



Stock Code : 9904

寶成工業股份有限公司

POU CHEN CORPORATION

2022
Annual General
Shareholders' Meeting
Meeting Handbook

Notice to readers

For the convenience of readers, the meeting handbook has 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 shall prevail.



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I. Meeting Procedure

Pou Chen Corporation 2022 Annual General Shareholders' Meeting Procedure

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



II. Meeting Agenda

Pou Chen Corporation

2022 Annual General Shareholders' Meeting Agenda

Convening Method: Physical Shareholders' meeting

Time: 9:30 a.m., June 15, 2022 (Wednesday)

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

Chairperson Remarks

A. Reported Matters

1. 2021 Business and Financial Reports. (please refer to pages 3-31)
2. Audit Committee's Review Report on the 2021 Financial Statements. (please refer to pages 32-33)
3. Report on the 2021 Distribution of Employees' Compensation and Directors' Remuneration. (please refer to page 34)
4. Report on the distribution for cash dividend of 2021 earnings. (please refer to page 34)

B. Acknowledged Matters

1. Acknowledgement of 2021 Business Report, Financial Statements and Profit Distribution Plan. (please refer to pages 34-35)

C. Matters for Discussion

1. Discussion on the amendments to the Company's "Procedures for Acquisition and Disposal of Assets". (please refer to pages 36-45)

D. Election Matters

1. Election of all Directors, including three independent Directors, of the Company. (please refer to pages 45-46)

E. Other Proposals

1. Proposal for the release of newly appointed Directors of the Company from non-competition restrictions. (please refer to pages 47)

F. Extemporaneous Motions

G. Adjournment

A. Reported Matters

1. 2021 Business and Financial Reports

a. Business Report

i. Result of Operations

The global economy exhibited a clear upward trend in 2021, mainly attributed to a strong rebound of major economies, but emerging markets and developing countries were still undergoing a struggle with COVID-19. International trade and supply chain lost its balance, and the economy recovered strongly, but not evenly.

The pandemic continued to overturn the world during 2020-2021, causing major changes and uncertainties to the business environment. The Company, nevertheless, insists on putting the health and safety of all its employees and business partners as the first priority and tackling challenges in a prudence manner to demonstrate corporate resilience. In the year ended December 31, 2021, the Company's non-consolidated operating revenue was NT\$8.3 billion, and the consolidated operating revenue was NT\$239.9 billion, representing a decrease of 4.0% compared to NT\$250 billion in the previous year. The net income attributable to owners of the Company was NT\$14.4 billion, a significant increase of 198.3% compared to NT\$4.8 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 retail of sporting goods and brand licensing business, accounting for 58% and 42% of consolidated operating revenue in 2021, respectively. (Schedule 2)

In terms of manufacturing of shoes, the Company's operating revenue decreased by NT\$2.2 billion in 2021 compared to the previous year. Despite seeing a solid recovery in the first half of the year, manufacturing operations in the third quarter were adversely affected by the lockdown in Vietnam. Although manufacturing activity resumed progressively in the fourth quarter, the shipments throughout the year were still lower than the previous year. In addition, the average selling price continued to grow amidst the positive development of its product portfolio optimization strategy.

With respect to retail of sporting goods and brand licensing business, consumer spending returned to pre-pandemic level in the first quarter of 2021, thus contributing a strong sales performance, but ever since the second quarter, a number of factors such as market dynamic and sporadic pandemic outbreaks, have weakened consumer sentiment and purchase intention, resulting in retail and licensing business to generate NT\$7.9 billion lower operating revenue for 2021



compared to 2020.

(2) Income from operations

The Company's consolidated gross profit for 2021 was NT\$58.2 billion, increase 6.3% from NT\$54.8 billion in the previous year, and the consolidated gross profit margin improved from 21.9% in 2020 to 24.3% in 2021. Such improvement was attributed to increased production efficiency and capacity utilization of manufacturing business compared to the previous year. In addition, the retail of sporting goods and brand licensing business continued to improve its discount controls and sales mix.

With the steady increase of the consolidated gross profit and strict expense controls, the Company's operating expenses decreased by NT\$1.1 billion for 2021 compared to 2020. Consolidated operating income was NT\$2.5 billion, up NT\$4.6 billion from NT\$2.1 billion operating net loss in the previous year, and consolidated operating profit margin recovered to 1.0%.

(3) Net income and Earnings per share

The net income attributable to owners of the Company in 2021 increased by NT\$9.6 billion compared to the previous year. The earnings per share was NT\$4.90 for 2021, an increase of NT\$3.26 compared to NT\$1.64 in the previous year.

Handbook for the 2022 Annual General Shareholders' Meeting

Schedule 1: Consolidated Financial Statements

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

Item \ Year	2021		2020		+(-)%	
	Amount	%	Amount	%		
Operating revenue	239,884,409	100%	249,954,311	100%	(4.03%)	
Gross profit	58,223,025	24%	54,751,105	22%	6.34%	
Income (Loss) from operations	2,475,709	1%	(2,111,078)	(1%)	217.27%	
Income before income tax	17,156,734	7%	5,961,326	3%	187.80%	
Net income for the year	16,603,443	7%	3,919,417	2%	323.62%	
Net income attributable to	Owners of the Company	14,439,307	6%	4,840,184	2%	198.32%
	Non-controlling interests	2,164,136	1%	(920,767)	-	335.04%
Earnings per share (Basic)	4.90		1.64			

Schedule 1-1: Separate Financial Statements

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

Item \ Year	2021		2020		+(-)%
	Amount	%	Amount	%	
Operating revenue	8,310,049	100%	8,219,523	100%	1.10%
Gross profit	4,480,572	54%	3,925,008	48%	14.15%
Income from operations	505,458	6%	474,916	6%	6.43%
Income before income tax	13,979,229	168%	6,226,300	76%	124.52%
Net income for the year	14,439,307	174%	4,840,184	59%	198.32%
Earnings per share (Basic)	4.90		1.64		

Schedule 2: Consolidated Operating Revenue

(In NT\$ thousands)

Primary business \ Year	2021		2020	
	Amount	%	Amount	%
Manufacturing of shoes	137,659,922	58%	139,875,281	56%
Retail of sporting goods and brand licensing business	101,485,349	42%	109,360,824	44%
Others	739,138	-	718,206	-
Total	239,884,409	100%	249,954,311	100%



ii. Research and Development

The Company's consolidated research and development expenses amounted to NT\$5.1 billion in 2021. This investment included continued improvements in automation, process engineering, and the introduction and refinement of key technologies to continuously improve operational efficiency and production flexibility. For each of the major branded customers has an R&D team, a parallel independent product development center exists to support the said R&D team. From product development to product prototyping, the Company works closely with its customers to incorporate innovative elements and sustainable materials into the design, thereby developing and producing high-quality footwear so as to quickly and flexibly respond to market demands

iii. Corporate Sustainability

As a socially and environmentally responsible corporate citizen, the Company is committed to sustainable development and social responsibility. The Company values the rights and interests of its stakeholders, including shareholders/investors, customers, employees, suppliers, and communities. The Company plans to implement phased goals and continue to promote the following activities:

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

To effectively manage environmental risks, the Company continues to improve and introduce appropriate and effective pollution prevention measures to reduce the environmental impact of its manufacturing process and to keep up with international trends in carbon reduction and renewable energy. Using 2019 as the baseline year, the Company has set the five-year target with the expectation of achieving the goal of zero growth in carbon dioxide emissions in 2025 by continuously promoting energy conservation and expanding the use of renewable energy. Following the major customers, a further commitment was set to reduce greenhouse gas emissions by 46.2% in 2030 compared with the baseline year of 2019. This target has been verified by the World Resources Institute (WRI) and is in line with the Science-Based Target initiative (SBTi) setting methodology. It also demonstrates the Company's commitment to addressing sustainability issues, enhances its reputation within the international community and among customers, as well as ensuring sustainable in energy use.

(2) Safety and Health Management

The Company has established and implemented a top-down safety culture and dynamically adjusted pandemic prevention management to ensure that factories keep safe production activities. Given the resurgence of COVID-19 infections, the Company will continue using the Group's COVID-19 prevention guidelines in 2022 to reduce the impact on business operations. The adoption of environmental safety

and health (ESH) management practices, risk mapping, and ESH buddy system, etc. will be continued to raise safety awareness and strengthen corporate safety culture. Risks will be mapped with region and personnel as units to help management identify risks and come up with solutions to control risks. The Company will continue to reinforce occupational hazard and fire hazard prevention works to enhance safety performance, reduce unnecessary risks and losses, and achieve the objective of autonomous safety management.

(3) Compliance Management

The Company identifies deficiencies in daily factory operations by using routine inspection mechanisms coupled with annual auditing methods. The Company keeps track of improvement progress to reduce or eliminate the probability of major accidents and ensure that all factory operations conform to the Group's code of conduct, local government laws, customer's specifications, and international regulations, with the ultimate goal of fortifying customer relationships. In 2022, the Company will continue to act in line with the spirit and principles of UN's "Universal Declaration of Human Rights" and ILO's "Declaration on Fundamental Principles and Rights at Work" among other international human rights conventions, in an effort to create an environment where human rights are advocated and the legal rights and interests of our employees are protected.

(4) Friendly Workplace

Through training, interviews, grievance channels, and the use of risk definitions, the Company highlights management opportunities, keeps abreast of issues that are of concern to employees, and strives to quickly respond and implement risk prevention to create effective and positive mode of communication. In 2022, the Company will continue to organize employee activities and participate in community services to strengthen internal solidarity and organizational identity, and to promote co-prosperity. The Company also maintains a positive interactive relationship with the unions to forge solid employee–employer relations, build an inclusive, harmonious and friendly workplace, and create a positive organizational culture.

iv. 2022 Business Plan

(1) Operating Guidelines

The Company will continue to uphold its core value of "professionalism, loyalty, innovation, and service". With robustness at the center of operations, the Company will concentrate on manufacturing of shoes and retail of sporting goods and licensing business, keep on sharpening its competitive edge, and focus on improving both quality and quantity in business. To this end, the Company will sequentially carry out the following works:



■ Manufacturing of shoes

(a) To flexibly allocate of diverse locations

By establishing diversified and balanced production bases that leverages the competitive advantages of each location, adequately disperse risks and strengthen the flexibility of its overall operations, the Company has set factories across Vietnam, Indonesia, mainland China, Cambodia, Bangladesh, and Myanmar, etc. In response to customers' long-term production demands, the Company will continually adopt a global macro strategy to be flexible in deploying production capacity. In 2022, the Company will launch a new round of production expansion to gradually increase the production scale of existing factories, and actively improve operating efficiency and production flexibility so as to prepare for the continued capacity growth in the next few years.

(b) To actively drive digital transformation

The Company will continue investing in strategic areas such as automation, digital technologies, and smart applications to drive innovation momentum. Data collection, analysis and applications will be integrated by the adoption of intelligent equipment and manufacturing processes so as to sharpen responsiveness, ensure stable production at manufacturing factories, and maximize manufacturing efficiency. In addition, the Company continues rolling out the implementation of SAP ERP system, applying proprietary business communication platform Microsoft Teams, as well as Robotic Process Automation (RPA) for routine operations to optimize internal operating procedures and improve both organizational efficiency and performance.

(c) To solidify relationship with brand customers

The Company will cement and fortify its cooperative relationship with existing customers while strengthening product portfolios and leveraging its core competencies and competitive advantages to provide total solutions that are oriented toward smart manufacturing and innovative services, ranging from materials development, technical support, process improvement, flexible production, to product diversification. The Company will concurrently focus on taking its services to a higher level that is beneficial to its customers. The Company is committed to and follows a green, sustainable production model that demonstrates its irreplaceable unique value, thereby becoming the preferred strategic partner by brand customers.

(d) To promote continuous supply chain integration

In pursuit of fully utilizing the vertically integrated competitive niche, the Company has integrated the upstream, midstream, and downstream chains of the footwear manufacturing industry to continuously build a completely effective supply chain system. By integrating resources and improving management, the Company aims to achieve local and flexible supply that can deliver innovative services quickly to meet market demands. Without ceasing to strengthen quality and cost competitiveness, the Company will pay attention to the R&D activities of its suppliers and their sustainability capabilities, and collaborate with them to create maximum value through the application of innovative materials and environmental sustainability.

■ Retailing of Sporting Goods and Brand Licensing

(a) To improve operational efficiency of brick-and-mortar retail stores

Within a consumer-centric channel system, physical stores are newly positioned as a critical sales touchpoint where interactive experiences are created and enhanced. The Company will continue promoting structural changes to offline channels by investing in upgrading physical stores with growth potential, and plan to expand its experience-oriented stores to reach a broader consumer base. In addition, the Company continues to gain insights into consumer behavior through digital management to achieve more accurate procurement, and combines social media marketing, different membership programs, and sports service contents to drive seasonal sales, thus endeavoring to improve the operating performance of its brick-and-mortar stores.

(b) To accelerate the omni-strategy strategy

COVID-19 has driven a digital-oriented consumer behavior, which will remain a global norm in the post-pandemic era. The Company will accelerate the integration of its entire sales structure with online channels, including third-party platforms such as Tmall, Jingdong, as well as expand the “Pan-WeChat Ecosystem” in which interaction with consumers is achieved directly through WeChat stores. In 2022, the Company will continue to promote the diversification and growth of online channels, reinforce the advantages of a product-sharing platform, optimize inventory portfolios, and effectively improve product conversion and sales performance, thereby realizing sustainable growth.

(c) To promote diverse sports services

Following the opening of the first pilot “Next Store” in Hsinchu, Taiwan in 2020, the Company opened its second sports service store – “Next Store” in Shenyang, mainland China in 2021. As a service hub, “Next Stores” sells a wide and



diverse range of sporting products, alongside sporting services including training courses, sporting consultations, and fitness meals to support the Company's omni-channel capabilities. The Company will also continue to promote sporting events, keep on introducing new innovative services to create experiences in different contexts, and maintain and fortify customer relationship management to enhance customer retention and customer loyalty.

(2)Prospects

The COVID-19 pandemic has plagued the world for more than two years. With increased accessibility of COVID-19 vaccines and medications, the economic development of various countries is gradually normalizing. This recovery trend is expected to continue through 2022, but economic growth will slow down as the accommodative monetary policies of developed economies start to change. In addition, the pandemic remains an uncertainty given the fast mutation rate of the coronaviruses. Global supply chain migration will continue, geopolitical risks will increase further, and energy shortage and inflation will shift consumer confidence toward a conservative stance. The overall economy is still clouded by downside risks. COVID-19 has substantially changed lifestyles worldwide, which in turn promotes healthier diets or exercising more often. For this reason, the Company remains confident in the prospect of the sporting industry. In terms of manufacturing business, the Company aims to retain its diversified capacity strategy, accelerate digital transformation, and improve responsiveness so as to make the Company an integral and irreplaceable part of the industry's value chain. In retail of sporting goods and brand licensing, the Company will further integrate online and offline resources to create a comprehensive ecosystem, in which innovative sporting services are provided and consumer trends are monitored using data analysis for optimal marketing and sales performance.

The business environment is constantly filled with competition and challenges. Determined to keep pace with the times, the Company will take on a proactive attitude to deeply cultivate its governance culture, carry out talent development and succession planning, formulate business strategies with sustainability at its core, keep on enhancing its competitiveness and resilience, focus on the continual improvement of operational performance, and commit to creating value and sustainable return for every stakeholder.

Chan, Lu- Min



Chairman of the Board

Lu, Chin- Chu



President

Ho, Ming-Kun



Head of Accounting Dept.

b. Financial Reports

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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 key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Write-downs of Inventory

As of December 31, 2021, the carrying amount of finished goods related to the retail segment included in the inventories was \$32,953,151 thousand. For the related disclosures, refer to Notes 4, 5 and 12 to the consolidated financial statements.

The determination of net realizable value requires an evaluation of sales condition and quality of products and assessment of obsolete and slow-moving inventories; the evaluation involves significant judgments and estimations made by management. Therefore, we considered write-down of inventory as a key audit matter to the consolidated financial statements for the year ended December 31, 2021.

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, 2021, goodwill allocated to the retailing business-retail and distribution of sportswear products of the Group amounted to \$2,305,024 thousand. For the related disclosures, refer to Notes 4, 5 and 20 to the consolidated financial statements.

Management evaluated the impairment of the abovementioned assets based on their recoverable amounts. The recoverable amounts are 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 to the consolidated financial statements for the year ended December 31, 2021.

Our audit procedures in response to this key audit matter included evaluation of the reasonableness of the significant assumptions, evaluation model, and basic information and recalculation used by management for impairment testing.

Other Matter

The Group's investments in Ruen Chen Investment Holding Co., Ltd. and Nan Shan Life Insurance Co., Ltd. accounted for by using the equity method were based on the 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., is based solely on the report of other auditors. As of December 31, 2021 and 2020, the carrying amounts of the investment in Ruen Chen Investment Holding Co., Ltd. were \$76,419,271 thousand and \$75,039,348 thousand, which constituted 20.83% and 20.34%, of the Group's consolidated total assets, respectively. For the years ended December 31, 2021 and 2020, the profit of the associate was \$10,505,361 thousand and \$6,385,558 thousand, which constituted 61.23% and 107.12%, of the income before income tax, respectively. As of December 31, 2021 and 2020, the carrying amounts of the investment in Nan Shan Life Insurance Co., Ltd. were \$826,576 thousand and \$812,298 thousand, which constituted 0.23% and 0.22%, of the Group's consolidated total assets, respectively. For the years ended December 31, 2021 and 2020, the profit of the associate was \$109,592 thousand and \$66,911 thousand, which constituted 0.64% and 1.12%, of the income before income tax, respectively. We have also audited the parent company only financial statements of Pou Chen Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with emphasis of other matter paragraph.

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 IFRS, IAS, IFRIC, IFRIC, and 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, 2021 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 audits resulting in this independent auditors' report are Kenny Hong and Wen-Yea, Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2022

Notice to Readers

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

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

Handbook for the 2022 Annual General Shareholders' Meeting

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 28,450,346	8	\$ 32,108,725	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,341,742	1	3,769,286	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 9)	20,035,436	5	16,685,548	5
Financial assets at amortized cost - current (Notes 4 and 10)	8,630,004	2	7,492,930	2
Notes receivable (Notes 4 and 11)	54	-	39	-
Accounts receivable (Notes 4, 11 and 35)	26,539,565	7	31,916,866	9
Other receivables (Notes 4 and 11)	3,771,410	1	5,312,322	1
Inventories - manufacturing and retailing (Notes 4 and 12)	57,084,097	16	45,214,271	12
Inventories - construction (Notes 4 and 12)	3,718,519	1	3,716,256	1
Non-current assets held for sale (Notes 4 and 13)	-	-	630,861	-
Other current assets (Notes 4 and 14)	11,323,500	3	8,648,792	2
Total current assets	162,894,673	44	155,495,896	42
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	747,994	-	997,231	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	958,593	-	1,050,168	-
Financial assets at amortized cost - non-current (Notes 4, 10 and 36)	3,158,906	1	3,472,325	1
Investments accounted for using the equity method (Notes 4 and 16)	96,210,213	26	97,988,994	27
Property, plant and equipment (Notes 4 and 17)	62,786,453	17	69,983,286	19
Right-of-use assets (Notes 4 and 18)	20,066,402	6	20,535,496	6
Investment properties (Notes 4 and 19)	2,918,076	1	2,827,040	1
Goodwill (Notes 4 and 20)	7,774,185	2	7,957,895	2
Other intangible assets (Notes 4 and 21)	1,607,270	1	1,874,808	-
Deferred tax assets (Notes 4 and 29)	3,560,596	1	2,757,568	1
Other non-current assets (Notes 4 and 14)	4,207,465	1	3,973,852	1
Total non-current assets	203,996,153	56	213,418,663	58
TOTAL	\$ 366,890,826	100	\$ 368,914,559	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 22)	\$ 25,552,433	7	\$ 23,732,375	6
Short-term bills payable (Note 22)	2,563,093	1	3,360,748	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	78,720	-	131,348	-
Financial liabilities for hedging - current (Notes 4 and 8)	-	-	278	-
Notes payable (Notes 4, 23 and 35)	5,785	-	7,402	-
Accounts payable (Notes 4, 23 and 35)	17,406,222	5	16,628,923	4
Other payables (Note 24)	20,547,217	5	21,217,044	6
Current tax liabilities (Note 4)	1,776,193	-	3,051,860	1
Lease liabilities - current (Notes 4 and 18)	4,323,157	1	4,640,954	1
Current portion of long-term borrowings (Note 22)	9,791,986	3	5,888,875	2
Other current liabilities	6,764,167	2	6,748,629	2
Total current liabilities	88,808,973	24	85,408,436	23
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	232,011	-	714,819	-
Long-term borrowings (Note 22)	56,387,335	16	66,328,779	18
Deferred tax liabilities (Notes 4 and 29)	906,387	-	1,461,216	-
Lease liabilities - non-current (Notes 4 and 18)	8,357,819	2	9,494,536	3
Long-term payables (Note 24)	170,621	-	148,032	-
Net defined benefit liabilities (Notes 4 and 25)	4,482,434	1	4,055,076	1
Other non-current liabilities	48,494	-	60,463	-
Total non-current liabilities	70,585,101	19	82,262,921	22
Total liabilities	159,394,074	43	167,671,357	45
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	4,419,400	1	4,389,862	1
Retained earnings				
Legal reserve	16,547,491	4	16,064,775	4
Special reserve	-	-	-	-
Unappropriated earnings	69,179,387	19	56,743,003	16
Total retained earnings	85,726,878	23	72,807,778	20
Other equity	19,818,804	6	27,443,947	8
Total equity attributable to owners of the Company	139,432,954	38	134,109,459	37
NON-CONTROLLING INTERESTS	68,063,798	19	67,133,743	18
Total equity	207,496,752	57	201,243,202	55
TOTAL	\$ 366,890,826	100	\$ 368,914,559	100

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

(With Deloitte & Touche auditors' report dated March 16, 2022)



POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 35)	\$ 239,884,409	100	\$ 249,954,311	100
OPERATING COSTS (Notes 25, 28 and 35)	<u>181,661,384</u>	<u>76</u>	<u>195,203,206</u>	<u>78</u>
GROSS PROFIT	<u>58,223,025</u>	<u>24</u>	<u>54,751,105</u>	<u>22</u>
OPERATING EXPENSES (Notes 25 and 28)				
Selling and marketing expenses	33,366,556	14	31,835,128	13
General and administrative expenses	17,287,482	7	19,459,894	8
Research and development expenses	<u>5,093,278</u>	<u>2</u>	<u>5,567,161</u>	<u>2</u>
Total operating expenses	<u>55,747,316</u>	<u>23</u>	<u>56,862,183</u>	<u>23</u>
INCOME (LOSS) FROM OPERATIONS	<u>2,475,709</u>	<u>1</u>	<u>(2,111,078)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 28)	734,497	-	639,635	-
Other income (Note 28)	3,500,349	1	3,435,429	2
Other gains and (losses) (Note 28)	1,358,214	1	(1,496,270)	-
Net (loss) gain on derecognition of financial assets at amortized cost	(20,636)	-	3,214	-
Finance costs (Note 28)	(1,868,689)	(1)	(2,407,297)	(1)
Share of the profit of associates and joint ventures (Notes 4 and 16)	<u>10,977,290</u>	<u>5</u>	<u>7,897,693</u>	<u>3</u>
Total non-operating income and expenses	<u>14,681,025</u>	<u>6</u>	<u>8,072,404</u>	<u>4</u>
INCOME BEFORE INCOME TAX	17,156,734	7	5,961,326	3
INCOME TAX EXPENSE (Notes 4 and 29)	<u>553,291</u>	<u>-</u>	<u>2,041,909</u>	<u>1</u>
NET INCOME FOR THE YEAR	<u>16,603,443</u>	<u>7</u>	<u>3,919,417</u>	<u>2</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 25)	(118,461)	-	(290,488)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	3,313,385	1	(313,926)	(1)
Share of the other comprehensive income (loss) of associates and joint ventures	963,883	1	(174,988)	-

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (3,375,883)	(2)	\$ (4,726,138)	(2)
(Loss) gain on hedging instruments	(1,195)	-	1,195	-
Share of the other comprehensive (loss) income of associates and joint ventures	<u>(9,397,706)</u>	<u>(4)</u>	<u>19,266,213</u>	<u>8</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(8,615,977)</u>	<u>(4)</u>	<u>13,761,868</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 7,987,466</u>	<u>3</u>	<u>\$ 17,681,285</u>	<u>7</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 14,439,307	6	\$ 4,840,184	2
Non-controlling interests	<u>2,164,136</u>	<u>1</u>	<u>(920,767)</u>	<u>-</u>
	<u>\$ 16,603,443</u>	<u>7</u>	<u>\$ 3,919,417</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 6,773,495	3	\$ 20,587,697	8
Non-controlling interests	<u>1,213,971</u>	<u>-</u>	<u>(2,906,412)</u>	<u>(1)</u>
	<u>\$ 7,987,466</u>	<u>3</u>	<u>\$ 17,681,285</u>	<u>7</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 4.90</u>		<u>\$ 1.64</u>	
Diluted	<u>\$ 4.89</u>		<u>\$ 1.64</u>	

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

(With Deloitte & Touche auditors' report dated March 16, 2022)

(Concluded)



POU CHEN CORPORATION

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
	Share Capital	Capital Surplus	Retained Earnings			Unappropriated Earnings	Exchange Differences on the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets and Liabilities Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Others	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2020	\$ 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	(22,293,369)	(1,182,861)	-	-	-	-	-	-	-	
Legal reserve	-	-	1,182,861	-	22,293,369	-	-	-	-	-	-	-	
Special reserve	-	-	-	(22,293,369)	(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 profit (loss) 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)	(3,993,220)	10,697,620	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	(3,993,220)	10,697,620	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)	
Share of changes in equities of subsidiaries (Notes 4 and 26)	-	-	-	-	(1,188)	-	-	-	-	(1,188)	-	(1,188)	
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)	-	-	-	-	-	
Changes in non-controlling interests accounted for using the equity method (Notes 4 and 26)	-	335	-	-	(482,716)	-	-	-	-	335	-	335	
Unclaimed dividends by shareholders	-	27,223	-	-	(1,956,110)	-	-	-	-	27,223	-	27,223	
Changes in equity for the year ended December 31, 2020	-	(202,535)	11,822,861	(22,293,369)	22,254,183	(2,993,220)	10,515,608	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	(22,293,369)	56,743,003	(5,491,369)	24,305,081	1,195	8,629,040	134,109,459	67,133,743	201,243,202	
Appropriation of 2020 earnings (Note 26)	-	-	482,716	-	(482,716)	-	-	-	-	-	-	-	
Legal reserve	-	-	482,716	-	(482,716)	-	-	-	-	-	-	-	
Cash dividends	-	-	482,716	-	(1,956,110)	-	-	-	-	-	-	-	
Net profit for the year ended December 31, 2021	-	-	-	-	14,439,307	-	-	-	-	14,439,307	2,164,136	16,603,443	
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(35,243)	(1,923,481)	(9,696,891)	(1,195)	3,990,928	(7,665,812)	(950,165)	(8,615,972)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	14,404,064	(1,923,481)	(9,696,891)	(1,195)	3,990,928	6,773,495	(1,313,971)	7,987,466	
Disposal of investments accounted for using the equity method	-	-	-	-	235	-	(235)	-	-	(2,717)	(8)	(2,725)	
Share of changes in equities of subsidiaries (Notes 4 and 26)	-	-	-	-	(8,723)	-	-	-	-	18,511	-	18,511	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 26)	-	-	-	-	(5,661)	-	5,661	-	-	-	-	-	
Changes in non-controlling interests accounted for using the equity method (Notes 4 and 26)	-	3,828	-	-	2,579	-	-	-	-	6,407	-	6,407	
Unclaimed dividends by shareholders	-	1,193	-	-	-	-	-	-	-	1,193	-	1,193	
Changes in equity for the year ended December 31, 2021	-	29,538	482,716	-	12,436,384	(1,923,481)	(9,697,145)	(1,195)	3,990,928	5,322,495	(930,165)	6,253,550	
BALANCE AT DECEMBER 31, 2021	\$ 29,467,872	\$ 4,419,400	\$ 16,547,491	\$ -	\$ 69,179,387	\$ (7,414,850)	\$ 14,613,616	\$ -	\$ 12,620,338	\$ 139,432,954	\$ 68,063,798	\$ 207,496,752	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 16, 2022)

POU CHEN CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax for the year	\$ 17,156,734	\$ 5,961,326
Adjustments for:		
Depreciation expense	16,274,312	16,127,403
Amortization expense	502,459	483,716
Expected credit loss on accounts receivable	29,673	13,745
Net (gain) loss on fair value change of financial instruments at fair value through profit or loss	(727,347)	675,985
Finance costs	1,868,689	2,407,297
Net loss (gain) on derecognition of financial assets at amortized cost	20,636	(3,214)
Interest income	(734,497)	(639,635)
Dividend income	(916,719)	(1,006,050)
Compensation cost of employee share options	131,781	11,992
Share of profit of associates and joint ventures	(10,977,290)	(7,897,693)
Net loss on disposal of property, plant and equipment	353,185	482,997
Net gain on disposal of investment properties	(123,555)	-
Net gain recognized on disposal of the land use right	-	(153,880)
Net gain on disposal of associates and joint ventures	(1,237,587)	(535,107)
Impairment loss	402,090	457,134
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	861,901	(2,906,023)
Notes receivable	(15)	470
Accounts receivable	5,161,821	2,335,215
Other receivables	1,500,305	(171,338)
Inventories	(9,479,715)	9,479,131
Other current assets	(1,985,514)	511,049
Other operating assets	15,062	87,904
Notes payable	(1,617)	(3,797)
Accounts payable	963,060	1,762,586
Other payables	(1,187,678)	(3,094,485)
Other current liabilities	3,206	689,126
Net defined benefit liabilities	276,931	(487,014)
Other operating liabilities	<u>22,589</u>	<u>(4,799)</u>
Cash generated from operations	18,172,900	24,584,041
Interest paid	(1,834,245)	(2,398,509)
Income tax paid	<u>(3,709,778)</u>	<u>(1,827,678)</u>
Net cash generated from operating activities	<u>12,628,877</u>	<u>20,357,854</u>

(Continued)



POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ 14,543	\$ 804,350
Proceeds from return of capital of financial assets at fair value through other comprehensive income	10,929	56,289
Purchases of financial assets at amortized cost	(19,685,490)	(13,542,939)
Proceeds from sale of financial assets at amortized cost	18,551,834	9,877,178
Acquisition of associates and joint ventures	(72,000)	(963,016)
Proceeds from disposal of associates and joint ventures	3,176,087	134,951
Acquisition of subsidiaries	41,132	-
Proceeds from disposal of non-current assets held for sale	107,039	103,752
Acquisition of property, plant and equipment	(7,729,381)	(7,910,008)
Proceeds from disposal of property, plant and equipment	414,880	1,236,517
Increase in refundable deposits	-	(37,465)
Decrease in refundable deposits	74,264	-
Decrease in other receivables	178,798	37,781
Payments for intangible assets	(284,180)	(196,661)
Payments for right-of-use assets	(97,247)	(93,057)
Payments for investment properties	(598)	(240)
Proceeds from disposal of investment properties	738	-
Increase in prepayments for equipment	(459,912)	-
Interest received	744,094	703,010
Dividends received	2,040,184	2,138,774
Proceeds from disposal of right-of-use assets	-	173,073
	<u>(2,974,286)</u>	<u>(7,477,711)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,167,779	-
Repayments of short-term borrowings	-	(18,515,453)
Proceeds from short-term bills payable	-	813,000
Repayments of short-term bills payable	(797,500)	-
Derecognition of financial liabilities for hedging	6,791	-
Proceeds from long-term borrowings	-	11,586,565
Repayments of long-term borrowings	(6,078,400)	-
Decrease in guarantee deposits	(11,969)	(7,851)
Repayments of principal portion of lease liabilities	(5,143,089)	(4,610,366)
Cash dividends	(1,473,394)	(3,683,484)
Change in non-controlling interests	(415,689)	(2,419,933)
Unclaimed dividends by shareholders	1,193	27,223
	<u>(12,744,278)</u>	<u>(16,810,299)</u>
Net cash used in financing activities		
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(568,692)</u>	<u>(1,011,074)</u>

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (3,658,379)	\$ (4,941,230)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>32,108,725</u>	<u>37,049,955</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 28,450,346</u>	<u>\$ 32,108,725</u>

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

(With Deloitte & Touche auditors' report dated March 16, 2022)

(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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2021 are stated as follows:

Impairment Assessment on Goodwill - Investments Accounted for Using the Equity Method

As described in Notes 4, 5, and 14 (Table 5) 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 shall perform impairment test on goodwill on a regular basis in accordance with IAS 36.

Management evaluated the abovementioned assets for impairment based on their recoverable amounts. The recoverable amounts are determined according to the forecast of the trading performance and future cash flows and the discount rate. The test of impairment involves significant judgments and estimations made by management. As a result, we considered the impairment of goodwill on investments accounted for using the equity method as a key audit matter to the financial statements for the year ended December 31, 2021.

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

Other Matter

Certain investments accounted for using the equity method in the Company's financial statements for the years ended December 31, 2021 and 2020 were based on the 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, 2021 and 2020, the carrying amounts of the investments were \$77,244,269 thousand and \$75,850,094 thousand, which constituted 40.99% and 41.48%, of the Company's total assets, respectively. For the years ended December 31, 2021 and 2020, the profit of the associate which the Company recognized amounted to \$10,614,743 thousand and \$6,452,341 thousand, which constituted 75.93% and 103.63%, 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, 2021 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 audits resulting in this independent auditors' report are Kenny Hong and Wen-Yea Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2022

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

POU CHEN CORPORATION

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 73,956	-	\$ 365,489	-
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	15,174	-	120,828	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 9)	6,866,303	4	5,759,113	3
Financial assets at amortized cost - current (Notes 4 and 10)	127,889	-	134,438	-
Notes receivable (Notes 4 and 11)	54	-	19	-
Accounts receivable (Notes 4 and 11)	9,477	-	1,880	-
Accounts receivable from related parties (Notes 4, 11 and 30)	1,736,755	1	1,698,354	1
Other receivables (Notes 4 and 11)	32,091	-	54,112	-
Inventories (Notes 4 and 12)	110,061	-	69,731	-
Other current assets (Notes 4 and 13)	57,131	-	30,297	-
Total current assets	9,028,891	5	8,234,261	4
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	49,496	-	63,791	-
Financial assets at amortized cost - non-current (Notes 4 and 10)	112,510	-	113,364	-
Investments accounted for using the equity method (Notes 4 and 14)	170,931,577	91	166,240,256	91
Property, plant and equipment (Notes 4 and 15)	4,812,331	2	5,035,178	3
Right-of-use asset (Notes 4 and 16)	145,775	-	118,371	-
Investment properties (Notes 4 and 17)	1,983,165	1	1,884,398	1
Intangible assets (Notes 4 and 18)	1,293,976	1	1,083,212	1
Deferred tax assets (Notes 4 and 26)	71,620	-	47,626	-
Other non-current assets (Notes 4 and 13)	18,486	-	30,734	-
Total non-current assets	179,418,936	95	174,616,930	96
TOTAL	\$ 188,447,827	100	\$ 182,851,191	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 9,652,000	5	\$ 9,377,291	5
Short-term bills payable (Note 19)	999,699	1	2,099,687	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	11,104	-	704	-
Financial liabilities for hedging - current (Notes 4 and 8)	-	-	278	-
Notes payable (Notes 4 and 20)	3,735	-	6,173	-
Accounts payable (Notes 4 and 20)	491,192	-	624,913	-
Accounts payable to related parties (Notes 4, 20 and 30)	20,570	-	28,196	-
Other payables (Note 21)	1,656,309	1	1,687,351	1
Current tax liabilities (Notes 4 and 26)	148,562	-	1,368,814	1
Lease liabilities - current (Notes 4 and 16)	33,933	-	31,050	-
Current portion of long-term borrowings (Note 19)	6,503,796	3	2,513,796	2
Other current liabilities	185,149	-	170,294	-
Total current liabilities	19,706,049	10	17,908,547	10
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 19)	27,011,714	15	29,495,510	16
Deferred tax liabilities (Notes 4 and 26)	86,547	-	646,685	1
Lease liabilities - non-current (Notes 4 and 16)	113,608	-	91,071	-
Long-term accounts payable to related parties (Note 30)	1,522,400	1	-	-
Net defined benefit liabilities (Notes 4 and 22)	556,401	-	567,040	-
Other non-current liabilities (Note 14)	18,154	-	32,879	-
Total non-current liabilities	29,308,824	16	30,833,185	17
Total liabilities	49,014,873	26	48,741,732	27
EQUITY (Notes 4 and 23)				
Share capital				
Ordinary shares	29,467,872	16	29,467,872	16
Capital surplus	4,419,400	2	4,389,862	2
Retained earnings				
Legal reserve	16,547,491	9	16,064,775	9
Special reserve	-	-	-	-
Unappropriated earnings	69,179,387	36	56,743,003	31
Total retained earnings	85,726,878	45	72,807,778	40
Other equity	19,818,804	11	27,443,947	15
Total equity	139,432,954	74	134,109,459	73
TOTAL	\$ 188,447,827	100	\$ 182,851,191	100

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

(With Deloitte & Touche audit report dated March 16, 2022)

POU CHEN CORPORATION

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 30)	\$ 8,310,049	100	\$ 8,219,523	100
OPERATING COSTS (Notes 25 and 30)	<u>3,829,477</u>	<u>46</u>	<u>4,294,515</u>	<u>52</u>
GROSS PROFIT	<u>4,480,572</u>	<u>54</u>	<u>3,925,008</u>	<u>48</u>
OPERATING EXPENSES (Notes 22 and 25)				
Selling and marketing expenses	36,221	-	30,108	-
General and administrative expenses	2,392,911	29	1,984,045	24
Research and development expenses	<u>1,545,982</u>	<u>19</u>	<u>1,435,939</u>	<u>18</u>
Total operating expenses	<u>3,975,114</u>	<u>48</u>	<u>3,450,092</u>	<u>42</u>
INCOME FROM OPERATIONS	<u>505,458</u>	<u>6</u>	<u>474,916</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	4,337	-	15,610	-
Other income (Notes 25 and 30)	486,866	6	566,630	7
Other gains and (losses) (Note 25)	(252,720)	(3)	(808,773)	(10)
Finance costs (Note 25)	(377,745)	(5)	(396,194)	(5)
Share of profit of subsidiaries and associates (Notes 4 and 14)	<u>13,613,033</u>	<u>164</u>	<u>6,374,111</u>	<u>78</u>
Total non-operating income and expenses	<u>13,473,771</u>	<u>162</u>	<u>5,751,384</u>	<u>70</u>
INCOME BEFORE INCOME TAX	13,979,229	168	6,226,300	76
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 26)	<u>(460,078)</u>	<u>(6)</u>	<u>1,386,116</u>	<u>17</u>
NET INCOME FOR THE YEAR	<u>14,439,307</u>	<u>174</u>	<u>4,840,184</u>	<u>59</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 22)	(59,545)	-	94,922	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,103,823	13	(148,916)	(2)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	2,679,954	32	(473,503)	(6)

(Continued)



POU CHEN CORPORATION

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
(Loss) gain on hedging instruments	\$ (1,195)	-	\$ 1,195	-
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	<u>(11,388,849)</u>	<u>(137)</u>	<u>16,273,815</u>	<u>198</u>
Other comprehensive income for the year, net of income tax	<u>(7,665,812)</u>	<u>(92)</u>	<u>15,747,513</u>	<u>191</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 6,773,495</u>	<u>82</u>	<u>\$ 20,587,697</u>	<u>250</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 4.90</u>		<u>\$ 1.64</u>	
Diluted	<u>\$ 4.89</u>		<u>\$ 1.64</u>	

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

(With Deloitte & Touche auditors' report dated March 16, 2022)

(Concluded)

POU CHEN CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Retained Earnings				Other Equity				Total Equity	
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain on Hedging Instruments		Others
BALANCE AT JANUARY 1, 2020	\$ 29,467,872	\$ 4,592,397	\$ 14,881,914	\$ 22,293,369	\$ 34,488,820	\$ (2,498,149)	\$ 13,759,473	\$ -	\$ 423,243	\$ 117,408,939
Appropriation of 2019 earnings (Note 23)	-	-	1,182,861	-	(1,182,861)	-	-	-	-	-
Legal reserve	-	-	1,182,861	-	(1,182,861)	-	-	-	-	-
Special reserve	-	-	-	(22,293,369)	(3,683,484)	-	-	-	-	(3,683,484)
Cash dividends	-	-	-	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	(22,293,369)	17,427,024	-	-	-	-	(3,683,484)
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	4,840,184	-	-	-	-	4,840,184
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(163,929)	(2,993,220)	10,697,670	1,195	8,205,797	15,747,513
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)	-	-	(1,158)	(2,993,220)	10,697,670	1,195	8,205,797	20,587,697
Share of changes in equities of subsidiaries (Notes 4 and 23)	-	-	-	-	-	-	-	-	-	(230,093)
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)	-	-	(1,158)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 23)	-	-	-	-	-	-	-	-	-	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
Appropriation of 2020 earnings (Note 23)	-	-	482,716	-	(482,716)	-	-	-	-	-
Legal reserve	-	-	482,716	-	(482,716)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,956,110)	-	-	-	-	(1,473,394)
Net profit for the year ended December 31, 2021	-	-	-	-	14,439,307	-	-	-	-	14,439,307
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(35,243)	(1,923,481)	(9,696,891)	(1,195)	3,990,998	(7,665,812)
Total comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	14,404,064	(1,923,481)	(9,696,891)	(1,195)	3,990,998	6,773,495
Disposal of investments accounted for using the equity method	-	(2,717)	-	-	235	-	(235)	-	-	(2,717)
Share of changes in equities of subsidiaries (Notes 4 and 23)	-	27,234	-	-	(8,723)	-	-	-	-	18,511
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 23)	-	-	-	-	(5,661)	-	5,661	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 23)	-	-	-	-	2,579	-	-	-	-	6,407
Unclaimed dividends by shareholders	-	1,193	-	-	-	-	-	-	-	1,193
BALANCE AT DECEMBER 31, 2021	\$ 29,467,872	\$ 4,419,400	\$ 16,547,491	\$ -	\$ 69,179,387	\$ (7,414,850)	\$ 14,613,616	\$ -	\$ 12,620,038	\$ 139,432,954

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated March 16, 2022)



POU CHEN CORPORATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 13,979,229	\$ 6,226,300
Adjustments for:		
Depreciation expense	351,725	374,060
Amortization expense	64,930	40,925
Expected credit loss reversed on accounts receivable	-	(48,234)
Net loss (gain) on fair value changes of financial instruments at FVTPL	89,671	(217,870)
Finance costs	377,745	396,194
Interest income	(4,337)	(15,610)
Dividend income	(304,781)	(327,788)
Share of profit of subsidiaries and associates	(13,613,033)	(6,374,111)
Net (gain) loss on disposal of property, plant and equipment	(1,791)	1,215
Gain on disposal of investment properties	(123,568)	-
Gain on lease modifications	-	(28)
Gain on disposal of investments accounted for using equity method	(12,708)	-
Unrealized (gain) loss on foreign currency exchange	(10,948)	4,028
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	134,225	108,693
Notes receivable	(35)	443
Accounts receivable	(7,597)	273
Accounts receivable from related parties	(38,401)	(58,469)
Other receivables	24,981	51,790
Inventories	(40,330)	(10,505)
Other current assets	(28,154)	6,515
Other operating assets	14,167	15,147
Financial liability held for trading	(114,632)	(36,049)
Notes payable	(2,438)	(3,851)
Accounts payable	(133,721)	(426,465)
Accounts payable to related parties	(7,626)	5,384
Other payables	(31,692)	(253,112)
Other current liabilities	14,855	(3,648)
Net defined benefit liabilities	(87,796)	(53,532)
Cash generated from (used in) operations	487,940	(598,305)
Interest paid	(373,232)	(398,218)
Income tax paid	(1,326,696)	(41,959)
Net cash used in operating activities	<u>(1,211,988)</u>	<u>(1,038,482)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from return of capital of financial assets at fair value through other comprehensive income	10,929	-
Purchases of financial assets at amortized cost	(533,485)	(755,653)
Proceeds from sale of financial assets at amortized cost	543,312	795,816

(Continued)

POU CHEN CORPORATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
Acquisition of associates and joint ventures	\$ (102,001)	\$ (170,204)
Disposal of associates and joint ventures	36,422	-
Acquisition of property, plant and equipment	(96,140)	(124,135)
Proceeds from disposal of property, plant and equipment	16,581	36,053
Decrease in refundable deposits	1,443	805
Decrease in loans to related parties	-	175,000
Payments for intangible assets	(275,694)	(196,118)
Proceeds from disposal of intangible asset	-	1,253
Payments for investment properties	-	(240)
Proceeds from disposal of investment properties	738	-
Increase in prepayments for equipment	-	(4,453)
Interest received	4,519	16,079
Dividends received	<u>617,621</u>	<u>1,184,001</u>
Net cash generated from investing activities	<u>224,245</u>	<u>958,204</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	273,145	-
Repayments of short-term borrowings	-	(10,533,973)
Proceeds from short-term bills payable	-	2,100,000
Repayments of short-term bills payable	(1,100,000)	-
Derecognition of financial liabilities for hedging	6,791	-
Proceeds from long-term borrowings	88,290,000	66,640,000
Repayments of long-term borrowings	(86,783,796)	(54,213,796)
Decrease in guarantee deposits	(13,788)	(13,451)
Proceeds from other payables to related parties	1,530,925	-
Repayments of principal portion of lease liabilities	(34,866)	(30,468)
Cash dividends	(1,473,394)	(3,683,484)
Other financing activities	<u>1,193</u>	<u>27,223</u>
Net cash generated from financing activities	<u>696,210</u>	<u>292,051</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(291,533)	211,773
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>365,489</u>	<u>153,716</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 73,956</u>	<u>\$ 365,489</u>

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

(With Deloitte & Touche auditors' report dated March 16, 2022)

(Concluded)



2. Audit Committee's Review Report on the 2021 Financial Statements

Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2021 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:

2022 Annual General Shareholders' Meeting of Pou Chen Corporation

Audit Committee convener:

A handwritten signature in blue ink, appearing to be '陳煥聰'.

Chen, Huan-Chung

Date : March 16, 2022

Audit Committee's Review Report on Profit Distribution Plan

The Board of Directors has prepared and submitted the 2021 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:

2022 Annual General Shareholders' Meeting of Pou Chen Corporation

Audit Committee convener:



Chen, Huan-Chung

Date : April 28, 2022



3. Report on the 2021 Distribution of Employees' Compensation and Directors' Remuneration

- a. The Company's profit in 2021 was NT\$14,322,980,799. ("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\$229,168,000 and NT\$114,584,000, 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 distribution for cash dividend of 2021 earnings

- a. The Company's 2021 net income was NT\$14,439,306,557. The shareholders dividends of NT\$4,420,180,819 will be distributed to shareholders in proportion to their shareholdings at NT\$1.5 per share, rounded down to the nearest New Taiwan Dollar. Dividends distributed under NT\$1 will be recognized as "Other Income" of the Company.
- b. The proposal is approved by the Board of Directors and the Chairman of the Board is authorized to set the record date, payment date and other relevant matters. If there is a subsequent change in the Company's share capital that results in a change of cash distribution ratio, the Chairman of the Board is authorized to make any adjustments as necessary.

B. Acknowledged Matters

1. Acknowledgement of 2021 Business Report, Financial Statements and Profit Distribution Plan. (proposed by the Board of Directors)

- a. The Audit Committee of the Company has reviewed 2021 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 table. The Financial Statements were audited by independent certified public accountants, Hong, Kuo-Tyan and Shyu, Wen-Yea, of Deloitte & Touche.
- b. 2021 Business Report, Financial Statements please refers to pages 3-31 and the profit distribution table please refers to page 35.

Resolution:

Pou Chen Corporation
2021 Profit Distribution Table

	(in NT\$)
Beginning unappropriated retained earnings	\$ 54,786,893,296
Changes in retained earnings from investments accounted for equity method	(5,908,894)
Transfer to retained earnings of cumulative income (loss) on the disposal of investments in equity instruments at fair value through other comprehensive income by associates and joint ventures	(5,661,195)
Amount recognized in retained earnings of remeasurement of defined benefit plan	<u>(35,243,222)</u>
Unappropriated retained earnings after adjustment	54,740,079,985
Net income of 2021	14,439,306,557
Less: 10% legal reserve	<u>(1,439,249,325)</u>
2021 Earnings available for distribution	67,740,137,217
Distribution item:	
Shareholders dividend - cash dividend (NT\$1.5/share) ^{1&2}	<u>4,420,180,819</u>
Unappropriated retained earnings	<u>\$ 63,319,956,398</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 on the basis of 2,946,787,213 shares outstanding as of April 17, 2022.

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



C. Matters for Discussion

1. Discussion on the amendments to the Company’s “Procedures for Acquisition and Disposal of Assets”.

(Proposed by the Board of Directors)

- a. To amend the Company’s “Procedures for Acquisition and Disposal of Assets” in accordance with certain provisions of the “Regulation Governing the Acquisition and Disposal of Assets by Public Companies” as amended and promulgated by the Financial Supervisory Commission on January 28, 2022 Letter No. Financial-Supervisory-Securities-Coporate-1110380465.
- b. Comparisons of pre-amended and amended “Procedures for Acquisition and Disposal of Assets” are set forth below.

Article No	Amended Provisions	Pre-amended Provisions	Commentary
Article 7	<p>Procedures for acquisition or disposal of real estate, right-of-use real estate, equipment or right-of-use equipment (omitted)</p> <p>4. Appraisal report on real estate, right-of-use real estate, equipment or right-of-use equipment In the event of the Company’s acquisition or disposal of real estate, right-of-use real estate, equipment or right-of-use equipment where the transaction amount reaches 20% of the Company’s paid-in capital or NT\$ 300 million or more, except for transactions with domestic governments, engaging others to build on their land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use equipment for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the date of</p>	<p>Procedures for acquisition or disposal of real estate, right-of-use real estate, equipment or right-of-use equipment (omitted)</p> <p>4. Appraisal report on real estate, right-of-use real estate, equipment or right-of-use equipment In the event of the Company’s acquisition or disposal of real estate, right-of-use real estate, equipment or right-of-use equipment where the transaction amount reaches 20% of the Company’s paid-in capital or NT\$ 300 million or more, except for transactions with domestic governments, engaging others to build on their land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use equipment for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the date of</p>	<p>“Regulations Governing the Acquisition and Disposal of Assets by Public Companies” was amended on January 28, 2022. Considering this amendment and that Article 6 of these Procedures is compliant with the criteria for the issuance of the opinions by external experts, The Company removed the text of Subparagraph 3, Paragraph 4 of this article</p>

Article No	Amended Provisions	Pre-amended Provisions	Commentary
	<p>occurrence and shall comply with the following provisions: (omitted)</p> <p>(3) In the event where the appraisal results of the professional appraisers encounter any of the following circumstances, except for all of the appraisal results of the assets to be acquired exceeding the transaction amount, or all of the appraisal results of the assets to be disposed of that are less than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>B. Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(omitted)</p>	<p>occurrence and shall comply with the following provisions: (omitted)</p> <p>(3) In the event where the appraisal results of the professional appraisers encounter any of the following circumstances, except for all of the appraisal results of the assets to be acquired exceeding the transaction amount, or all of the appraisal results of the assets to be disposed of that are less than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation</u> (“ARDF”) and to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>B. Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p>	<p>regarding accountants' compliance with the provisions of Statements of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation.</p>



Article No	Amended Provisions	Pre-amended Provisions	Commentary
		(omitted)	
Article 8	<p>Procedures for acquisition or disposal of securities (omitted)</p> <p>4. Obtaining Professional Opinion (1) In the event of the Company’s acquisition or disposal of securities, if the transaction amount reaches 20% of the Company’s paid-in capital or NT\$ 300 million or more, the Company shall obtain an opinion concerning the reasonableness of the transaction price from a certified public accountant prior to the date of occurrence. If the certified public accountant needs to use the report of an expert. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations announced by the Financial Supervisory Commission (“FSC”).</p> <p>(omitted)</p>	<p>Procedures for acquisition or disposal of securities (omitted)</p> <p>4. Obtaining Professional Opinion (1) In the event of the Company’s acquisition or disposal of securities, if the transaction amount reaches 20% of the Company’s paid-in capital or NT\$ 300 million or more, the Company shall obtain an opinion concerning the reasonableness of the transaction price from a certified public accountant prior to the date of occurrence. If the certified public accountant needs to use the report of an expert, <u>he/she shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations announced by the Financial Supervisory Commission (“FSC”).</p> <p>(omitted)</p>	The amendment reason is same as Article 7
Article 9	<p>Procedures for acquisition or disposal of assets with a related party (omitted)</p>	<p>Procedures for acquisition or disposal of assets with a related party (omitted)</p>	1. Adjustments to Subparagraphs under Paragraph

Article No	Amended Provisions	Pre-amended Provisions	Commentary
	<p>2. Assessment and Operating Procedures</p> <p><u>(1)</u> In the event where the Company engages in any acquisition or disposal of real estate or right-of-use real estate from or to a related party, or engages in any acquisition or disposal of assets other than real estate or right-of-use real estate from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$ 300 million or more, except for the trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction agreement or make a payment until the following matters have been approved by the board of Directors and the audit committee:</p> <p><u>(A)</u> The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p><u>(B)</u> The reasons for choosing the related party as a trading counterparty.</p> <p><u>(C)</u> In the event where the</p>	<p>2. Assessment and Operating Procedures</p> <p>In the event where the Company engages in any acquisition or disposal of real estate or right-of-use real estate from or to a related party, or engages in any acquisition or disposal of assets other than real estate or right-of-use real estate from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$ 300 million or more, except for the trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction agreement or make a payment until the following matters have been approved by the board of Directors and the audit committee:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reasons for choosing the related party as a trading counterparty.</p> <p>(3) In the event where the Company acquires real estate or right-of-use real estate from</p>	<p>2:</p> <p>(1) Subparagraph 2 before the amendment became Subparagraph 5 after the amendment.</p> <p>(2) Subparagraphs 3 and 4 before the amendment became Subparagraphs 2 and 3 after the amendment.</p> <p>2. "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" was amended on January 28, 2022. Subparagraph 4 under Paragraph 2 was added, and Subparagraph 5 under Paragraph 2 was amended, specifying the submission of calculated transaction amount to the shareholders'</p>



Article No	Amended Provisions	Pre-amended Provisions	Commentary
	<p>Company acquires real estate or right-of-use real estate from a related party, information concerning the evaluation of the reasonableness of the preliminary terms of the transaction in accordance with from subparagraphs (1) to (4), paragraph 3 of this Article.</p> <p><u>(D)</u> The date and price at which the related party originally acquired the real estate, its original trading counterparty, and the counterparty's relationship to the Company and the related party.</p> <p><u>(E)</u> Monthly cash flow forecasts for the coming year commencing from the anticipated month of executing the agreement, and the evaluation of the necessity of the transaction and the reasonableness of the utilization of the funds.</p> <p><u>(F)</u> The appraisal report provided by a professional appraiser and the opinion of a certified public accountant obtained in accordance with the preceding paragraph.</p> <p><u>(G)</u> The restrictive terms of this transaction and other important agreements in</p>	<p>a related party, information concerning the evaluation of the reasonableness of the preliminary terms of the transaction in accordance with from subparagraphs (1) to (4), paragraph 3 of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real estate, its original trading counterparty, and the counterparty's relationship to the Company and the related party.</p> <p>(5) Monthly cash flow forecasts for the coming year commencing from the anticipated month of executing the agreement, and the evaluation of the necessity of the transaction and the reasonableness of the utilization of the funds.</p> <p>(6) The appraisal report provided by a professional appraiser and the opinion of a certified public accountant obtained in accordance with the preceding paragraph.</p> <p>(7) The restrictive terms of this transaction and other important agreements in connection with the transaction.</p> <p>The transaction amount under <u>this paragraph</u> shall be calculated in accordance with subparagraph (8), paragraph 1 of Article 14. The</p>	<p>meeting for approval.</p>

Article No	Amended Provisions	Pre-amended Provisions	Commentary
	<p>connection with the transaction.</p> <p><u>(2)</u> With respect to the types of transactions listed below use between the Company and its subsidiary, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, if the transaction amount is within NT\$ 500 million, the chairman is authorized to approve the transaction. The chairman's approval shall subsequently be submitted to and ratified by the next board of Directors' meeting:</p> <p><u>(A)</u> Acquisition or disposal of equipment or right-of-use equipment thereof held for business use.</p> <p><u>(B)</u> Acquisition or disposal of real estate right-of-use assets held for business use.</p> <p><u>(3)</u> In the event where matters are submitted to the board of Directors for discussion, the board of Directors shall take each independent Director's opinion into consideration. If an independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of Directors' meeting.</p> <p><u>(4)</u> <u>The Company shall submit the materials in all the subparagraphs</u></p>	<p>term "within one year" as used herein means the year preceding the date of occurrence of this transaction. Items that have been approved by the board of Directors and the audit committee will not be counted towards the calculation. With respect to the types of transactions listed below use between the Company and its subsidiary, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, if the transaction amount is within NT\$ 500 million, the chairman is authorized to approve the transaction. The chairman's approval shall subsequently be submitted to and ratified by the next board of Directors' meeting:</p> <p>(1) Acquisition or disposal of equipment or right-of-use equipment thereof held for business use.</p> <p>(2) Acquisition or disposal of real estate right-of-use assets held for business use.</p> <p>In the event where matters are submitted to the board of Directors for discussion <u>pursuant to this Article</u>, the board of Directors shall take each independent Director's opinion into consideration. If an independent Director objects to or expresses reservations about any matter, it shall be recorded in the</p>	



Article No	Amended Provisions	Pre-amended Provisions	Commentary
	<p><u>of Paragraph 1 to the shareholders' meeting for approval before the transaction contracts may be entered into and any payment made if the Company or its subsidiary that is not a domestic public company engages in transactions stated in Paragraph 1 with a transaction amount reaching 10% or more of the total assets of the Company. However, this restriction does not apply to transactions between the Company and its subsidiaries or between its subsidiaries.</u></p> <p><u>(5) The transaction amount under subparagraph (1) and preceding subparagraph shall be calculated in accordance with subparagraph (8), paragraph 1 of Article 14. The term “within one year” as used herein means the year preceding the date of occurrence of this transaction. Items that have been approved by Shareholders’ meeting, the board of Directors and the audit committee will not be counted towards the calculation.</u></p> <p>(omitted)</p>	<p>minutes of the board of Directors’ meeting.</p> <p>(omitted)</p>	
Article 10	<p>Procedures for acquisition or disposal of intangible assets or right-of-use intangible assets or memberships</p> <p>(omitted)</p> <p>4. The Company shall engage a certified public accountant to render a specific opinion if the</p>	<p>Procedures for acquisition or disposal of intangible assets or right-of-use intangible assets or memberships</p> <p>(omitted)</p> <p>4. The Company shall engage a certified public accountant to render a specific opinion if the</p>	The amendment reason is same as Article 7

Article No	Amended Provisions	Pre-amended Provisions	Commentary
	<p>transaction amount reach certain condition In the event where the transaction amount of the Company's acquisition or disposal of intangible assets or right-of-use intangible assets or memberships reaches NT\$ 300 million or more, except for trading with domestic governments, the Company shall engage a certified public accountant to issue an opinion on the reasonableness of the transaction price prior to the date of occurrence.</p>	<p>transaction amount reach certain condition In the event where the transaction amount of the Company's acquisition or disposal of intangible assets or right-of-use intangible assets or memberships reaches NT\$ 300 million or more, except for trading with domestic governments, the Company shall engage a certified public accountant to issue an opinion on the reasonableness of the transaction price prior to the date of occurrence, <u>The certified public accountant shall issue his/her opinion in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	
Article 14	<p>Procedures of public disclosure 1. Items and standards for public announcement and report (omitted) (7) Where an asset transaction other than any of those referred to in the preceding six provisions or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided that this shall not apply to any of the following circumstances: A. Trading of <u>domestic government bonds or foreign government bonds with a rating that is not</u></p>	<p>Procedures of public disclosure 1. Items and standards for public announcement and report (omitted) (7) Where an asset transaction other than any of those referred to in the preceding six provisions or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided that this shall not apply to any of the following circumstances: A. Trading domestic government bonds. B. Trading of bonds under repurchase and resale</p>	<p>“Regulations Governing the Acquisition and Disposal of Assets by Public Companies” was amended on January 28, 2022. Item 1 of Subparagraph 7 under Paragraph 1 was added, specifying exemption from public disclosure when</p>



Article No	Amended Provisions	Pre-amended Provisions	Commentary
	<p><u>lower than sovereign rating of Taiwan.</u></p> <p>B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (omitted)</p>	<p>agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (omitted)</p>	<p>trading in foreign government bonds with a rating that is not lower than sovereign rating of Taiwan</p>
Article 17	<p>Implementation and amendment</p> <p><u>1.</u> After the Procedure has been approved by the board of Directors, the Procedure shall be submitted to the audit committee and then to a shareholders' meeting for approval. The same procedure shall apply to any amendment to this Procedure thereafter. If an independent Director objects to or expresses reservations about any matter during discussion of the board of Directors, such objections or reservations shall be recorded in the minutes of the board of Directors' meeting.</p> <p><u>2.</u> During discussion of the audit committee in accordance with the preceding paragraph, in the absence of approval by more than half of all members of the audit committee, the approval of more than two thirds of all members of the board of Directors shall apply, and such resolution of the audit committee shall be recorded in the board of Directors' meeting</p>	<p>Implementation and amendment</p> <p>After the Procedure has been approved by the board of Directors, the Procedure shall be submitted to the audit committee and then to a shareholders' meeting for approval. The same procedure shall apply to any amendment to this Procedure thereafter. If an independent Director objects to or expresses reservations about any matter during discussion of the board of Directors, such objections or reservations shall be recorded in the minutes of the board of Directors' meeting.</p> <p>During discussion of the audit committee in accordance with the preceding paragraph, in the absence of approval by more than half of all members of the audit committee, the approval of more than two thirds of all members of the board of Directors shall apply, and such resolution of the audit committee shall be recorded in the board of Directors' meeting minutes.</p> <p>All members of the audit committee and all members of the board of</p>	<p>Added paragraph</p>

Article No	Amended Provisions	Pre-amended Provisions	Commentary
	minutes. 3. All members of the audit committee and all members of the board of Directors referred to by the preceding paragraph shall count in the incumbent ones.	Directors referred to by the preceding paragraph shall count in the incumbent ones.	

Resolution:

D. Election Matters

1. Election of all Directors, including three independent Directors, of the Company. (Proposed by the Board of Directors)

- a. The term of the 23rd Board of Directors will expire on June 12, 2022, and the election of the 24th Board of Directors is scheduled at the annual shareholders' meeting on June 15, 2022.
- b. Pursuant to Article 192-1 of the Company Act and Article 15 of the Company's "Articles of Incorporation", the proposed election of nine directors (including three independent directors) shall be conducted by adopting a candidate nomination system, and shall be elected from the list of candidates at the shareholders' meeting.
- c. The newly appointed directors shall assume office as of the date of election and shall serve for a term of three years starting from June 15, 2022 to June 14, 2025
- d. List of director (including independent director) candidates is as follows:

Pou Chen Corporation

List of Candidates proposed by the Board of Directors

Nomination Type	Candidate's Name	Gender	Education	Experience	Shareholdings (Shares)
Director	Chuan Mou Investments Co., Limited (Representative: Chan, Lu-Min)	Male	Statistics Department, National Chung Hsing University	Chairman of the Company; President of Administration Management Department of the Company; Executive Director of Yue Yuen Industrial (Holdings) Limited	163,425,022
Director	Tsai, Pei-Chun	Female	Economic and Finance Department, Wharton School of the University of Pennsylvania, USA	Director of the Company; Managing Director and Executive Director of Yue Yuen Industrial (Holdings) Limited; Non-executive Director of Pou Sheng International (Holdings) Limited	4,177,779
Director	Tzong Ming Investments Co., Ltd. (Representative: Tsai, Min-Chieh)	Female	Economic and Finance Department, Wharton School of the University of Pennsylvania, USA	Representative of Juristic-Person Director of the Company; Financial Analytics, Bloomberg News (USA)	6,340,933



POU CHEN CORPORATION

Nomination Type	Candidate's Name	Gender	Education	Experience	Shareholdings (Shares)
Director	Ever Green Investments Corporation (Representative: Lu, Chin-Chu)	Male	Master Degree in Business Administration, National Chung Hsing University	Representative of Juristic-Person Director of the Company; President of the Company; Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited	23,216,045
Director	Sheachang Enterprise Corporation (Representative: Wu, Pan-Tsu)	Male	Banking and Insurance Department, Tamkang University	Representative of Juristic-Person Director of the Company; President of Retail Department of the Company; Chairman and Executive Director of Pou Sheng International (Holdings) Limited; Vice President, Corporate Banking Division, Taishin Bank; Vice President, Business Department, BNP Paribas; Vice President, Business Department, Chase Manhattan Bank	4,413,010
Director	Shun Tai Investments Co., Ltd. (Representative: Ho, Yue-Ming)	Male	Master of Laws, National Taiwan University	Representative of Juristic-Person Director of the Company; Vice President of the Company; Vice President of HTC Corporation	24,367,867
Independent Director	Chen, Huan-Chung	Male	Industrial Management Department, National Taiwan University of Science and Technology	Independent Director, convener of the Audit Committee, member of Nomination Committee of the Company; Independent Non-executive Director of Pou Sheng International (Holdings) Limited; Partner of Wang Tong & Co., CPAs; Vice President of E.Sun Bills Finance Corporation	0
Independent Director	Hsu, Chu-Sheng	Male	Master of Science in Computer Science, Stevens Institute of Technology, USA	Adjunct Professor of Leadership Program at National Taiwan University; Adjunct Professor of Institute of Technology Management at National Tsing Hua University General Manager of General Electric International Inc, Taiwan Branch (USA); Managing Director of IBM Taiwan Corporation; Independent Director of inergy Technology Inc.; Independent Director of Fubon Bank (China); Independent Director of Alexander Marine Co., Ltd.	0
Independent Director	Chang, Shih-Chieh	Male	Ph.D. in Statistics, University of Wisconsin-Madison	Professor of the College of Risk Management and Insurance, National Chengchi University; Chairman of Risk Management Society of Taiwan; Independent Director of CTBC Bank Co., Ltd.; Independent Director of CTBC Financial Holdings Co., Ltd.	0

e. Hereby submitted for election.

Results of the election:

E. Other Proposals

1. Proposal for the release of newly appointed Directors of the Company from non-competition restrictions. (Proposed by the Board of Directors)

- a. Pursuant to Article 209 of the Company Act, a director who engages in activities either for himself/herself or on behalf of another person that are within the scope of the Company's business, he/she shall explain the essential contents of the act to the shareholders' meeting and obtain its approval.
- b. The details of proposal to release the prohibition on the director candidates of the Company from participation in competitive business as follows:

Nomination Type	Candidate's Name	Current Position within Other Companies	
Director	Chan, Lu-Min	Yue Yuen Industrial (Holdings) Limited	Executive Director
		Pearl Dove International Limited	Director
		Brilliant Ocean Limited	Director
		Oftentrich Holdings Limited	Director
		Golden Brands Developments Limited	Director
		Footwear & Recreation Technology Research Institute	Director
Director	Tsai, Pei-Chun	Yue Yuen Industrial (Holdings) Limited	Managing Director and Executive Director
		Pou Sheng International (Holdings) Limited	Non-executive Director
Director	Lu, Chin-Chu	Yue Yuen Industrial (Holdings) Limited	Chairman and Executive Director
		San Fang Chemical Industry Co., Ltd.	Director
Director	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
Director	Ho, Yue-Ming	Elitegroup Computer Systems Co., Limited	Director
		Hua Jian Industrial Holding Co., Limited	Director
Independent Director	Chen, Huan-Chung	Pou Sheng International (Holdings) Limited	Independent Non-executive Director
Independent Director	Hsu, Chu-Sheng	Alexander Marine Co., Limited	Independent Director
		inergy Technology Inc.	Independent Director

c. Proposed for resolution.

Resolution:

F. Extemporaneous Motions

G. Adjournment



III. Appendix

Appendix 1

POU CHEN CORPORATION Articles of Incorporation

Adopted by shareholders' meeting on June 13, 2019

Section I General Provisions

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

(18) F401010 International Trade.

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

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

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

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

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

Article 5 Deleted.

Section II Shares

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

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

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



the conditions and the subscription.

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

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

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

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

Section III Shareholders' Meeting

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

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

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

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

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

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

Section IV Directors

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

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

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

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

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

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



Directors' meeting may be convened at any time.

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

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

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

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

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

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

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

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

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

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

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

Section V Officers and Staff

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

Article 21 Deleted.

Section VI Accounting

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

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

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



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

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

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

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

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

Section VII Miscellaneous

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

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

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



POU CHEN CORPORATION Rules for Election of Directors

Adopted by shareholders' meeting on July 26, 2021

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

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

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

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:

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

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

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

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

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

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

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

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

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

Article 7 The Company's Directors shall be elected in accordance with the number of Directors to be elected specified in the Company's Articles of Incorporation. The number of votes received by the independent Directors and non-independent Directors shall be calculated separately. A candidate to whom the ballots cast represent the highest number of votes shall be deemed an elected Director or independent Director. If two or more candidates receive the same number of votes, which consequently exceeds the number of Directors or independent Directors to be elected, such candidates who received the same number of votes shall draw lots to decide the winner; if such candidate(s) is/(are) not present, the chairman shall draw lots on behalf of the candidate(s).

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



person supervising the casting of the ballots before voting commences.

Article 9

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

1. Any ballot is cast without using the ballot prepared by the person with the right to convene.
2. Any blank ballot is cast.
3. Any ballot with illegible writing rendering it unrecognizable; or any ballot with corrections, is cast.
4. Where the candidate whose name is entered in the ballot does not conform to the director candidate list.
5. Any ballot which is filled in with characters other than the number of votes cast.
6. Two or more candidates are entered in the same ballot.

Article 10

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, and the names of the Directors who were not elected and the number of votes they received.

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

Article 11

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

Article 12

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

Appendix 3

POU CHEN CORPORATION
Rules and Procedures of Shareholders' Meetings

Adopted by shareholders' meeting on July 26, 2021

Article 1 (Applicable Laws and Regulations)

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

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

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

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

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

Matters pertaining to election or removal of Directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares,



reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Article 185 Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed in the reasons and the essential contents shall be explained in the notice for convening the shareholders' meeting, and shall not be brought up as extemporary motions.

Shareholders holding 1% or more of the total number of outstanding shares of the Company may propose to the Company a proposal at regular shareholders' meetings, provided that only one matter is allowed in such a proposal, and proposals with more than one matter will not be included in the agenda. Unless a shareholder proposal proposed for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. In addition, if there are any of the circumstances listed in Paragraph 4, Article 172-1 of the Company Act in the proposal raised by a shareholder, the board of Directors may choose not to list such a proposal in the agenda.

Prior to the date on which share transfer registration is suspended before the convention of the regular shareholders' meeting, the Company shall publish an announcement in writing or by way of electronic transmission and the time period for shareholders to submit proposals to be resolved at the meeting; and the time period for accepting such proposals shall not be less than ten days.

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

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

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

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

of authorization.

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

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

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

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

Article 5 (Preparation of Attendance Register and other Documents)

The Company shall set forth in the meeting notice the time and place for shareholders to sign in, and any other matters to be noted by the Shareholders. The time for shareholders to sign in under the preceding paragraph shall be processed at least thirty minutes earlier than the meeting commencement time. There shall be a conspicuous sign to indicate the place for shareholders to sign in, and sufficient and proper personnel shall be at such place to handle relevant matters.

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

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

The Company shall deliver to Shareholders attending the meeting the handbook for the meeting, the annual report, the attendance card, a slip of paper for comments, voting ballots and other meeting information. Where



there are proposals to elect the Directors at meetings, the Company shall also deliver the election ballots to Shareholders attending such meetings.

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

Article 6 (Chairperson and Attendees of Shareholders' Meeting)

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

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

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

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

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

Article 7 (Records of Process of Shareholders' Meeting)

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

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

ends.

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

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

Upon the scheduled meeting time, the chairman shall call the meeting to order and concurrently announce relevant information such as the number of Shareholders with no voting rights and the number of shares of the Shareholders present. The chairman may adjourn the meeting if the number of shares of the Shareholders present do not exceed half of the total number of issued and outstanding shares, which meeting may be postponed up to two times, with the total adjournment time not exceeding one hour. If, after two postponements, the number of shares present still does not meet one-third of the total issued and outstanding shares, the chairman shall cancel the meeting.

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

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

Article 9 (Discussion of Proposals)

Agendas for shareholders' meetings shall be set by the board of Directors if such meetings are convened by the board of Directors. Relevant proposals (including extemporary motions or amendments to the existing proposals) shall be resolved by voting on a proposal-by-proposal basis. Unless otherwise resolved by resolution at the shareholders' meetings, the meetings shall be carried out in accordance with the scheduled agenda.

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



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

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

Article 10 (Speeches of Shareholders)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If a Shareholder who has exercised his/her/its voting rights in writing or by way of electronic transmission intends to attend a shareholders' meeting in person, he/she/it shall serve another declaration of intent to rescind his/her/its



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

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

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

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

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

Article 13 (Election Matters)

Where there is a proposal to elect Directors, the election shall be conducted in accordance with the Company's Rules for Election of Directors, and the results of the election shall be announced on the spot, including the list of Directors elected, the number of votes they are elected with and the list of Directors who were not elected and the number of votes they received.

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

189 of the Company Act, these ballots shall be kept until the litigation ends.

Article 14 (Minutes of Shareholders' Meetings and Signatures)

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

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

Minutes of the shareholders' meetings shall record the date and place of the shareholders' meetings, name of the chairman, and the method for adopting resolutions, as well as summaries and results of voting (including the statistics on the votes). If an election of directors is held, the number of weighted votes for each candidate shall be disclosed. Minutes of the shareholders' meetings shall be kept indefinitely for as long as the Company is in existence.

Article 15 (External Announcement)

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

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

Article 16 (Maintenance of Order during Shareholders' Meeting)

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

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

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

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



Article 17 (Intermission and Continuance of Shareholders' Meeting)

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

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

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

Article 18 (Approval Level)

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

Appendix 3

POU CHEN CORPORATION
Procedures for Acquisition and Disposal of Assets

Adopted by shareholders' meeting on June 13, 2019

Article 1 Purpose

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

Article 2 Legal Basis

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

Article 3 Scope of Assets

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

Article 4 Definitions

1. Derivatives: forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase



- (sales) contracts.
2. Assets acquired or disposed through mergers, spin-offs, acquisitions, or transfer of shares in accordance with law: refers to assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through the issuance of new shares of its own as the consideration (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
 3. Related party or subsidiary: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 4. Professional appraiser: refers to a real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or equipment.
 5. Date of occurrence: refers to the earlier date of contract signing, date of payment, date of consignment trade, date of transfer, date of board of Directors resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction; however, in the event where investments require the approval of the competent authority, the earlier of the aforementioned dates or the date of receiving approval by the competent authority shall apply.
 6. Mainland China area investment: refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 5 Amount of the investment in real estate for non-business use, real estate right-of-use assets held for non-business use and the investment in securities

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

1. Limit of investment by the Company:
 - (1) Real estate for non-business use and real estate right-of-use assets held for non-business use shall not exceed 100% of the Company's paid-in capital.
 - (2) The total amount of investments in securities shall not exceed 150% of the Company's net value; the total amount of investments in individual securities shall not exceed 40% of the Company's net value.
2. Limit of investment by Subsidiaries:
 - (1) Real estate for non-business use and real estate right-of-use assets held for

non-business use shall not exceed 100% of the Company's paid-in capital.

- (2) The total amount of investments in securities shall not exceed 150% of the Company's net value; the total amount of investments in individual securities shall not exceed 40% of the Company's net value.

The Company and its Subsidiaries shall not be subject to the aforementioned limits in the following situations:

1. Investments in acquired stocks are associated with the Company's main business focus.
2. The company group is restructuring its organizational structure.

Article 6 Procedure of the appraisal reports or opinions published by qualified expert

Professional appraisers and their appraisal officers, certified public accountants, attorneys and securities underwriters, who provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions. The qualification of appraisal reports or opinions shall comply with Article 5 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 7 Procedures for acquisition or disposal of real estate, right-of-use real estate, equipment or right-of-use equipment

1. Assessment and Operating Procedures

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

2. Decision Procedures for Transaction Terms and Authorized Amount

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



negotiation or bidding. In the event where the amount is NT\$ 10 million or less, the transaction shall be approved in accordance with the Company's levels of authorization; in the event where the amount exceeds NT\$ 10 million but is less than NT\$ 100 million, the transaction shall be approved by the president; in the event where the amount is NT\$ 100 million or more, the transaction shall be approved by the board of Directors.

3. Implementation unit

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

4. Appraisal report on real estate, right-of-use real estate, equipment or right-of-use equipment

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

- (1) In the event where, due to special circumstances, the transaction price shall refer to a limited price, a specified price or a special price that is necessary in serving as reference, such a transaction shall be submitted for the board of Directors' prior approval, and the same procedure shall apply if there are changes to the terms and conditions of the transaction.
- (2) In the event where the transaction amount is NT\$ 1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (3) In the event where the appraisal results of the professional appraisers encounter any of the following circumstances, except for all of the appraisal results of the assets to be acquired exceeding the transaction amount, or all of the appraisal results of the assets to be disposed of that are less than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation ("ARDF") and to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- A. Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - B. Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (4) The time period between the date of the appraisal report issued by a professional appraiser and the execution date of the agreement shall not exceed three months. However, in the event where the announced current value is used within the same time period and has not exceeded six months, the original professional appraiser may issue an opinion.
- (5) In the event where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may serve as a substitute for an appraisal report or a certified public accountant's opinion.
- (6) The transaction amount shall be calculated in accordance with subparagraph (8), paragraph 1 of Article 14, and the items, which have been included in the appraisal report issued by a professional appraiser or a certified public accountant's opinion in accordance with the relevant provisions, shall not be counted towards the calculation.

Article 8 Procedures for acquisition or disposal of securities

1. Assessment and Operating Procedures

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

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

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

(2) In the event where the Company's acquisition or disposal of securities is not conducted in the Taiwan Stock Exchange or Taipei Exchange, the Company shall obtain the most recent financial statement of the target



prior to the date of occurrence, which has been audited and reviewed by a certified public accountant, as a reference to the evaluation of the transaction price. During the evaluation of the transaction price, the Company shall take earnings per share, profitability and future prospect into consideration. In the event where the transaction amount has not reached at least 3% (including 3%) of the Company's capital, the transaction shall be approved by the president; in the event where the transaction amount exceeds 3% of the Company's capital, then the transaction may not be conducted until the board of Directors approves the transaction.

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

3. Implementation Unit

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

4. Obtaining Professional Opinion

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

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

(3)The transaction amount shall be calculated in accordance with subparagraph (8), paragraph 1 of Article 14 of this Procedure.

Article 9 Procedures for acquisition or disposal of assets with a related party

1. In the event where the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that necessary resolutions are adopted and that the reasonableness of the term of the

transaction has been evaluated in accordance with this Procedure, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a certified public accountant's opinion in accordance with Article 7 of this Procedure. The aforementioned transaction amount shall be calculated in accordance with subparagraph (8), paragraph 1 of Article 14 of this Procedure. When determining whether a trading counterparty is a related party, in addition to the legal formalities, the substance of the relationship shall also be considered.

2. Assessment and Operating Procedures

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

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reasons for choosing the related party as a trading counterparty.
- (3) In the event where the Company acquires real estate or right-of-use real estate from a related party, information concerning the evaluation of the reasonableness of the preliminary terms of the transaction in accordance with from subparagraphs (1) to (4), paragraph 3 of this Article.
- (4) The date and price at which the related party originally acquired the real estate, its original trading counterparty, and the counterparty's relationship to the Company and the related party.
- (5) Monthly cash flow forecasts for the coming year commencing from the anticipated month of executing the agreement, and the evaluation of the necessity of the transaction and the reasonableness of the utilization of the funds.
- (6) The appraisal report provided by a professional appraiser and the opinion of a certified public accountant obtained in accordance with the preceding paragraph.



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

The transaction amount under this paragraph shall be calculated in accordance with subparagraph (8), paragraph 1 of Article 14. The term "within one year" as used herein means the year preceding the date of occurrence of this transaction. Items that have been approved by the board of Directors and the audit committee will not be counted towards the calculation.

With respect to the types of transactions listed below use between the Company and its subsidiary, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, if the transaction amount is within NT\$ 500 million, the chairman is authorized to approve the transaction. The chairman's approval shall subsequently be submitted to and ratified by the next board of Directors' meeting:

- (1) Acquisition or disposal of equipment or right-of-use equipment thereof held for business use.
- (2) Acquisition or disposal of real estate right-of-use assets held for business use.

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

3. Assessment of the Reasonableness of Transaction Costs

(1) In the event where the Company acquires real estate or real estate right-of-use assets from a related party, the reasonableness of the transaction costs shall be assessed by the following means:

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

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

the financial institution is a related party to one of the trading counterparties.

- (2) In the event that land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs of the land and building may be evaluated separately in accordance with either of the methods listed in the preceding subparagraph.
- (3) In the event where the Company acquires real estate or real estate right-of-use assets from a related party, the Company shall evaluate the costs of the real estate or real estate right-of-use assets in accordance with paragraph 3, subparagraphs (1) and (2) of this Article, and shall engage a certified public accountant to review the evaluation and render a specific opinion.
- (4) In the event where the Company acquires real estate or real estate right-of-use assets from a related party, and the results of the evaluation conducted in accordance with paragraph 3, subparagraphs (1) and (2) of this Article are uniformly lower than the transaction price, paragraph 3, subparagraph (5) of this Article shall apply. However, this restriction shall not apply in the event that the following events exist, objective evidence has been submitted and specific opinions on their reasonableness from a professional real estate appraiser and a certified public accountant have been obtained:
 - A. In the event where the related party acquires undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (a) Where undeveloped lands are evaluated in accordance with paragraph 3 of this Article, and buildings according to the related party's construction cost plus reasonable construction profit, the cumulative value exceeds the actual transaction price. The term "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years, or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (b) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring lands, where the land area and the transaction terms are similar, after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - B. In the event where the Company acquires real estate or leased real estate right-of-use assets from a related party and provides evidence



that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring land of a similar size by unrelated parties within the preceding year.

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

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

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

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

C. Actions that are taken in accordance with items A and B of this subparagraph shall be reported to a shareholders’ meeting, and the details of the transaction shall be disclosed in the annual (and any other) prospectus.

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

has approved.

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

A. Where the related party acquired the real estate or real estate right-of-use assets by virtue of inheritance or as a gift.

B. Where more than 5 years has lapsed between the time the related party executed the agreement to acquire the real estate or real estate right-of-use assets and the execution date of the current transaction.

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

D. The real estate right-of-use assets for business use are acquired by the Company or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

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

Article 10 Procedures for acquisition or disposal of intangible assets or right-of-use intangible assets or memberships

1. Assessment and Operating Procedures

In the event of the Company's acquisition or disposal of intangible assets or right-of-use intangible assets or memberships, the Company shall abide by the revolving property, plant and equipment procedures in the Company's internal control system.

2. Decision Procedures for Transaction Terms and Authorized Amount

(1) In the event of the Company's acquisition or disposal of intangible assets or right-of-use intangible assets, the terms and price of the transaction shall be determined by referring to an appraisal report issued by an expert or by referring to the fair price in the market, and an analysis report shall be submitted to the president. If the transaction amount is NT\$ 300 million or less, the transaction shall be approved by the president; if the transaction amount is NT\$ 300 million or more, the transaction shall be approved by



the board of Directors.

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

3. Implementation Unit

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

4. The Company shall engage a certified public accountant to render a specific opinion if the transaction amount reach certain condition

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

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

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

Article 12 Procedures for Acquisition or Disposal of Derivatives

1. Trading Principles and Strategies

(1) Types of Derivatives

A. The derivatives engaged by the Company refer to transaction agreements, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rates, index of prices or rates, credit rating or credit index, or other variable;

or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

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

(2) Operation (Hedge) Strategies

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

(3) Segregation of Duties

A. Finance and Accounting Department

(a) Transaction Personnel

- a. Shall be responsible for making the strategies of the Company's all derivatives transactions.
- b. Shall calculate positions every two weeks, collect market information, determine trends and evaluate risks and make operation strategies. The strategies shall serve as the basis for transactions after being approved in accordance with levels of authority.
- c. Shall conduct transactions in accordance with levels of authority and the approved strategies.
- d. Shall in the event where there are material changes to the financial market and where the approved strategies shall not apply after the transaction personnel's determination, deliver evaluation reports at any time and make new strategies. The new strategies shall serve as the basis for transactions after being approved in



accordance with levels of authority.

(b) Accounting Personnel

- a. Shall confirm the completeness of transaction certificates and shall attend to the accounting.
- b. Shall determine whether each transaction was conducted in accordance with levels of authority and the approved strategies.
- c. Shall conduct monthly evaluations and make announcements and reports in accordance with the regulations of the FSC.

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

(d) Levels of Authority for Derivatives

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

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

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

- I. In the event of options transactions undertaken for the purpose of exporting accounts receivable, transactions whose amount are US\$ 50 million or less shall be approved by the president. For transactions whose cumulative net position exceeds US\$ 50 million, the transaction may not be conducted until being approved by the board of Directors.
- II. In the event of transactions for other purposes, transactions whose amounts are US\$ 10 million or less, shall be approved by the president. For transactions whose cumulative net position exceeds US\$ 10 million, the transaction may not be conducted until being approved by the board of Directors.

B. Audit Department

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

C. Performance Evaluation

(a) Hedge transactions

- a. Performance shall be evaluated based on the profits and losses incurred from the currency costs on the Company's books and the derivatives transactions which the Company engaged in.
- b. In order to control and disclose the risk assessment of the transaction, and the Company shall evaluate the profits and losses monthly.
- c. The finance department shall provide the evaluations of foreign exchange positions, trends of foreign exchange markets and market analysis to the president for the reference of its management and instructions.

(b) Transactions other than hedge transactions

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

D. Total Amount of Agreements and Caps on Damages

(a) Total Amount of Agreements

a. Amount of Hedge Transactions

I. Foreign Exchange Positions

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

II. Interest Rates and Others

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

b. Amount of Transactions other than hedge transactions

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



(b) Caps on Damages

a. Hedge Transactions

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

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

b. Transactions other than hedge transactions

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

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

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

2. Risk Management

(1) Credit Risk Management

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

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

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

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

(2) Market Risk Management

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

(3) Liquidity Risk Management

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

(4) Cash Flow Risk Management

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

(5) Operation Risk Management

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

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

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

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

(6) Products Risk Management

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

(7) Legal Risk Management

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

3. Internal Audit System

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

(2) Internal audit personnel shall report the annual internal audit status before the end of next February and the improvements on any irregular situations



before the end of next May to the website designated by the FSC.

4. Periodic Evaluation Method

- (1) The board of Directors shall authorize senior management officers to periodically monitor and evaluate whether derivatives transactions have fully complied with transaction procedures stipulated by the Company and whether the assumed risks are within the approved scope. In the event where there are irregular situations in the market price evaluation report (e.g. the held positions exceed the cap on damages), the board of Directors shall be notified immediately, and adopt appropriate measures.
- (2) The positions of derivatives transactions shall be evaluated at least once a week; however, the positions for hedge transactions shall be evaluated at least twice a month, and the evaluation report shall be submitted to senior management authorized by the board of Directors.

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

- (1) The board of Directors shall appoint senior management to pay continuous attention to monitoring and controlling derivatives transaction risks. The principles are as follows:
 - A. Periodically evaluate whether the risk management measures currently employed are appropriate and comply with laws and regulations, and this Procedure.
 - B. If any irregular situation is discovered in the course of monitoring the transactions and the profits and losses, necessary appropriate measures shall be undertaken, and a report shall be made immediately to the board of Directors, and independent Directors shall be present and express their opinions at the board of Directors' meeting.
- (2) Periodically evaluate whether the performance of the derivatives transactions is consistent with established operational strategy and whether the risk undertaken is within the Company's accepted scope of exposure to risk.
- (3) The Company shall report to the next board of Directors' meeting after it authorizes relevant personnel to handle the derivatives transactions in accordance with this Procedure.
- (4) When engaging in derivatives transactions, the Company shall establish a log book, which shall record in detail the types, amounts, the board of Directors' approval dates and the matters required to be carefully evaluated under subparagraph (2), paragraph 4, and subparagraphs (1) and (2), paragraph 5 of this Article.

Article 13

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

1. Assessment and Operating Procedures

(1) When the Company participates in a merger, spin-offs, acquisition or transfer of shares, it shall engage attorneys, certified public accountants or underwriters to collaboratively propose the timeframe(s) in accordance with the procedure(s) specified in the laws and regulations and shall organize a committee to conduct relevant transactions in accordance with statutory procedure(s). The Company shall, prior to convening the board of Directors to resolve the relevant matters, engage certified public accountants, attorneys or underwriters to provide an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of Directors for deliberation and resolution. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or paid-in capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or paid-in capital.

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

2. Other matters



(1) Date of board of Directors' meeting:

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

(2) Confidentiality:

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

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

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

- A. Increase of cash capital, issuance of convertible corporate bonds, issuance of bonus shares, issuance corporate bonds with stock warrants, preferred stock with stock warrants, stock options and other equity securities.
- B. An action, such as a disposal of major assets, that affects the Company's financial operations.
- C. An event, such as major disasters or major changes in technology, that affects shareholders' equity or the price of securities.
- D. An adjustment where any of the companies, who participates in the

merger, spin-off, acquisition or transfer of shares from another company, buys back treasury stock.

- E. An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition or transfer of shares.
 - F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4) Required contents of contracts:

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

- A. Handling of breach of contract.
 - B. Principles for the processing of previously issued equity securities or purchased treasury shares of a company that is extinguished in a merger or that is spun-off.
 - C. The amount and the principle of the purchase of treasury shares in accordance with the laws after the date of the participating companies' calculation of the share exchange ratio.
 - D. Procedure for handling the increase or decrease in the number of participating companies.
 - E. The estimated progress of the plan and estimated completion date.
 - F. If the plan is not completed within the scheduled timeframe, the scheduled date for convening the legally mandated shareholders meeting and the relevant procedures.
- (5) Changing in the number of companies participating in the merger, spin-off, acquisition or transfer of shares:
- After public disclosure of the information, if any company participating in the merger, spin-off, acquisition or share transfer intends further to carry out a merger, spin-off, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition or share transfer; except that where the number of participating companies decreases and a participating company's shareholders meeting has adopted a resolution authorizing the board of Director to alter the authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.
- (6) When participating in a merger, spin-off, acquisition or transfer of another company's shares, a company that is listed on Taiwan Stock



Exchange or has its shares traded on the OTC market shall prepare a full written record including the following information and preserve the report for 5 years for reference and shall, within 2 days counting inclusively from the date of a resolution by the board of Directors, report (in the prescribed format and via the internet-based information system) the information set out in A and B of the following subparagraphs to the Financial Supervisory Commission:

- A. Basic identification data for personnel: shall include the occupational titles, names and ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the plan or implementation of any merger, spin-off, acquisition or transfer of another company's shares prior to the public disclosure of the information.
 - B. Dates of material events: shall include the dates of signing any letter of intent or memorandum of understanding, engaging a financial or legal advisor, signing a contract and the convening a board of Directors meeting.
 - C. Important documents and minutes: shall include the plans of a merger, spin-off, acquisition or share transfer, any letter of intent or memorandum of understanding, material contracts, and the minutes of board of Directors meeting.
- (7) Where any of the companies participating in the merger, spin-off, acquisitions or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and the subparagraph (1) "Date of Board of Directors' meeting", subparagraph (2) "Confidentiality", subparagraph (5) "Changing in the number of companies participating in the merger, spin-off, acquisition or transfer of shares" and subparagraph (6) of paragraph 2 of this Article shall apply.

Article 14

Procedures of public disclosure

1. Items and standards for public announcement and report

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

- domestic securities investment trust enterprises.
- (2) Mergers, spin-offs, acquisitions or transfers of shares.
 - (3) Losses from derivative transactions reaching the upper limits on aggregate losses of all transactions or the loss of individual transactions set forth in the procedures adopted by the Company.
 - (4) Where the type of asset acquired or disposed is equipment or right-of-use equipment for business use, the trading counterparty is not a related party, and the transaction amount reaches NT\$ 1 billion.
 - (5) Acquisition or disposal by the Company in the construction business of real estate or right-of-use real estate for construction use, where the counterparty is not a related party, and the transaction amount reaches NT\$ 500 million. If the Company disposed the real estate to unrelated party which was built and completed by the Company, the transaction amount will be reached NT\$ 1 billion.
 - (6) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented lands, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale, where the counterparty is unrelated party and the Company's estimated investment amount in the transaction reaches NT\$ 500 million.
 - (7) Where an asset transaction other than any of those referred to in the preceding six provisions or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided that this shall not apply to any of the following circumstances:
 - A. Trading domestic government bonds.
 - B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (8) The amount of the transactions referred to in the above subparagraphs (1) to (7) of this paragraph shall be calculated as follows. The term "Within the preceding year" as used in the paragraph below refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the relevant regulations shall not be counted towards the transaction amount.
 - A. The amount of each individual transaction.
 - B. The cumulative transaction amount of the acquisitions and disposals of the same type of assets with the same counterparty within the preceding year.



- C. The cumulative transaction amount of real estate or right-of-use real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) under the same development project within the preceding year.
 - D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
2. The time required for public announcement and report
- In the event of the Company's acquisitions and disposals of assets, if any transaction details matches the items to be publicly announced in accordance with paragraph 1 of this Article and the transaction amount reaches the threshold set in this Article, a public report of relevant information shall be made within 2 days counting inclusively from the date of occurrence of the event.
3. The procedures for public announcement and report
- (1) The public announcement and report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission.
 - (2) The Company shall compile monthly reports on the status of derivative transactions engaged in up to the end of the preceding month by itself and the subsidiaries which are not domestic public companies and upload the information in the prescribed format, by the 10th day of each month, into the information reporting website designated by the Financial Supervisory Commission.
 - (3) When the Company at the time of public announcement makes an error or omission in an item required by the regulations to be publicly announced and is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days counting inclusively from the date of knowing of such error or omission.
 - (4) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions issued by certified public accountants, attorneys or underwriters at the Company's headquarters. Except as otherwise provided by other laws or regulations, such documents shall be preserved for at least 5 years.
 - (5) Where any of the following circumstances occur with respect to a transaction that the Company has already publicly announced and reported in accordance with this Article, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission within 2 days

counting inclusively from the date of occurrence of the event:

- A.Changes, termination or rescission of a contract regarding the original transaction.
- B.The merger, spin-off, acquisition or transfer of shares is not completed by the scheduled date set forth in the contract.
- C.Changes to the information originally publicly announced and reported.

Article 15

Procedures complied with by the Company's subsidiaries

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

Article 16

Penalties

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

Article 17

Implementation and amendment

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



of the board of Directors' meeting.

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

Article 18

Supplementary Provision

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

Appendix 5

POU CHEN CORPORATION

Shareholdings of All Directors

Effective Date: April 17, 2022

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

(1) The Company's paid-in capital (as of April 17, 2022) is NT\$29,467,872,130. The number of outstanding shares is 2,946,787,213.

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

