cash generated from operations	24,584,041	30,968,994
Interest paid	(2,398,509)	(3,123,008)
Income tax paid	(1,827,678)	(3,336,520)
Net cash generated from operating activities	<u>20,357,854</u>	<u>24,509,466</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through profit or loss	804,350	-
Proceeds from return of capital of financial assets at fair value through other comprehensive income	56,289	-
Purchases of financial assets at amortized cost	(13,542,939)	(10,489,138)

(Continued)



POU CHEN CORPORATION

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Proceeds from sale of financial assets at amortized cost	9,877,178	5,618,887
Acquisition of associates and joint ventures	(963,016)	(4,459,840)
Proceeds from disposal of associates and joint ventures	134,951	91,908
Net cash inflow on disposal of subsidiaries	-	3,020,293
Proceeds from return of capital of associates under equity method	-	94,602
Proceeds from disposal of non-current assets held for sale	103,752	1,134,653
Acquisition of property, plant and equipment	(7,910,008)	(12,414,288)
Proceeds from disposal of property, plant and equipment	1,236,517	499,593
Increase in refundable deposits	(37,465)	(162,939)
Decrease in other receivables	37,781	-
Payments for intangible assets	(196,661)	(490,078)
Payments for right-of-use assets	(93,057)	(97,866)
Payments for investment properties	(240)	(1,079)
Interest received	703,010	691,998
Dividends received	2,138,774	2,013,687
Proceeds from disposal of right-of-use assets	<u>173,073</u>	<u>1,835</u>
Net cash used in investing activities	<u>(7,477,711)</u>	<u>(14,947,772)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	5,752,895
Repayments of short-term borrowings	(18,515,453)	-
Proceeds from short-term bills payable	813,000	-
Repayments of short-term bills payable	-	(321,500)
Proceeds from long-term borrowings	11,586,565	4,897,632
Increase in guarantee deposits	-	545
Decrease in guarantee deposits	(7,851)	-
Repayments of principal portion of lease liabilities	(4,610,366)	(3,980,391)
Cash dividends	(3,683,484)	(4,420,181)
Change in non-controlling interests	(2,419,933)	(4,897,130)
Unclaimed dividends by shareholders	<u>27,223</u>	<u>-</u>
Net cash used in financing activities	<u>(16,810,299)</u>	<u>(2,968,130)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(1,011,074)</u>	<u>(1,795,610)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(4,941,230)	4,797,954
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>37,049,955</u>	<u>32,252,001</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 32,108,725</u>	<u>\$ 37,049,955</u>

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

(With Deloitte & Touche audit report dated March 24, 2021)

(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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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, 2020.

Impairment Assessment on Goodwill - Investments Accounted for Using Equity Method

As described in Notes 4, 5, 14 and Table 6 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, 2020.

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, 2020 and 2019 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, 2020 and 2019, the carrying amounts of the investments were \$75,850,094 thousand and \$50,159,779 thousand which constituted 41.48% and 31.03% of the Company's total assets, respectively. For the years ended December 31, 2020 and 2019, the profit of the associate which the Company recognized were \$6,452,341 thousand and \$5,788,953 thousand which constituted 103.63% and 46.70% 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.

Handbook for the 2021 Annual General Shareholders' Meeting

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

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

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

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



POU CHEN CORPORATION

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, 2020 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 Wen-Yea Shyu and Kenny Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2021

Notice to Readers

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

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

Handbook for the 2021 Annual General Shareholders' Meeting

POU CHEN CORPORATION

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 365,489	-	\$ 153,716	-
Financial assets at fair value through income - current (Notes 4 and 7)	120,828	-	1,636	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 9)	5,759,113	3	5,918,837	4
Financial assets at amortized cost - current (Notes 4 and 10)	134,438	-	177,366	-
Notes receivable (Notes 4 and 11)	19	-	462	-
Accounts receivable (Notes 4 and 11)	1,880	-	2,153	-
Accounts receivable from related parties (Notes 4, 11 and 30)	1,698,354	1	1,622,531	1
Other receivables (Notes 4, 11 and 30)	54,112	-	275,971	-
Inventories (Notes 4 and 12)	69,731	-	59,226	-
Other current assets (Notes 4 and 13)	30,297	-	36,807	-
Total current assets	8,234,261	4	8,248,705	5
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	63,791	-	52,984	-
Financial assets at amortized cost - non-current (Notes 4 and 10)	113,364	-	111,500	-
Investments accounted for using equity method (Notes 4 and 14)	166,240,256	91	144,982,393	90
Property, plant and equipment (Notes 4 and 15)	5,035,178	3	5,220,137	3
Right-of-use asset (Notes 4 and 16)	118,371	-	49,480	-
Investment properties (Notes 4 and 17)	1,884,398	1	1,935,772	1
Intangible Assets (Notes 4 and 18)	1,083,212	1	929,272	1
Deferred tax assets (Notes 4 and 26)	47,626	-	86,419	-
Other non-current assets (Notes 4 and 13)	30,734	-	44,458	-
Total non-current assets	174,616,930	96	153,412,415	95
TOTAL	\$ 182,851,191	100	\$ 161,661,120	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 9,377,291	5	\$ 19,909,700	12
Short-term bills payable (Note 19)	2,099,687	1	-	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	704	-	26,739	-
Financial liabilities for hedging - current (Notes 4 and 8)	278	-	-	-
Notes payable (Notes 4 and 20)	6,173	-	10,024	-
Accounts payable (Notes 4 and 20)	624,913	-	1,051,378	1
Accounts payable to related parties (Notes 4, 20 and 30)	28,196	-	22,812	-
Other payables (Note 21)	1,687,351	1	1,947,502	1
Current tax liabilities (Notes 4 and 26)	1,368,814	1	9,370	-
Lease liabilities - current (Notes 4 and 16)	31,050	-	31,359	-
Current portion of long-term borrowings (Note 19)	2,513,796	2	263,796	-
Other current liabilities	170,294	-	173,942	-
Total current liabilities	17,908,547	10	23,446,622	14
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 19)	29,495,510	16	19,319,306	12
Deferred tax liabilities (Notes 4 and 26)	646,685	1	711,547	1
Lease liabilities - non-current (Notes 4 and 16)	91,071	-	23,491	-
Net defined benefit liabilities (Notes 4 and 22)	567,040	-	704,713	-
Other non-current liabilities (Note 14)	32,879	-	46,502	-
Total non-current liabilities	30,833,185	17	20,805,559	13
Total liabilities	48,741,732	27	44,252,181	27
EQUITY (Notes 4 and 23)				
Share capital				
Ordinary shares	29,467,872	16	29,467,872	18
Capital surplus	4,389,862	2	4,592,397	3
Retained earnings				
Legal reserve	16,064,775	9	14,881,914	9
Special reserve	-	-	22,293,369	14
Unappropriated earnings	56,743,003	31	34,488,820	22
Total retained earnings	72,807,778	40	71,664,103	45
Other equity	27,443,947	15	11,684,567	7
Total equity	134,109,459	73	117,408,939	73
TOTAL	\$ 182,851,191	100	\$ 161,661,120	100

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

(With Deloitte & Touche audit report dated March 24, 2021)



POU CHEN CORPORATION

POU CHEN CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 30)	\$ 8,219,523	100	\$ 11,399,477	100
OPERATING COSTS (Notes 25 and 30)	<u>4,294,515</u>	<u>52</u>	<u>6,655,923</u>	<u>58</u>
GROSS PROFIT	<u>3,925,008</u>	<u>48</u>	<u>4,743,554</u>	<u>42</u>
OPERATING EXPENSES (Notes 22 and 25)				
Selling and marketing expenses	30,108	-	64,217	1
General and administrative expenses	1,984,045	24	2,525,205	22
Research and development expenses	<u>1,435,939</u>	<u>18</u>	<u>1,613,603</u>	<u>14</u>
Total operating expenses	<u>3,450,092</u>	<u>42</u>	<u>4,203,025</u>	<u>37</u>
INCOME FROM OPERATIONS	<u>474,916</u>	<u>6</u>	<u>540,529</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	15,610	-	30,923	-
Other income (Notes 25 and 30)	566,630	7	565,980	5
Other gains and (losses) (Note 25)	(808,773)	(10)	(69,475)	(1)
Finance costs (Note 25)	(396,194)	(5)	(373,715)	(3)
Share of the profit of subsidiaries and associates (Notes 4 and 14)	<u>6,374,111</u>	<u>78</u>	<u>11,700,954</u>	<u>103</u>
Total non-operating income and expenses	<u>5,751,384</u>	<u>70</u>	<u>11,854,667</u>	<u>104</u>
INCOME BEFORE INCOME TAX	6,226,300	76	12,395,196	109
INCOME TAX EXPENSE (Notes 4 and 26)	<u>1,386,116</u>	<u>17</u>	<u>566,587</u>	<u>5</u>
NET INCOME FOR THE YEAR	<u>4,840,184</u>	<u>59</u>	<u>11,828,609</u>	<u>104</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 22)	94,922	1	103,567	1
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(148,916)	(2)	905,317	8
Share of the other comprehensive (loss) income of subsidiaries and associates	(473,503)	(6)	2,137,241	18
Items that may be reclassified subsequently to profit or loss:				

(Continued)

POU CHEN CORPORATION

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2020		2019	
	Amount	%	Amount	%
Gain on hedging instruments	1,195	-	-	-
Share of the other comprehensive income of subsidiaries and associates	16,273,815	198	28,933,948	254
Other comprehensive income for the year, net of income tax	15,747,513	191	32,080,073	281
TOTAL COMPREHENSIVE INCOME	\$ 20,587,697	250	\$ 43,908,682	385
EARNINGS PER SHARE (Note 27)				
Basic	\$ 1.64		\$ 4.01	
Diluted	\$ 1.64		\$ 4.01	

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

(With Deloitte & Touche audit report dated March 24, 2021)

(Concluded)



POU CHEN CORPORATION

POU CHEN CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Retained Earnings				Other Equity				Total Equity	
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain on Hedging Instruments		Others
BALANCE AT JANUARY 1, 2019	\$ 29,467,872	\$ 4,600,092	\$ 13,811,050	\$ 13,917,230	\$ 38,360,517	\$ (312,124)	\$ (8,483,931)	\$ -	\$ (13,497,314)	\$ 77,865,392
Appropriation of 2018 earnings (Note 23)	-	-	1,070,864	8,376,139	(1,070,864)	-	-	-	-	-
Legal reserve	-	-	-	-	(8,376,139)	-	-	-	-	-
Special reserve	-	-	-	-	(4,420,181)	-	-	-	-	(4,420,181)
Cash dividends	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	11,828,609	-	-	-	-	11,828,609
Other comprehensive (loss) income for the year ended December 31, 2019	-	-	-	-	(50,739)	(2,186,025)	20,396,280	-	13,920,557	32,080,073
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,777,870	(2,186,025)	20,396,280	-	13,920,557	43,908,682
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 23)	-	(3,539)	-	-	-	-	-	-	-	(3,539)
Share of changes in equities of subsidiaries (Notes 4 and 23)	-	-	-	-	(76,149)	-	-	-	-	(76,149)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 23)	-	-	-	-	(1,706,234)	-	1,706,234	-	-	-
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 23)	-	(4,156)	14,881,914	22,293,369	-	(2,498,149)	140,890	-	423,243	136,724
BALANCE AT DECEMBER 31, 2019	29,467,872	4,592,397	14,881,914	22,293,369	34,488,820	(2,498,149)	13,759,473	-	423,243	117,408,939
Appropriation of 2019 earnings (Note 23)	-	-	1,182,861	(22,293,369)	(1,182,861)	-	-	-	-	-
Legal reserve	-	-	-	-	22,293,369	-	-	-	-	-
Special reserve	-	-	-	-	(3,683,484)	-	-	-	-	(3,683,484)
Cash dividends	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	17,427,024	-	-	-	-	17,427,024
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	4,840,184	(2,993,220)	10,697,670	1,195	8,205,797	15,747,513
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	4,676,255	(2,993,220)	10,697,670	1,195	8,205,797	20,587,692
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 23)	-	(230,093)	-	-	-	-	-	-	-	(230,093)
Share of changes in equities of subsidiaries (Notes 4 and 23)	-	-	-	-	(1,158)	-	-	-	-	(1,158)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 23)	-	-	-	-	152,062	-	(152,062)	-	-	-
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 23)	-	335	-	-	-	-	-	-	-	335
Unclaimed dividends by shareholders	-	27,223	-	-	-	-	-	-	-	27,223
BALANCE AT DECEMBER 31, 2020	29,467,872	4,389,862	16,064,775	-	56,743,003	(5,491,369)	24,305,081	1,195	8,629,040	134,109,459

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated March 24, 2021)

POU CHEN CORPORATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 6,226,300	\$ 12,395,196
Adjustments for:		
Depreciation expenses	374,060	360,481
Amortization expenses	40,925	27,227
Expected credit (gain) loss recognized on accounts receivable	(48,234)	48,534
Net gain on fair value change of financial instruments at FVTPL	(217,870)	(169,942)
Finance costs	396,194	373,715
Interest income	(15,610)	(30,923)
Dividend income	(327,788)	(327,542)
Share of the profit of subsidiaries and associates	(6,374,111)	(11,700,954)
Net loss on disposal of property, plant and equipment	1,215	788
Gain on lease modification	(28)	(10)
Unrealized loss on foreign currency exchange	4,028	3,229
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	108,693	164,294
Notes receivable	443	388
Accounts receivable	273	(1,026)
Accounts receivable from related parties	(58,469)	341,812
Other receivables	51,790	21,826
Inventories	(10,505)	(7,134)
Other current assets	6,515	17,611
Other operating assets	15,147	(16,888)
Hold for trading financial liability	(36,049)	-
Notes payable	(3,851)	2,346
Notes payable to related parties	-	(74)
Accounts payable	(426,465)	(172,833)
Accounts payable to related parties	5,384	(60,064)
Other payables	(253,112)	195,672
Other current liabilities	(3,648)	(3,184)
Net defined benefit liabilities	(53,532)	4,642
Cash (used in) generated from operations	(598,305)	1,467,187
Interest paid	(398,218)	(387,467)
Income tax paid	(41,959)	(803,914)
Net cash (used in) generated from operating activities	<u>(1,038,482)</u>	<u>275,806</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at amortized cost	(755,653)	(295,493)
Proceeds from sale of financial assets at amortized cost	795,816	692,670
Acquisition of associates and joint ventures	(170,204)	(4,080,000)
Proceeds from return of capital of associates under equity method	-	50,000
Acquisition of property, plant and equipment	(124,135)	(401,353)
Proceeds from disposal of property, plant and equipment	36,053	40,707

(Continued)



POU CHEN CORPORATION

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Decrease (Increase) in refundable deposits	805	(990)
Loans to related parties	175,000	14,000
Payments for intangible assets	(196,118)	(448,076)
Proceeds from disposal of intangible asset	1,253	-
Payments for investment properties	(240)	-
Increase in prepayments for equipment	(4,453)	(3,289)
Interest received	16,079	32,491
Dividends received	<u>1,184,001</u>	<u>781,270</u>
Net cash generated from (used in) investing activities	<u>958,204</u>	<u>(3,618,063)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) Proceeds from short-term borrowings	(10,533,973)	5,255,700
Proceeds from short-term bills payable	2,100,000	-
Proceeds from long-term borrowings	66,640,000	19,890,000
Repayments of long-term borrowings	(54,213,796)	(17,406,898)
Repayments of principal portion of lease liabilities	(30,468)	(17,394)
Cash dividends	(3,683,484)	(4,420,181)
(Decrease) increase in guarantee deposits	(13,451)	116
Other financing activities	<u>27,223</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>292,051</u>	<u>3,301,343</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	211,773	(40,914)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>153,716</u>	<u>194,630</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 365,489</u>	<u>\$ 153,716</u>

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

(With Deloitte & Touche audit report dated March 24, 2021)

(Concluded)

2. Audit Committee's Review Report on the 2020 Financial Statements

Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2020 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:

2021 Annual General Shareholders' Meeting of Pou Chen Corporation

Audit Committee convener:



Chen, Huan-Chung

Date : March 24, 2021



Audit Committee's Review Report on Profit Distribution Plan

The Board of Directors has prepared and submitted the 2020 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:

2021 Annual General Shareholders' Meeting of Pou Chen Corporation

Audit Committee convener:

A handwritten signature in Chinese characters, reading '陳煥中' (Chen Huan-Chung).

Chen, Huan-Chung

Date : April 28, 2021

3. Report on the 2020 Distribution of Employees' Compensation and Directors' Remuneration

- a. The Company's profit in 2020 was NT\$6,379,405,242. ("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\$102,070,000 and NT\$51,035,000, 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. Report on the 2020 Profit Distribution of cash dividends

- a. The Company's 2020 net income was NT\$4,840,184,454. The Board of Directors resolved to distribute cash dividends in the amount of NT\$ 1,473,393,606 to the shareholders according to their share ownership at NT\$0.5 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. Acknowledged Matters

1. Acknowledgement of 2020 Business Report, Financial Statements and Profit Distribution Plan. (proposed by the Board of Directors)

- a. The Audit Committee of the Company has reviewed 2020 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, Shyu, Wen-Yea and Hong, Kuo-Tyan, of Deloitte & Touche.
- b. 2020 Business Report, Financial Statements please refers to pages 3-30 and the profit distribution plan please refers to page 34.

Resolution:



**Pou Chen Corporation
2020 Profit Distribution Plan**

	(in NT\$)
Beginning unappropriated retained earnings	\$ 51,915,843,448
Adjustment arising from investments accounted for equity method	(1,158,821)
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	152,062,647
Amount recognized in retained earnings of remeasurement of defined benefit plan	(163,928,887)
Unappropriated retained earnings after adjustment	51,902,818,387
Net income of 2020	4,840,184,454
Less: 10% legal reserve	(482,715,939)
2020 Earnings available for distribution	56,260,286,902
Distribution item:	
Shareholders dividend - cash dividend (NT\$0.5/share) ^{1&2}	1,473,393,606
Unappropriated retained earnings	<u>\$ 54,786,893,296</u>

Chan, Lu-Min 
Chairman of the Board

Lu, Chin-Chu 
President

Ho, Ming-Kun 
Head of Accounting Dept.

¹ Shareholders dividends distributed are computation of 2,946,787,213 shares outstanding as of April 18, 2021.

²The 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 Company's Articles of Incorporation.

C. Matters for Discussion

1. Discussion on the amendments to the Company's "Rules for Election of Directors".

(Proposed by the Board of Directors)

- a. To amend the Company's "Rules for Election of Directors" in accordance with certain provisions of the "Sample Template for XXX Co., Ltd. Procedures for election of Directors" as amended and promulgated by the Taiwan Stock Exchange Corporation on June 3, 2020 Letter No. Taiwan-Stock-Governance-1090009468 and to reflect regulatory amendments of "Company Act", meanwhile also in fulfillment of the Company's operational needs.
- b. Comparisons of pre-amended and amended "Rules for Election of Directors" are set forth below.

Amended Provisions	Pre-amended Provisions	Commentary
<p>Article 2 The election of the Directors of the Company shall consider the composition of the board of Directors, formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics and development needs, including but not limited to these two general criteria:</p> <ol style="list-style-type: none"> 1. Basic criteria and personal values including: gender, age, nationality and culture background. 2. Professional knowledge and skills: a professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. <p><u>Each board member shall have the necessary knowledge, skill, and experience to perform his/her duties.</u> <u>The abilities that must be present in the board as a whole are as follows:</u></p> <ol style="list-style-type: none"> 1. Ability to exercise sound business judgment 	<p>Article 2 The election of the Directors of the Company shall consider the composition of the board of Directors, formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics and development needs, including but not limited to these two general criteria:</p> <ol style="list-style-type: none"> 1. Basic criteria and personal values including gender, age, nationality and culture background. 2. Professional knowledge and skills: a professional background (e.g. law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, <u>and the knowledge, skills and experience necessary to perform their duties.</u> <p><u>All members of the board of Directors shall possess skills in the following areas:</u></p> <ol style="list-style-type: none"> 1. Ability to exercise sound business judgment 2. Ability to perform accounting and financial analysis 	<p>Subparagraph 2 of Paragraph 1 was moved to Paragraph 2, and wordings were adjusted accordingly.</p>



Amended Provisions	Pre-amended Provisions	Commentary
<p>2. Ability to perform accounting and financial analysis</p> <p>3. Business administration skills</p> <p>4. Ability to conduct crisis management</p> <p>5. Knowledge of the industry</p> <p>6. A global market perspective</p> <p>7. Leadership skills</p> <p>8. Decision-making skills</p> <p>A spousal or familial relationship within the second degree kinship may not exist among more than half of the board of Directors' seats.</p> <p>The board of Directors shall consider adjusting its composition based on the results of the performance evaluations.</p>	<p>3. Business administration skills</p> <p>4. Ability to conduct crisis management</p> <p>5. Knowledge of the industry</p> <p>6. A global market perspective</p> <p>7. Leadership skills</p> <p>8. Decision-making skills</p> <p>A spousal or familial relationship within the second degree kinship may not exist among more than half of the board of Directors' seats.</p> <p>The board of Directors shall consider adjusting its composition based on the results of the performance evaluations.</p>	
<p>Article 4</p> <p>The Directors of the Company election shall adopt the candidate nomination system according to Article 192-1 of the Company Act.</p> <p>If the number of Directors falls below five due to the removal of one or more Directors of the Company for any reason, the Company shall elect new Directors to fill such vacancies at its next shareholders' meeting. If the vacancies of the board of Directors</p>	<p>Article 4</p> <p>The Directors of the Company election shall adopt the candidate nomination system according to Article 192-1 of the Company Act. <u>In reviewing the qualifications, education and experience of the candidates, and whether there are circumstances set forth in Article 30 of the Company Act involved, the Company shall not require any shareholder who nominates a candidate to provide additional documentation other than as prescribed in Article 192-1 of the Company Act, and shall furnish the results of their review to shareholders to allow well-qualified Directors to be elected.</u></p> <p>If the number of Directors falls below five due to the removal of one or more Directors of the Company for any reason, the Company shall elect new Directors to fill such vacancies at its next shareholders' meeting. If the vacancies of the board of Directors</p>	<p>1. Paragraph 1 was amended in accordance with the operating procedures for candidate nomination that were simplified following amendment to Article 192-1 of the Company Act.</p> <p>2. Paragraph 3 was adjusted in response to Financial Supervisory Commission's letter, Financial-Supervisory-Securities-Corporate - 1070345233 on</p>

Handbook for the 2021 Annual General Shareholders' Meeting

Amended Provisions	Pre-amended Provisions	Commentary
<p>reaches one third of the total number of the board of Directors' seats prescribed in its Articles of Incorporation, the Company shall call a special shareholders' meeting within 60 days from the occurrence of such event and elect Directors to fill the vacancies. If the number of independent Directors falls below what is required under Article 14-2, Paragraph 1 of the Securities and Exchange Act, an election shall be held at the next shareholders' meeting to fill such vacancy. In the event where all the independent Directors are removed, the Company shall call a special shareholders' meeting within 60 days from the occurrence of such event to elect new independent Directors to fill the vacancies.</p>	<p>reaches one third of the total number of the board of Directors' seats prescribed in its Articles of Incorporation, the Company shall call a special shareholders' meeting within 60 days from the occurrence of such event and elect Directors to fill the vacancies. If the number of independent Directors falls below what is required under Article 14-2, Paragraph 1 of the Securities and Exchange Act <u>or the related provisions of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings</u>, an election shall be held at the next shareholders' meeting to fill such vacancy. In the event where all the independent Directors are removed, the Company shall call a special shareholders' meeting within 60 days from the occurrence of such event to elect new independent Directors to fill the vacancies.</p>	<p>December 19, 2018, which requests that listed companies shall appoint independent directors.</p>
<p>Article 6 <u>The person having convening right</u> shall prepare the ballots in the number equal to the number of Directors to be elected, with the number of votes being noted on the ballots; and distribute the ballots to the shareholders who are present at the shareholders' meeting. The name of the voters may be represented by the attendance number printed on their ballots.</p>	<p>Article 6 <u>The board of Directors</u> shall prepare the ballots in the number equal to the number of Directors to be elected, with the number of votes being noted on the ballots; and distribute the ballots to the shareholders who are present at the shareholders' meeting. The name of the voters may be represented by the attendance number printed on their ballots.</p>	<p>According to Article 173 of the Company Act, a proposing shareholder may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/her own. Therefore, the provision relating to the person preparing the ballots was amended.</p>



Amended Provisions	Pre-amended Provisions	Commentary
<p>Article 8 Before the election begins, the chairman shall designate a number of persons that are shareholders of the Company to supervise the casting of the ballots and a number of <u>tellers</u> to count the ballots, each of which shall then respectively perform their relevant functions accordingly. A ballot box shall be prepared by the <u>person having convening right</u> and publicly checked by the person supervising the casting of the ballots before voting commences.</p>	<p>Article 8 Before the election begins, the chairman shall designate a number of persons that are shareholders of the Company to supervise the casting of the ballots and a number of <u>persons</u> to count the ballots, each of which shall then respectively perform their relevant functions accordingly. A ballot box shall be prepared by the <u>board of Directors</u> and publicly checked by the person supervising the casting of the ballots before voting commences.</p>	<p>According to Article 173 of the Company Act, a proposing shareholder may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/her own. Therefore, the provision relating to the person preparing the ballot boxes was amended, and some wordings were adjusted.</p>
<p>Article 9 This article has been deleted.</p>	<p>Article 9 <u>In the event that the candidate is a shareholder of the Company, the voters voting for such a candidate shall fill in the candidate column on the ballot such candidate's account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such a candidate shall fill in the candidate column on the ballot such candidate's name and personal identification documents number. In the event that the candidate is a government or a corporate shareholder, the voters voting for such a candidate shall fill in the candidate column on the ballot with the name of such government or such corporate shareholder, or the name of such</u></p>	<p>The Company elects board members by adopting the candidate nomination system, which selects members from a list of candidates. The list provides shareholders with information on each candidate, including their name, education, and experience, before the shareholders' meeting commences. In other words, using</p>

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Amended Provisions	Pre-amended Provisions	Commentary
	<u>government or such corporate shareholder together with the name of such government's or such corporate shareholder's representative; when there are multiple representatives, the names of all representatives shall be listed.</u>	shareholder number or identification number to identify candidates is no longer necessary. Therefore, this article was deleted.
<p>Article <u>9</u></p> <p>A ballot is deemed void if any of the following circumstances apply:</p> <ol style="list-style-type: none"> 1. The ballot was not prepared by the <u>person with the right to convene.</u> 2. Any blank ballot is cast. 3. Any ballot with illegible writing rendering it unrecognizable; or any ballot with corrections, is cast. 4. Where the candidate <u>whose name is entered in the ballot does not conform to the director candidate list.</u> 5. Any ballot which is filled in with characters other than the number of votes cast. 6. <u>Two or more candidates are entered in the same ballot.</u> 	<p>Article <u>10</u></p> <p>A ballot is deemed void if any of the following circumstances apply:</p> <ol style="list-style-type: none"> 1. The ballot was not prepared by the <u>board of Directors.</u> 2. Any blank ballot is cast. 3. Any ballot with illegible writing rendering it unrecognizable; or any ballot with corrections, is cast. 4. Where the candidate <u>voted for is a shareholder of the Company, and such candidate's account name and shareholder account number filled in the ballot is inconsistent with that on the shareholder registry; or if the candidate voted for is not a shareholder of the Company and his name and personal identification documents number are incorrect.</u> 5. Any ballot which is filled in with characters other than the <u>account name (or name), account number (or personal identification documents number) and</u> number of votes cast. 6. <u>The name of the candidate voted for is identical to that of another shareholder, and no account number or personal identification documents number of the candidate is filled in on the ballot to identify such candidate.</u> 	<ol style="list-style-type: none"> 1. Article number was adjusted following the deletion of Article 9. 2. According to Article 173 of the Company Act, a proposing shareholder may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/her own. Therefore, Subparagraph 1 of Paragraph 1 was amended. 3. The Company elects board members by adopting the candidate nomination system, which requires shareholders to select members from the list of



Amended Provisions	Pre-amended Provisions	Commentary
		<p>candidates. Therefore, Paragraphs 4 and 5 of this article were adjusted, and Paragraph 6 was deleted.</p> <p>4. A new rule regarding invalid ballot was added.</p>
<p><u>Article 10</u> The ballots shall be counted during the shareholders' meeting immediately after they have been cast and the results shall be announced by the chairman at such shareholders' meeting, including the names of the Directors elected and the number of votes received, <u>and the names of the Directors who were not elected and the number of votes they received.</u> (omitted)</p>	<p><u>Article 11</u> The ballots shall be counted during the shareholders' meeting immediately after they have been cast and the results shall be announced by the chairman at such shareholders' meeting, including the names of the Directors elected and the number of votes received. (omitted)</p>	<p>1. Article number was adjusted following the deletion of Article 9.</p> <p>2. Paragraph 1 was amended to enhance corporate governance and maintain shareholder equity.</p>
<p><u>Article 11</u> (omitted)</p>	<p><u>Article 12</u> (omitted)</p>	<p>Article number was adjusted following the deletion of Article 9.</p>
<p><u>Article 12</u> (omitted)</p>	<p><u>Article 13</u> (omitted)</p>	<p>Article number was adjusted following the deletion of Article 9.</p>

Resolution:

2. 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 28, 2021 Letter No. Financial-Supervisory-Securities-Coporate-11000014461 and also fulfillment of the Company's operational needs.

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

Amended Provisions	Pre-amended Provisions	Commentary
<p>Article 2 (Convention of Shareholders' Meeting and Meeting Notice) omitted Paragraph 1,2,3 Matters pertaining to election or removal of Directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Article 185 Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed in the reasons and the essential contents shall be explained in the notice for convening the shareholders' meeting,</p>	<p>Article 2 (Convention of Shareholders' Meeting and Meeting Notice) omitted Paragraph 1,2,3 Matters pertaining to election or removal of Directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Article 185 Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed in the reasons and the essential contents shall be explained in the notice for convening the shareholders' meeting,</p>	<p>Paragraph 4 was amended to adjust the way of announcement.</p>



Amended Provisions	Pre-amended Provisions	Commentary
<p>and shall not be brought up as extemporary motions. (omitted)</p>	<p>and shall not be brought up as extemporary motions, <u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.</u> (omitted)</p>	
<p>Article 8 (Share Number Calculation for Attendance at Shareholders' Meetings and Convention of Meetings) omitted Paragraph 1 Upon the scheduled meeting time, the chairman shall call the meeting to order <u>and concurrently announce relevant information such as the number of Shareholders with no voting rights and the number of shares of the Shareholders present.</u> The chairman may adjourn the meeting if the number of shares of the Shareholders present do not exceed half of the total number of issued and outstanding shares, which meeting may be postponed up to two times, with the total adjournment time not exceeding one hour. If, after two postponements, the number of shares present still does not meet one-third of the total issued and outstanding shares, the chairman shall cancel the meeting. (omitted)</p>	<p>Article 8 (Share Number Calculation for Attendance at Shareholders' Meetings and Convention of Meetings) omitted Paragraph 1 Upon the scheduled meeting time, the chairman shall call the meeting to order. The chairman may adjourn the meeting if the number of shares of the Shareholders present do not exceed half of the total number of issued and outstanding shares, which meeting may be postponed up to two times, with the total adjournment time not exceeding one hour. If, after two postponements, the number of shares present still does not meet one-third of the total issued and outstanding shares, the chairman shall cancel the meeting. (omitted)</p>	<p>Paragraph 2 was amended to enhance corporate governance and maintain shareholder equity.</p>
<p>Article 13 (Election Matters) Where there is a proposal to elect Directors, the election shall be</p>	<p>Article 13 (Election Matters) Where there is a proposal to elect Directors, the election shall be</p>	<p>Paragraph 1 was amended to enhance</p>

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Amended Provisions	Pre-amended Provisions	Commentary
<p>conducted inaccordance with the Company's Rules for Election of Directors, and the results of the election shall be announced on the spot, including the list of Directors elected, <u>the number of votes they are elected with and the list of Directors who were not elected and the number of votes they received.</u></p> <p>(omitted)</p>	<p>conducted inaccordance with the Company's Rules for Election of Directors, and the results of the election shall be announced on the spot, including the list of Directors elected <u>and</u> the number of votes they are elected with.</p> <p>(omitted)</p>	<p>corporate governance and maintain shareholder equity.</p>
<p>Article 14 (Minutes of Shareholders' Meetings and Signatures)</p> <p>omitted Paragraph 1,2</p> <p>Minutes of the shareholders' meetings shall record the date and place of the shareholders' meetings, name of the chairman, and the method for adopting resolutions, as well as summaries and results of voting (including the statistics on the votes). If an election of directors is held, the number of weighted votes for each <u>candidate</u> shall be disclosed. Minutes of the shareholders' meetings shall be kept indefinitely for as long as the Company is in existence.</p>	<p>Article 14 (Minutes of Shareholders' Meetings and Signatures)</p> <p>omitted Paragraph 1,2</p> <p>Minutes of the shareholders' meetings shall record the date and place of the shareholders' meetings, name of the chairman, and the method for adopting resolutions, as well as summaries and results of voting (including the statistics on the votes). If an election of directors is held, the number of weighted votes for each <u>elected directors</u> shall be disclosed. Minutes of the shareholders' meetings shall be kept indefinitely for as long as the Company is in existence.</p>	<p>Paragraph 3 was amended to enhance corporate governance and maintain shareholder equity.</p>

Resolution:

3. Proposal for release the Company's Director from non-competition restrictions.
 - (Proposed by the Board of Directors)
 - a. Pursuant to Article 209 of the Company Act, a director engaging activities either for himself or on behalf of another person that are within the scope of the Company's business, shall explain at the shareholders' meeting the essential details of such activities and obtain the shareholders' approval for engaging in such activities.
 - b. The details of the duties subject to relating the Company's Director from non-competition are as below:



Director	Current Position within Other Companies	
Wu, Pan-Tsu	Pou Sheng International (Holdings) Limited	Chairman and Executive Director
	Pau Yuen Trading Corporation	Chairman
	Taiwan Taisong Trading Co., Limited	Chairman
	Pcg Bros Sports Management Co., Limited	Chairman
	Pou Zhi Investments Co., Limited	Director
	Brandblack, INC.	Director
	Venture Well Holdings Limited	Director
	SupplyLine Logistics Limited	Director
	Full Pearl International Limited	Director
	Elitegroup Computer Systems Co., Limited	Director

c. Proposed for resolution.

Resolution:

D. Extemporary Motions

E. Adjournment

III. Appendix

Appendix 1

POU CHEN CORPORATION Articles of Incorporation

Adopted by shareholders' meeting on June 13, 2019

Section I General Provisions

- Article 1** The name of company shall be Pou Chen Corporation (寶成工業股份有限公司) (the "Company"). The Company is duly organized in accordance with the Company Act of Taiwan.
- Article 2** The business to be operated by the Company is as follows:
- (1) CK01010 Footwear Manufacturing.
 - (2) C301010 Yarn Spinning Mills.
 - (3) C302010 Knit Fabric Mills.
 - (4) C303010 Non-woven Fabrics Mills.
 - (5) C306010 Outerwear Knitting Mills.
 - (6) C307010 Apparel, Clothing Accessories and Other Textile Product Manufacturing.
 - (7) C399990 Other Textile Products Manufacturing.
 - (8) C801120 Manmade Fiber Manufacturing.
 - (9) CJ01010 Hat Manufacturing.
 - (10) F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products.
 - (11) F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products.
 - (12) F113010 Wholesale of Machinery.
 - (13) F213080 Retail Sale of Machinery and Equipment.
 - (14) CC01080 Electronic Parts and Components Manufacturing.
 - (15) CC01120 Data Storage Media Manufacturing and Duplicating.
 - (16) F119010 Wholesale of Electronic Materials.
 - (17) F219010 Retail Sale of Electronic Materials.



(18) F401010 International Trade.

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

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

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

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

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

Article 5 Deleted.

Section II Shares

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

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

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

the conditions and the subscription.

Article 7 The Company's shares shall be registered, bear the signatures or personal seals of the Director representing the Company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws. The Company may issue shares without certificates which shall be registered with a central securities depository.

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

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

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

Section III Shareholders' Meeting

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

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

Article 12 When the Company convenes shareholders' meetings, the shareholders may exercise their voting rights in writing or by way of electronic transmission. A shareholder who is unable to attend the shareholders' meeting may appoint another person to attend as his/her/its proxy in accordance with Article 177 of the Company Act by using the proxy form provided by the Company to set



forth the scope of authorization. Except as otherwise prescribed by the Company Act, the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies as promulgated by the regulatory authority shall apply to attendance by proxy.

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

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

Section IV Directors

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

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

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

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

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

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

Directors' meeting may be convened at any time.

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

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

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

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

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

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

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

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

- (1) To approve the appointment and removal of officers.
- (2) To determine the establishment and dissolution of subsidiaries and branches.
- (3) To propose and discuss the amendments to the Articles of Incorporation.
- (4) To review budgets and final accounts.
- (5) To review and supervise the implementation of annual business plan.
- (6) To propose and discuss the offer of all or material parts of the Company's assets for assignment under "dian," sale, lease, pledge, mortgage or any other disposal.
- (7) To approve the Company's long-term investments in other businesses.



- (8) To propose and discuss the profit distribution and loss offset.
- (9) To determine the increase or decrease of capital.
- (10) To approve the Company's staffing quota and compensation structure.
- (11) To select and engage independent auditors.
- (12) To approve material contracts.
- (13) To conduct any matter other than those that shall be resolved at shareholders' meetings under the Company Act or the Articles of Incorporation.

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

Section V Officers and Staff

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

Article 21 Deleted.

Section VI Accounting

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

- (1) Business report.
- (2) Financial statements.
- (3) Proposal for Distribution of profits or Deficit Compensation.

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

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

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

- (1) For paying taxes.
- (2) For offsetting deficits.
- (3) For legal reserve at 10% of the remaining profits, and for special reserve to be appropriated and distributed according to regulations or upon request by the FSC.
- (4) The total of any remaining profits after the appropriations mentioned above plus any accumulated unappropriated earnings from prior years may be partially retained and then the remainder distributed as proposed according to the share ownership proportion.

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

Profits may be distributed after taking into consideration the future development plan, financial condition, business and operational status, and so on. The distribution of profits shall be proposed by the board of Directors, and submitted to the shareholders' meeting for approval. The ratio of distribution shall be no less than 30% of the net income for each fiscal year, and the portion of cash dividends distributed shall be no less than 30% of total dividends distributed. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profits.

Section VII Miscellaneous

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

Article 25 These Articles of Incorporation was adopted on August 15, 1969. The first amendment was made on April 18, 1971. The second amendment was made on November 26, 1972. The third amendment was made on July 15, 1973. The fourth amendment was made on August 20, 1974. The fifth amendment was made on February 8, 1976. The sixth amendment was made on August 1, 1976. The seventh amendment was made on June 15, 1977. The eighth amendment



was made on December 25, 1977. The ninth amendment was made on February 26, 1978. The tenth amendment was made on November 24, 1978. The eleventh amendment was made on December 31, 1981. The twelfth amendment was made on March 18, 1982. The thirteenth amendment was made on June 10, 1984. The fourteenth amendment was made on September 30, 1984. The fifteenth amendment was made on April 10, 1985. The sixteenth amendment was made on July 15, 1985. The seventeenth amendment was made on November 2, 1987. The eighteenth amendment was made on April 30, 1988. The nineteenth amendment was made on April 20, 1989. The twentieth amendment was made on August 7, 1989. The twenty-first amendment was made on April 10, 1990. The twenty-second amendment was made on April 12, 1991. The twenty-third amendment was made on May 18, 1992. The twenty-fourth amendment was made on May 25, 1993. The twenty-fifth amendment was made on May 27, 1994. The twenty-sixth amendment was made on May 31, 1995. The twenty-seventh amendment was made on May 13, 1997. The twenty-eighth amendment was made on April 21, 1998. The twenty-ninth amendment was made on June 22, 2000. The thirtieth amendment was made on April 10, 2001. The thirty-first amendment was made on June 12, 2002. The thirty-second amendment was made on June 12, 2003. The thirty-third amendment was made on June 9, 2004. The thirty-fourth amendment was made on June 14, 2005. The thirty-fifth amendment was made on June 14, 2005. The thirty-sixth amendment was made on June 14, 2006. The thirty-seventh amendment was made on April 24, 2007. The thirty-eighth amendment was made on June 13, 2008. The thirty-ninth amendment was made on June 16, 2009. The fortieth amendment was made on June 17, 2010. The forty-first amendment was made on June 15, 2012. The forty-second amendment was made on June 14, 2013. The forty-third amendment was made on June 12, 2015. The forty-fourth amendment was made on June 15, 2016. The forty-fifth amendment was made on June 15, 2017. The forty-sixth amendment was made on June 13, 2019. These Articles of Incorporation and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.

Appendix 2

POU CHEN CORPORATION
Rules for Election of Directors

Adopted by shareholders' meeting on June 15, 2016

Article 1 The election of the Directors of Pou Chen Corporation (the "Company") shall comply with the Rules for Election of Directors (the "Rules") unless otherwise provided by the laws or the Company's Articles of Incorporation.

Article 2 The election of the Directors of the Company shall consider the composition of the board of Directors, formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics and development needs, including but not limited to these two general criteria:

1. Basic criteria and personal values including gender, age, nationality and culture background.
2. Professional knowledge and skills: a professional background (e.g. law, accounting, industry, finance, marketing, technology), professional skills, and industry experience, and the knowledge, skills and experience necessary to perform their duties.

All members of the board of Directors shall possess skills in the following areas:

1. Ability to exercise sound business judgment
2. Ability to perform accounting and financial analysis
3. Business administration skills
4. Ability to conduct crisis management
5. Knowledge of the industry
6. A global market perspective
7. Leadership skills
8. Decision-making skills

A spousal or familial relationship within the second degree kinship may not exist among more than half of the board of Directors' seats.

The board of Directors shall consider adjusting its composition based on the results of the performance evaluations.

Article 3 The qualifications and election of independent Directors of the Company shall comply with Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies and Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

Article 4 The Directors of the Company election shall adopt the candidate nomination system according to Article 192-1 of the Company Act. In reviewing the



qualifications, education and experience of the candidates, and whether there are circumstances set forth in Article 30 of the Company Act involved, the Company shall not require any shareholder who nominates a candidate to provide additional documentation other than as prescribed in Article 192-1 of the Company Act, and shall furnish the results of their review to shareholders to allow well-qualified Directors to be elected.

If the number of Directors falls below five due to the removal of one or more Directors of the Company for any reason, the Company shall elect new Directors to fill such vacancies at its next shareholders' meeting. If the vacancies of the board of Directors reaches one third of the total number of the board of Directors' seats prescribed in its Articles of Incorporation, the Company shall call a special shareholders' meeting within 60 days from the occurrence of such event and elect Directors to fill the vacancies.

If the number of independent Directors falls below what is required under Article 14-2, Paragraph 1 of the Securities and Exchange Act or the related provisions of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, an election shall be held at the next shareholders' meeting to fill such vacancy. In the event where all the independent Directors are removed, the Company shall call a special shareholders' meeting within 60 days from the occurrence of such event to elect new independent Directors to fill the vacancies.

Article 5 The Directors of the Company election shall adopt the cumulative voting system. The number of votes exercisable in respect of each share shall be the same as the number of Directors to be elected, and the total number of votes per share may be consolidated for the election of one candidate or may be split for the election of two or more candidates.

Article 6 The board of Directors shall prepare the ballots in the number equal to the number of Directors to be elected, with the number of votes being noted on the ballots; and distribute the ballots to the shareholders who are present at the shareholders' meeting. The name of the voters may be represented by the attendance number printed on their ballots.

Article 7 The Company's Directors shall be elected in accordance with the number of Directors to be elected specified in the Company's Articles of Incorporation. The number of votes received by the independent Directors and non-independent Directors shall be calculated separately. A candidate to whom the ballots cast represent the highest number of votes shall be deemed an elected Director or independent Director. If two or more candidates receive the same number of votes, which consequently exceeds the number of Directors or independent Directors to be elected, such candidates who received the same

number of votes shall draw lots to decide the winner; if such candidate(s) is(/are) not present, the chairman shall draw lots on behalf of the candidate(s).

Article 8 Before the election begins, the chairman shall designate a number of persons that are shareholders of the Company to supervise the casting of the ballots and a number of persons to count the ballots, each of which shall then respectively perform their relevant functions accordingly. A ballot box shall be prepared by the board of Directors and publicly checked by the person supervising the casting of the ballots before voting commences.

Article 9 In the event that the candidate is a shareholder of the Company, the voters voting for such a candidate shall fill in the candidate column on the ballot such candidate's account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such a candidate shall fill in the candidate column on the ballot such candidate's name and personal identification documents number. In the event that the candidate is a government or a corporate shareholder, the voters voting for such a candidate shall fill in the candidate column on the ballot with the name of such government or such corporate shareholder, or the name of such government or such corporate shareholder together with the name of such government's or such corporate shareholder's representative; when there are multiple representatives, the names of all representatives shall be listed.

Article 10 A ballot is deemed void if any of the following circumstances apply:

1. Any ballot is cast without using the ballot prepared by the board of Directors.
2. Any blank ballot is cast.
3. Any ballot with illegible writing rendering it unrecognizable; or any ballot with corrections, is cast.
4. Where the candidate voted for is a shareholder of the Company, and such candidate's account name and shareholder account number filled in the ballot is inconsistent with that on the shareholder registry; or if the candidate voted for is not a shareholder of the Company and his name and personal identification documents number are incorrect.
5. Any ballot which is filled in with characters other than the account name (or name), account number (or personal identification documents number) and number of votes cast.
6. The name of the candidate voted for is identical to that of another shareholder, and no account number or personal identification documents number of the candidate is filled in on the ballot to identify such candidate.

Article 11 The ballots shall be counted during the shareholders' meeting immediately after they have been cast and the results shall be announced by the chairman at



such shareholders' meeting, including the names of the Directors elected and the number of votes received.

The ballots in the preceding paragraph shall be sealed and signed by the persons supervising the casting of the ballots and kept for at least one year; provided, however, ballots concerning an action filed by a shareholder according to Article 189 of the Company Act shall be kept until the process has been concluded.

Article 12 The board of Directors of the Company shall deliver a written notification to each of the elected Directors.

Article 13 The Rules and any amendments there after shall become effective upon resolution at the general meeting of shareholders.

POU CHEN CORPORATION

Rules and Procedures of Shareholders' Meetings

Adopted by shareholders' meeting on June 19, 2020

Article 1 (Applicable Laws and Regulations)

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

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

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

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

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

Matters pertaining to election or removal of Directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Article 185 Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance



of Securities by Securities Issuers shall be listed in the reasons 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 of the total number of outstanding shares of the Company may propose to the Company a proposal at regular shareholders' meetings, provided that only one matter is allowed in such a proposal, and proposals with more than one matter will not be included in the agenda. Unless a shareholder proposal proposed for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. 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 in writing or by way of electronic transmission and the time period for shareholders to submit proposals to be resolved at the meeting; and the time period for accepting such proposals shall not be less than ten days.

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

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

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

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

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

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

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

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

Article 5 (Preparation of Attendance Register and other Documents)

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

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

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

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



deliver the election ballots to Shareholders attending such meetings.

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

Article 6 (Chairperson and Attendees of Shareholders' Meeting)

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

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

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

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

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

Article 7 (Records of Process of Shareholders' Meeting)

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

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

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

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

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

If, after two postponements in accordance with the preceding paragraph, the number of shares of the Shareholders present still does not meet the aforementioned threshold but represent one-third or more of the total issued and outstanding shares, tentative resolutions may be adopted in accordance with Article 175 of the Company Act, and a shareholders' meeting shall be convened within one month after the meeting in which the tentative resolutions were adopted.

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

Article 9 (Discussion of Proposals)

Agendas for shareholders' meetings shall be set by the board of Directors if such meetings are convened by the board of Directors. 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 the scheduled agenda.

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

In respect of the scheduled agenda referred to in the preceding two paragraphs, the chairman may not, absent a resolution, unilaterally announce the adjournment of the meeting before all of the items on such agenda (including



ad hoc motions) have been resolved. If the chairman announces its adjournment in violation of the Rules and Procedures, other Directors of the board shall promptly assist the Shareholders present to elect, in accordance with legal procedures, one person to act as chairman to continue the meeting with more than half of the votes of the Shareholders present.

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

Article 10 (Speeches of Shareholders)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



intent, the voting rights exercised in writing or by way of electronic transmission shall prevail. If a shareholder has exercised his/her/its voting rights in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting on his/her/its behalf, then the voting rights exercised by the authorized proxy for the said shareholder shall prevail.

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

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

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

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

Article 13 (Election Matters)

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

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

Article 14 (Minutes of Shareholders' Meetings and Signatures)

Resolutions adopted at shareholders' meetings shall be made into minutes, which shall be signed by or affixed with seal of the chairman of the

shareholders' meetings and distributed to all of the Shareholders within 20 days after the shareholders' meetings. The distribution of the shareholders' meetings minutes may be done by way of electronic transmission.

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

Minutes of the shareholders' meetings shall record the date and place of the shareholders' meetings, name of the chairman, and the method for adopting resolutions, as well as summaries and results of 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.

Article 15 (External Announcement)

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

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

Article 16 (Maintenance of Order during Shareholders' Meeting)

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

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

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

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

Article 17 (Intermission and Continuance of Shareholders' Meeting)

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



time to continue the meeting depending on the circumstances.

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

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

Article 18 (Approval Level)

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

Appendix 4

POU CHEN CORPORATION

Shareholdings of All Directors

Effective Date: April 18, 2021

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

(1) The Company's paid-in capital (as of April 18, 2021) is NT\$29,467,872,130. The number of outstanding shares is 2,946,787,213.

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



POU CHEN CORPORATION