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Pou Chen Corporation
2021 Annual Shareholders' Meeting Minutes
(Summary Translation)

Date and Time: July 26, 2021 (Monday) at 9:30 a.m.

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

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

Total shares represented by Shareholders' presented in person or by proxy: 2,344,119,451 shares.
(Including 2,068,373,405 votes casted electronically)

Percentage of shares held by Shareholders' present in person or by proxy: 79.54%

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

Recorder: Ho, Ming-Kun

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

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

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

Chairperson Remarks: (Omitted)

A. Reported Matters

1. 2020 Business and Financial Reports: please refer to Appendix I.
2. Audit Committee's Review Report on the 2020 Financial Statements: please refer to Appendix II.
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.
Supplement: The cash dividends for the year 2020 are NT\$0.5 per share and will distribute on August 9, 2021.

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

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	<u>(163,928,887)</u>
Unappropriated retained earnings after adjustment	51,902,818,387
Net income of 2020	4,840,184,454
Less: 10% legal reserve	<u>(482,715,939)</u>
2020 Earnings available for distribution	56,260,286,902
Distribution item:	
Shareholders dividend - cash dividend (NT\$0.5/share) ^{1&2}	<u>1,473,393,606</u>
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.

² The Board of Directors is authorized to decide the distribution of partial or full dividends in cash, and report the decision at the shareholders' meeting in accordance with Article 23-1 of the Company's Articles of Incorporation.

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

Voting Results: Shares represented at the time of voting: 2,344,119,451 votes.

Voting results*	% of the total represented share present
Votes in favor: 2,061,545,631 votes (1,786,148,438 votes)	87.94%
Votes against: 4,320,915 votes (4,320,915 votes)	0.18%
Votes abstained/No votes: 278,252,905 votes (277,904,052 votes)	11.87%

*including votes casted electronically (numbers in brackets)

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: 1. Basic criteria and personal values including: gender, age, nationality and culture</p>	<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: 1. Basic criteria and personal values including gender, age, nationality and culture</p>	<p>Subparagraph 2 of Paragraph 1 was moved to Paragraph 2, and wordings were adjusted accordingly.</p>

Amended Provisions	Pre-amended Provisions	Commentary
<p>background.</p> <p>2. Professional knowledge and skills: a professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.</p> <p><u>Each board member shall have the necessary knowledge, skill, and experience to perform his/her duties. 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 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 <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>background.</p> <p>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> <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 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 <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</p>	<p>Article 4</p> <p>The Directors of the Company election shall adopt the candidate nomination system according to</p>	<p>1. Paragraph 1 was amended in accordance with the</p>

Amended Provisions	Pre-amended Provisions	Commentary
<p>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 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.</p> <p>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</p>	<p>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 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.</p> <p>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</u></p>	<p>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 December 19, 2018, which requests that listed companies shall appoint independent directors.</p>

Amended Provisions	Pre-amended Provisions	Commentary
<p>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><u>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>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>
<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>

Amended Provisions	Pre-amended Provisions	Commentary
<p>Article 9 This article has been deleted.</p>	<p><u>Article 9</u> <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 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></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 shareholder number or identification number to identify candidates is no longer necessary. Therefore, this article was deleted.</p>
<p>Article 9 A ballot is deemed void if any of the following circumstances apply: 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</p>	<p>Article 10 A ballot is deemed void if any of the following circumstances apply: 1. The ballot was not 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</p>	<p>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</p>

Amended Provisions	Pre-amended Provisions	Commentary
<p>any ballot with corrections, is cast.</p> <p>4. Where the candidate <u>whose name is entered in the ballot does not conform to the director candidate list.</u></p> <p>5. Any ballot which is filled in with characters other than the number of votes cast.</p> <p>6. <u>Two or more candidates are entered in the same ballot.</u></p>	<p>cast.</p> <p>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></p> <p>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.</p> <p>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></p>	<p>approval from the competent authority, convene a special meeting of shareholders on his/her own. Therefore, Subparagraph 1 of Paragraph 1 was amended.</p> <p>3. The Company elects board members by adopting the candidate nomination system, which requires shareholders to select members from the list of 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>Article 10</p> <p>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>Article 11</p> <p>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>

Amended Provisions	Pre-amended Provisions	Commentary
Article 11 (omitted)	Article 12 (omitted)	Article number was adjusted following the deletion of Article 9.
Article 12 (omitted)	Article 13 (omitted)	Article number was adjusted following the deletion of Article 9.

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

Voting Results: Shares represented at the time of voting: 2,344,119,451 votes.

Voting results*	% of the total represented share present
Votes in favor: 2,039,208,534 votes (1,763,811,341 votes)	86.99%
Votes against: 349,048 votes (349,048 votes)	0.01%
Votes abstained/No votes: 304,561,869 votes (304,213,016 votes)	12.99%

*including votes casted electronically (numbers in brackets)

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-Corporate-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
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	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	Paragraph 4 was amended to adjust the way of announcement.

Amended Provisions	Pre-amended Provisions	Commentary
<p>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. (omitted)</p>	<p>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, <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</u></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</p>	<p>Paragraph 2 was amended to enhance corporate governance and maintain shareholder equity.</p>

Amended Provisions	Pre-amended Provisions	Commentary
<p><u>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.</p> <p>(omitted)</p>	<p>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.</p> <p>(omitted)</p>	
<p>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, the number of votes they are elected with <u>and the list of Directors who were not elected and the number of votes they received.</u></p> <p>(omitted)</p>	<p>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 <u>and</u> the number of votes they are elected with.</p> <p>(omitted)</p>	<p>Paragraph 1 was amended to enhance corporate governance and maintain shareholder equity.</p>
<p>Article 14 (Minutes of Shareholders' Meetings and Signatures) omitted Paragraph 1,2 Minutes of the shareholders' meetings shall record the date and place of the shareholders' meetings, name of the chairman, and the method for adopting</p>	<p>Article 14 (Minutes of Shareholders' Meetings and Signatures) omitted Paragraph 1,2 Minutes of the shareholders' meetings shall record the date and place of the shareholders' meetings, name of the chairman, and the method for adopting</p>	<p>Paragraph 3 was amended to enhance corporate governance and maintain shareholder equity.</p>

Amended Provisions	Pre-amended Provisions	Commentary
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.	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.	

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

Voting Results: Shares represented at the time of voting: 2,344,119,451 votes.

Voting results*	% of the total represented share present
Votes in favor: 2,039,220,942 votes (1,763,823,749 votes)	86.99%
Votes against: 334,768 votes (334,768 votes)	0.01%
Votes abstained/No votes: 304,563,741 votes (304,214,888 votes)	12.99%

*including votes casted electronically (numbers in brackets)

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

Director	Current Position within Other Companies	
Wu, Pan-Tsu	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.

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

Voting Results: Shares represented at the time of voting: 2,344,119,451 votes.

Voting results*	% of the total represented share present
Votes in favor: 2,010,348,118 votes (1,734,950,925 votes)	85.76%
Votes against: 1,225,431 votes (1,225,431 votes)	0.05%
Votes abstained/No votes: 332,545,902 votes (332,197,049 votes)	14.18%

*including votes casted electronically (numbers in brackets)

D. Extemporary Motions: None

E. Adjournment Time: The meeting was adjourned at 10:02 a.m.

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.

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%)
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%)
Basic earnings per share		1.64		4.01		

Schedule 2: Consolidated 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%
Other		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.

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	<u>155,495,896</u>	<u>42</u>	<u>165,637,689</u>	<u>46</u>
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	<u>213,418,663</u>	<u>58</u>	<u>197,418,641</u>	<u>54</u>
TOTAL	<u>\$ 368,914,559</u>	<u>100</u>	<u>\$ 363,056,330</u>	<u>100</u>
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	<u>85,408,436</u>	<u>23</u>	<u>98,233,680</u>	<u>27</u>
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	<u>82,262,921</u>	<u>22</u>	<u>74,953,623</u>	<u>21</u>
Total liabilities	<u>167,671,357</u>	<u>45</u>	<u>173,187,303</u>	<u>48</u>
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	<u>67,133,743</u>	<u>18</u>	<u>72,460,088</u>	<u>20</u>
Total equity	<u>201,243,202</u>	<u>55</u>	<u>189,869,027</u>	<u>52</u>
TOTAL	<u>\$ 368,914,559</u>	<u>100</u>	<u>\$ 363,056,330</u>	<u>100</u>

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 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 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				Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		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	Total		
			Legal Reserve	Special Reserve								
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)	\$ 77,863,392	\$ 74,334,314	\$ 152,197,706
Appropriation of 2018 earnings (Note 26)	-	-	1,070,864	-	(1,070,864)	-	-	-	-	-	-	-
Legal reserve	-	-	-	8,376,139	(8,376,139)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(4,420,181)	-	-	-	-	(4,420,181)	-	(4,420,181)
Cash dividends	-	-	1,070,864	8,376,139	(13,867,184)	-	-	-	-	(4,420,181)	-	(4,420,181)
Net income for the year ended December 31, 2019	-	-	-	-	11,828,609	-	-	-	-	11,828,609	6,174,165	18,002,774
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	(2,258,636)	29,821,437
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	3,915,529	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)	-	(4,156)	-	-	-	-	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	-	(7,695)	1,070,864	8,376,139	(3,871,697)	(2,186,025)	22,243,404	-	13,920,557	39,545,547	(1,874,226)	37,671,321
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	72,460,088	189,869,027
Appropriation of 2019 earnings (Note 26)	-	-	1,182,861	-	(1,182,861)	-	-	-	-	-	-	-
Legal reserve	-	-	-	(22,293,369)	22,293,369	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(3,683,484)	-	-	-	-	(3,683,484)	-	(3,683,484)
Cash dividends	-	-	1,182,861	(22,293,369)	17,427,024	-	-	-	-	(3,683,484)	-	(3,683,484)
Net income for the year ended December 31, 2020	-	-	-	-	4,840,184	-	-	-	-	4,840,184	(920,767)	3,919,417
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	(163,929)	(2,993,220)	10,697,670	1,195	8,205,797	15,747,513	(1,985,645)	13,761,868
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	20,587,697	(2,906,412)	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)	1,182,861	(22,293,369)	22,254,183	(2,993,220)	10,545,608	1,195	8,205,797	16,700,520	(5,326,345)	11,374,175
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	\$ 67,133,743	\$ 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 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.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 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.

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	<u>8,234,261</u>	<u>4</u>	<u>8,248,705</u>	<u>5</u>
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	<u>174,616,930</u>	<u>96</u>	<u>153,412,415</u>	<u>95</u>
TOTAL	<u>\$ 182,851,191</u>	<u>100</u>	<u>\$ 161,661,120</u>	<u>100</u>
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	<u>17,908,547</u>	<u>10</u>	<u>23,446,622</u>	<u>14</u>
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	<u>30,833,185</u>	<u>17</u>	<u>20,805,559</u>	<u>13</u>
Total liabilities	<u>48,741,732</u>	<u>27</u>	<u>44,252,181</u>	<u>27</u>
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	<u>72,807,778</u>	<u>40</u>	<u>71,664,103</u>	<u>45</u>
Other equity	27,443,947	15	11,684,567	7
Total equity	<u>134,109,459</u>	<u>73</u>	<u>117,408,939</u>	<u>73</u>
TOTAL	<u>\$ 182,851,191</u>	<u>100</u>	<u>\$ 161,661,120</u>	<u>100</u>

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 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	<u>16,273,815</u>	<u>198</u>	<u>28,933,948</u>	<u>254</u>
Other comprehensive income for the year, net of income tax	<u>15,747,513</u>	<u>191</u>	<u>32,080,073</u>	<u>281</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 20,587,697</u>	<u>250</u>	<u>\$ 43,908,682</u>	<u>385</u>
EARNINGS PER SHARE (Note 27)				
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 financial statements.

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

(Concluded)

POU CHEN CORPORATION

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

	Share Capital	Capital Surplus	Retained Earnings			Other Equity				Total Equity
			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)	\$ 77,863,392
Appropriation of 2018 earnings (Note 23)										
Legal reserve	-	-	1,070,864	-	(1,070,864)	-	-	-	-	-
Special reserve	-	-	-	8,376,139	(8,376,139)	-	-	-	-	-
Cash dividends	-	-	-	-	(4,420,181)	-	-	-	-	(4,420,181)
	-	-	1,070,864	8,376,139	(13,867,184)	-	-	-	-	(4,420,181)
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)	-	-	-	-	140,890	-	-	136,734
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)										
Legal reserve	-	-	1,182,861	-	(1,182,861)	-	-	-	-	-
Special reserve	-	-	-	(22,293,369)	22,293,369	-	-	-	-	-
Cash dividends	-	-	-	-	(3,683,484)	-	-	-	-	(3,683,484)
	-	-	1,182,861	(22,293,369)	17,427,024	-	-	-	-	(3,683,484)
Net income for the year ended December 31, 2020	-	-	-	-	4,840,184	-	-	-	-	4,840,184
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	(163,929)	(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	20,587,697
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

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)

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:



Chen, Huan-Chung

Date : April 28, 2021