

Pan Asia Chemical Corporation

The 2021 Annual Meeting of Shareholders

Annual meeting handbook

June 3, 2021

Meeting Agenda of the 2021 Shareholders General Meeting of Pan Asia Chemical Corporation

Meeting Time: 9:00 am, Thursday, June 3, 2021

Location: 3F., No. 350, Songjiang Rd., Zhongshan Dist., Taipei City
(Meeting room 2)

1. Call the Meeting to Order
2. Chairperson Remarks
3. Company Reports
 - (1) Present the 2020 Business Results.
 - (2) Audit Report of the Auditing Committee.
 - (3) The 2020 distribution of remuneration to employees and directors.
 - (4) Report about amendment to the “Rules of Procedure for Meetings of Board of Directors.”
4. Proposals
 - (1) Confirm the Company’s 2020 business report and financial report.
 - (2) Acknowledging the Company's 2020 Earnings Distribution.
5. Discussion
 - (1) Amendment to the “Rules of Procedure for Shareholder Meeting”.
 - (2) Discuss the capitalization of profit to issue new shares.
6. Questions and Motions
7. Adjournment

Management Presentation (Company Reports)

- I. Presenting the 2020 Business report. (please see page 9, 10 of this manual)
- II. Please review the audit report from the audit committee. (please see page 11 of this manual)
- III. The Company intends to allocate 1% of the 2020 profit as the employee remuneration, an amount of NT\$2,596,778, and 0.3% as directors' remuneration, an amount of NT\$779,033.
- IV. Report about partial amendment to the Company's "Rules of Procedure for Meetings of Board of Directors" for acknowledgement. (please see page 12 of this manual)

Proposals

1. Proposed by the board of directors

Proposal: The Company's 2020 business and financial reports have been completed and the reports also have been audited and validated by the certified public accounts, Wen-Ya Hsu and Su-Huan Yu, of Deloitte Taiwan.

Description: Business report (please refer to page 9, 19 of this manual).
Independent auditor's report and financial report (please refer to pages 13 to 18 of this manual).

Resolutions:

2. Proposed by the board of directors

Subject: Acknowledging the Company's 2020 Earnings Distribution.

Description: The Company's 2020 distributable earnings is NT\$717,254,452, and cash dividends of NT\$0.15 per share and stock dividends of NT\$0.85 per share is proposed to be distributed to shareholders. For details, please see the earnings distribution table (page 19 of this manual).

Resolutions:

Discussions

1. Proposed by the board of directors

Subject: Report about partial amendment to the Company’s “Rules of Procedure for Shareholders Meetings.” Please resolve the decision as appropriate.

Descriptions: The amendment is duly conducted exactly in accordance with “Rules of Procedure for Shareholders Meetings of OO Co., Ltd.” promulgated under Letter Zheng-Gui-Jian-Zi-10900582661 of Taipei Exchange (TPEX) dated June 12, 2020 and Letter Zheng-Gui-Jian-Zi-11000519042 of Taipei Exchange (TPEX) dated February 9, 2021. Please refer to the Table of Contents Before & After Amendment in Comparison for details (Cf. p.20 of the present Handbook).

Resolutions:

Proposed by the board of directors

Subject: Proposing to have new shares issued through capitalization of earnings in 2020, please submitted to be resolved.

- Descriptions:
- (1) The Company for business needs plans to appropriate stock dividends of NTD256,979,110 from the 2020 distributable earnings with 25,697,911 shares issued at the ratio of 85 shares distributed per thousand shares at NTD10 par.
 - (2) The earnings distribution is calculated in accordance with the shareholders and their respective shareholding ratio in the register of shareholders. Fractional share distribution is to be consolidated by shareholders and registered with the Company's Stock Department for stock consolidation within five days from the record date. Fractional share that is not consolidated or remains a fractional share after consolidation should be paid with an equivalent cash amount (rounded up to the dollar). Fractional shares will be purchased by persons arranged by the Chairman as authorized by the Board. In the event of the changes in the Company's capital and issuance of new shares resulting in impacts to number of shares outstanding and distribution ratio, the shareholders are to authorize the chairman to make any necessary adjustments.
 - (3) The capitalization of retained earnings into new shares is pending on the final approval of the General Meeting of Shareholders and the approval of the competent authority. Once approved, the General Meeting of Shareholders is requested to authorize the Board of Directors to set the dividend day.
 - (4) The terms and conditions of the capitalization of retained earnings into new shares may be subject to alteration at the request of the competent authority. The General Meeting of Shareholders is requested to authorize the Board of Directors with full power of attorney to make such alteration as per the request of the competent authority.
 - (5) The shareholder's rights and obligations for the new shares are the same as those of the existing shares.

Resolutions:

Questions and Motions

Appendices

2020 business report of Pan Asia Chemical Corporation

1. Operation strategies

- (1) Focus on core businesses, improve quality and enhance customer service.
- (2) Improve operational performance, integrate resources, study value-added products and improve competitiveness in the market.
- (3) Strengthen organizational operations, promote labor-management coordination and improve advantages for the Company's sustainability.

2. Overview of Implementation

- (1) The Company would try to firmly dominate the source of upstream raw material supply, help smooth out the production to assure stable supply and would further set a win-win strategy for mutual benefit and coexistence with downstream customers.
- (2) Our Company would, as well, exploit the competitiveness in the marketing channels, consolidate and develop domestic and overseas markets. At the same time, we shall closely coordinate with industry upgrades and customer needs to develop high value-added products, and OEM products to maximize our competitiveness in the entire industry.
- (3) In the vertical industry development, development in the esterification product market and spinning finish market, we shall put forth maximum possible efforts to maximize corporate revenue, and enhance the industrial technology level, goodwill image and business benefits.

3. Business plan execution and achievement

In the year 2020, the Company's operating income came to NT\$1,457,681 thousand, operating costs and expenses came to NT\$1,415,835 thousand, operating net profit came to NT\$41,846 thousand, non-operating income (expenditure) came to NT\$214,456 thousand, net profit before tax came to NT\$256,302 thousand, income tax expense came to NT\$8,371 thousand and net profit after tax for the current period came to NT\$247,931 thousand.

4. Operating income and expenditure budget implementation situation

In the company's budget for the year 2020, the Company was not required to announce financial forecasts according to law.

5. Profitability analysis

Unit: thousand dollars

Item		2020	
Revenue and expenses	Operating revenue	1,457,681	
	Gross profit	145,525	
	Profit after tax	247,931	
Profitability analysis	Return on assets (%)	3.42	
	Return on shareholders' equity (%)	4.86	
	As a percentage of paid up capital (%)	Operating profit	1.38
		Income before taxation	8.48
	Net profit rate (%)		17.01
	Earnings per share (NTD)		0.82

6. Research and development

- (1) Development of POY/SDY spinning oil agent
- (2) Development of esterified nonionic surfactants
- (3) Development of anionic and cationic surfactants
- (4) Development of nonionic surfactants for special products
- (5) Development of esterified products and surfactants for cosmetics and personal cleansing products
- (6) Development of esterified products for a variety of purposes

Chairman: Kuei-Hsien Wang

Manager: Jeh-Yi Wang

Accounting Supervisor: Wen Yu-Tao

Audit Committee' Review Report of Pan Asia Chemical Corporation

The board of directors has submitted the Company's 2020 business and financial reports and profit distribution table have been audited and validated by the certified public accounts, Wen-Ya Hsu and Su-Huan Yu, of Deloitte Taiwan. The reports are to be presented in accordance with Article 14-4 of the Securities and Exchange Act.

To:

The 2021 Annual General Shareholders' Meeting

Audit Committee

Convener: Lung-Teng Chen

March 15, 2021

Table of Contents Before & After Amendment in Comparison of Rules of Procedure for Meetings of Board of Director of Pan Asia Chemical Corporation

Clause	Provisions after amendment	Provisions before amendment	Reasons behind amendments
Article 11	<p>The Company's board meeting shall be processed in accordance with the proceedings scheduled in the meeting notice; however, it can be changed with the consent of a majority of the directors presented. The chairperson shall not announce adjournment of the meeting before the end of the meeting agenda contents mentioned in the preceding paragraph unless approved by one half majority of the present directors.</p> <p>Amidst the course of the board meeting, if the number of directors present in the course does not reached one half majority of the total present directors, upon proposal by a present director(s), the chairperson shall announce suspension from the meeting process to which the provisions set forth under Paragraph 5, Article 8 shall <i>mutatis mutandis</i> apply.</p>	<p>The Company's board meeting shall be processed in accordance with the proceedings scheduled in the meeting notice; however, it can be changed with the consent of a majority of the directors presented. The chairperson shall not announce adjournment of the meeting before the end of the meeting agenda contents mentioned in the preceding paragraph unless approved by one half majority of the present directors.</p> <p>Amidst the course of the board meeting, if the number of directors present in the course does not reached one half majority of the total present directors, upon proposal by a present director(s), the chairperson shall announce suspension from the meeting process to which the provisions set forth under Paragraph 3, Article 8 shall <i>mutatis mutandis</i> apply.</p>	Applicable to item number
Article 12	<p>The following matters shall be submitted to the Company's Board of Directors for discussion:</p> <ol style="list-style-type: none"> 1. The Company's operating plan 2. The annual financial statement and second quarter financial statement subject to verification by a certified public accountant(s). <p>(Omitted hereinafter)</p>	<p>The following matters shall be submitted to the Company's Board of Directors for discussion:</p> <ol style="list-style-type: none"> 1. The Company's operating plan 2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be CPA audited and attested. <p>(Omitted hereinafter)</p>	Adjustment of Subparagraph 2, Paragraph 1 in response to amendment to Article 14-5 of the Securities and Exchange Act.

Certified public accountant Audit Report of Pan Asia Chemical Corporation

To Pan Asia Chemical Corporation:

Audit opinions

We have audited the accompanying balance sheet of Pan Asia Chemical Corporation as of December 31, 2020 and 2019, and the related statement of income, statement of changes in shareholders equity, statement of cash flows, and Note of the financial statements (including major accounting policy) for the years then ended.

According to our certified public accountant opinions, the aforementioned financial statements have been prepared for all material aspects in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards Board (IASB), interpretation and interpretation public announcement promulgated by and validated under Regulations Governing the Preparation of Financial Reports by Securities Issuers and acknowledged by the Financial Supervisory Commission, adequate enough to fairly express the financial conditions of Pan Asia Chemical Corporation as of December 31, 2020 and 2019 and financial performance and cash flow status of Pan Asia Chemical Corporation during January 1–December 31, 2020 and 2019.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the financial statements. We are independent of Pan Asia Chemical Corporation in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of Pan Asia Chemical Corporation, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matter that, in our professional judgment, were of most significant in our audit of the financial statements of Pan Asia Chemical Corporation in 2020. These matters were addressed in the content 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 those matters.

Key audit procedures of the financial statements of Pan Asia Chemical Corporation in 2020 included:

Recognition of sales revenues of specific targets.

Pan Asia Chemical Corporation's primarily engages in such business as manufacturing and processing of various non-ionic surfactants, trading and import and export business, which could be divided into two parts: Ethylene oxide derivative products and esterified products. Under the Auditing Standards Bulletin prevalent in Taiwan, the revenue is recognized as having a risk of fraud. Accordingly, the sales revenues received from application sales targets are deemed an issue for key audit. On revenue recognition accounting policy and department revenue and operating result, please refer to Notes 4 and 34 of Notes to Financial Statements for more details.

Pursuant to the consideration of Pan Asia Chemical Corporation's industrial characteristics and primary operating conditions in recent years, we, the certified public accountant, perform the following procedures to respond to potential audit risks:

1. Looking into, evaluating and testing the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. We obtained the sales revenue details of the specific sales objects in the year 2020, and sample audited the original purchase orders, shipping orders, invoices and other related documents of the subject transactions, and further checked with the entered amounts to confirm the authenticity of the revenues.
3. Sampling inspection of the circumstances of sales returns and discounts and the collection after the periods to confirm the reasonableness of revenue recognition.

Responsibilities of Management and Those in Charge with Governance of the Financial Statements

The management is supposed to assume the responsibility to prepare and maintain financial statements that are rationally expressed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards Board (IASB), explanation and explanatory announcement acknowledged and promulgated by the Financial Supervisory Commission with effort to maintain the necessary internal control system to assure that the financial statements are free of existence of fraudulent or erroneous material expression.

In preparing the financial statements, the management is responsible for assessing the ability of Pan Asia Chemical Corporation as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate Pan Asia Chemical Corporation or to create operations, or has no realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting

process of Pan Asia Chemical Corporation.

Auditor's 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 auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the accounting principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered materials, 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 accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

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 risks, and obtain evidence that is sufficient and appropriate to provide a basis of 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 internal control effective in Pan Asia Chemical Corporation.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Pan Asia Chemical Corporation and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Pan Asia Chemical Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the statements, including related notes, whether the statements represent the underlying transactions and events in a matter that achieves fair presentation.

We communicate with those in charge of 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 in charge of 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 in charge of governance, we determine those matters that were of most significance in the audit of the financial statements of Pan Asia Chemical Corporation of 2020 and are therefore the key audit matters. We describe these matters in our auditor's 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 communications.

Deloitte & Touche

CPA: Hsu Wen-Ya

Accountant: Su-Huan Yu

Securities and Futures Commission Approval
No.

Tai-Tsai-Cheng (VI) No. 0920123784

Securities and Futures Commission Approval No.

Tai-Tsai-Cheng (VI) No. 0920123784

March 15, 2021

Pan Asia Chemical Corporation
Balance Sheets
December 31, 2020 and 2019

Unit: NTD thousand

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents	\$ 632,489	7	\$ 436,294	6
1110	Financial assets at fair value through profit or loss- current	62,072	1	47,587	1
1150	Notes receivable	17,096	-	26,603	-
1170	Accounts receivable	199,850	2	165,725	2
1200	Other receivables	6,085	-	10,381	-
1220	Current income tax asset	-	-	270	-
1310	Inventory	115,840	2	197,846	3
1410	Prepayments	17,191	-	17,017	-
1470	Other current assets	14,999	-	1,500	-
11XX	Total current assets	<u>1,065,622</u>	<u>12</u>	<u>903,223</u>	<u>12</u>
	Non-Current assets				
1517	The financial assets measured for the fair values through other comprehensive income- non-current	3,300,544	38	2,540,531	34
1550	Investment under the equity method	3,260,307	38	2,966,035	40
1600	Property, plant and equipment-net	988,193	12	1,060,372	14
1755	Right-of-use assets	8,519	-	14,474	-
1780	Intangible assets – net	55	-	190	-
1840	Net deferred income tax assets	6,102	-	13,371	-
1900	Other assets	26,938	-	26,906	-
15XX	Total non-current assets	<u>7,590,658</u>	<u>88</u>	<u>6,621,879</u>	<u>88</u>
1XXX	Total assets	<u>\$ 8,656,280</u>	<u>100</u>	<u>\$ 7,525,102</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Shot-term borrowings	\$ 980,000	11	\$ 650,000	9
2110	Short-term notes payable	400,000	5	400,000	5
2170	Accounts payable	37,840	-	56,613	1
2180	Accounts payable - related parties	93,043	1	166,020	2
2200	Other payables	48,898	1	56,598	1
2230	Current Tax Liability	39	-	2,689	-
2280	Lease liabilities – current	5,710	-	5,883	-
2320	Current portion of long-term liabilities	579,000	7	629,000	8
2399	Other current liabilities	20,501	-	16,817	-
21XX	Total of current liabilities	<u>2,165,031</u>	<u>25</u>	<u>1,983,620</u>	<u>26</u>
	Non-current liabilities				
2540	Long-term borrowings	791,000	9	905,000	12
2570	Deferred tax liabilities	40,896	1	40,896	1
2580	Lease liabilities – noncurrent	2,883	-	8,593	-
2640	Net determined benefit liability	20,726	-	19,141	-
2645	Deposits received	2,000	-	2,000	-
25XX	Total non-current liability	<u>857,505</u>	<u>10</u>	<u>975,630</u>	<u>13</u>
2XXX	Total liabilities	<u>3,022,536</u>	<u>35</u>	<u>2,959,250</u>	<u>39</u>
	Equity				
3110	Common stock capital	3,023,284	35	2,865,672	38
3200	Capital surplus	872,725	10	872,725	12
	Retained earnings				
3310	Legal reserve	218,640	3	189,610	2
3320	Special reserve	168,568	2	123,164	2
3350	Undistributed earnings	701,144	8	683,248	9
	Other equity				
3410	Exchange differences from the translation of financial statements of foreign operations	(6,739)	-	(5,340)	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	656,122	7	(163,227)	(2)
3XXX	Total equity	<u>5,633,744</u>	<u>65</u>	<u>4,565,852</u>	<u>61</u>
	Total Liabilities and Equity	<u>\$ 8,656,280</u>	<u>100</u>	<u>\$ 7,525,102</u>	<u>100</u>

Chairman: Kuei-Hsien Wang

Manager: Jeh-Yi Wang

Accounting Supervisor: Wen Yu-Tao

Pan Asia Chemical Corporation
Statement of comprehensive income
January 1 to December 31, 2020 and 2020

Unit: NTD thousands, except Earnings Per Share (NTD)

Code		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue	\$ 1,457,681	100	\$ 1,711,425	100
5000	Operating cost	<u>1,312,156</u>	<u>90</u>	<u>1,562,597</u>	<u>91</u>
5900	Gross profit	<u>145,525</u>	<u>10</u>	<u>148,828</u>	<u>9</u>
	Operating expenses				
6100	Marketing expenses	51,294	3	52,523	3
6200	Administration expenses	52,126	4	46,526	3
6450	Expected credit impairment loss	<u>259</u>	<u>-</u>	<u>1,388</u>	<u>-</u>
6000	Total operating expenses	<u>103,679</u>	<u>7</u>	<u>100,437</u>	<u>6</u>
6900	Net Operating Income	<u>41,846</u>	<u>3</u>	<u>48,391</u>	<u>3</u>
	Non-operating revenues and expenses				
7050	Financial costs	(36,178)	(3)	(36,626)	(2)
7060	Shareholding in the affiliated companies and joint ventures under the equity method	230,860	16	246,038	14
7100	Interest revenue	8,707	1	9,256	-
7130	Dividend income	642	-	25,087	1
7010	Other income	16,165	1	10,377	1
7235	The profit in financial assets at fair value through profit and loss	14,485	1	1,587	-
7590	Miscellaneous income	(80)	-	(330)	-
7610	Losses from disposal of property or equipment	(284)	-	-	-
7630	Foreign exchange gain (loss) – net	(19,861)	(1)	(5,880)	-
7000	Total non-operating revenues and expenses	<u>214,456</u>	<u>15</u>	<u>249,509</u>	<u>14</u>
7900	Income before tax from continuing operations	256,302	18	297,900	17
7950	Income tax expenses	(8,371)	(1)	(7,606)	-
8200	Net income	<u>247,931</u>	<u>17</u>	<u>290,294</u>	<u>17</u>
	Other comprehensive profit or loss				
8310	The items that are not re-classified as profit or loss				
8311	Reevaluation of determined benefit plan	(2,320)	-	6,676	-
8316	Unrealized valuation gains or losses of equity instruments investments in financial assets measured at FVTOCI	847,664	58	(330,446)	(19)
8320	The proportion of other comprehensive incomes from associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss	13,159	1	9,720	1
8349	Incomes tax related to titles not subject to reclassification	464	-	(1,335)	-
	Items that may be re-classified subsequently under profit or loss				
8367	Unrealized valuation gain and loss of debt instruments investments in financial assets measured at FVTOCI	4,052	-	-	-
8370	The share of other comprehensive investment in affiliated enterprise(s) and joint venture recognized using the equity method-items likely to be reclassified to profits and losses	<u>13,320</u>	<u>1</u>	(443)	-
8300	Current period other comprehensive income (post-tax profit or loss)	<u>876,339</u>	<u>60</u>	(315,828)	(18)
8500	Current period other comprehensive income (Gross)	<u>\$ 1,124,270</u>	<u>77</u>	(\$ 25,534)	(1)
	Earnings per share				
	Business units in continuing operation				
9710	Basic	\$ 0.82		\$ 0.96	
9810	Diluted	\$ 0.82		\$ 0.96	

Chairman: Kuei-Hsien Wang

Manager: Jeh-Yi Wang

Accounting Supervisor: Wen Yu-Tao

Pan Asia Chemical Corporation
Statement of changes in equity
January 1 to December 31, 2020 and 2020

Unit: NTD thousand

Code		Retained earnings					Other equity		Total equity
		Capital stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	
A1	Balance as of January 1, 2019	\$ 2,678,198	\$ 872,725	\$ 164,898	\$ 123,164	\$ 629,302	(\$ 2,018)	\$ 151,899	\$ 4,618,168
	The 2018 appropriation and distribution of earnings								
B1	Legal reserve appropriated	-	-	24,712	-	(24,712)	-	-	-
B5	Cash dividends	-	-	-	-	(26,782)	-	-	(26,782)
B9	Stock dividends	187,474	-	-	-	(187,474)	-	-	-
D1	2019 Profit	-	-	-	-	290,294	-	-	290,294
D3	Other comprehensive net income in 2019	-	-	-	-	2,620	(3,322)	(315,126)	(315,828)
D5	Total comprehensive profit and loss in 2019	-	-	-	-	292,914	(3,322)	(315,126)	(25,534)
Z1	Balance as of December 31, 2019	2,865,672	872,725	189,610	123,164	683,248	(5,340)	(163,227)	4,565,852
	The 2019 appropriation and distribution of earnings								
B1	Legal reserve appropriated	-	-	29,030	-	(29,030)	-	-	-
B3	Special reserve appropriated	-	-	-	45,404	(45,404)	-	-	-
B5	Cash dividends	-	-	-	-	(42,984)	-	-	(42,984)
B9	Stock dividends	157,612	-	-	-	(157,612)	-	-	-
D1	2020 Profit	-	-	-	-	247,931	-	-	247,931
D3	Other comprehensive profit and loss after tax in 2020	-	-	-	-	(1,944)	(1,399)	879,682	876,339
D5	Total comprehensive profit and loss in 2020	-	-	-	-	245,987	(1,399)	879,682	1,124,270
C7	Change of associated enterprises accounted for under the equity method and equity joint venture	-	-	-	-	(13,019)	-	(375)	(13,394)
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income:	-	-	-	-	59,958	-	(59,958)	-
Z1	Balance as of December 31, 2020	\$ 3,023,284	\$ 872,725	\$ 218,640	\$ 168,568	\$ 701,144	(\$ 6,739)	\$ 656,122	\$ 5,633,744

Chairman: Kuei-Hsien Wang

Manager: Jeh-Yi Wang

Accounting Supervisor: Wen Yu-Tao

Pan Asia Chemical Corporation
Statement of Cash Flows
January 1 to December 31, 2020 and 2020

Unit: NTD thousand

Code		2020	2019
	Cash flow from operating activities		
A10000	Current year net profit before taxation	\$ 256,302	\$ 297,900
A20010	Profits and loss		
A20100	Depreciation expenses	80,757	78,874
A20200	Amortization expenses	135	135
A20300	Expected credit impairment loss	259	1,388
A20400	Net benefit of financial assets measured at fair value through profit and loss	(14,485)	(1,587)
A20900	Financial costs	36,178	36,626
A21200	Interest revenue	(8,707)	(9,256)
A21300	Dividend income	(642)	(25,087)
A22300	Shareholding in profit or loss of affiliated company and joint ventures under the equity method	(230,860)	(246,038)
A22500	Loss on disposal and scrapping of property, plant and equipment	284	-
A23200	Gains from disposal of investment accounted for using equity method	(258)	-
A30000	Net change in operating assets and liabilities		
A31150	Accounts receivable	(20,581)	(41,505)
A31200	Inventory	82,006	4,537
A31230	Prepayments	(174)	(5,548)
A32150	Payables	(99,410)	85,914
A32230	Other current liabilities	3,684	9,895
A32240	Net determined benefit liability	(735)	(10,465)
A33000	Cash generated from operating activities	83,753	175,783
A33100	Interest received	8,707	9,256
A33200	Dividends received	60,133	81,637
A33300	Interest payment	(36,218)	(36,981)
A33500	Income tax payment	(3,018)	(918)
AAAA	Net cash inflow from operating activities	<u>113,357</u>	<u>228,777</u>
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	(5,562)	(198,012)
B00100	Acquisition of financial assets measured by fair value through income	-	(46,000)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	95,945	-
B00030	De-capitalization refunded monies of financial assets at fair value through other comprehensive profit or loss (decrease)	1,320	-
B01800	Acquisition of investment under the equity method	(109,560)	-
B02700	Purchase of property, plant, and equipment	(2,907)	(11,776)
B06500	Increase in other current assets	(13,499)	-
B03700	Increase in refundable deposits	(32)	(1,952)
BBBB	Net cash outflow from investing activities	<u>(34,295)</u>	<u>(257,740)</u>
	Cash flow from financing activities		
C00100	Increase (decrease) in short-term loans	330,000	(930,000)
C00500	Increase in short-term notes payable	-	100,000
C01600	Proceeds from long-term loan	150,000	1,700,000
C01700	Re-payments of long-term borrowings	(314,000)	(718,000)
C04020	Repayment of rental principal	(5,883)	(3,020)
C04500	Cash dividend released	(42,984)	(26,782)
CCCC	Net cash inflow from financing activities	<u>117,133</u>	<u>122,198</u>
EEEE	Amounts of increase in cash & cash equivalents	196,195	93,235
E00100	Balance of cash and cash equivalents, beginning of period	<u>436,294</u>	<u>343,059</u>
E00200	Balance of cash and cash equivalent, end of period	<u>\$ 632,489</u>	<u>\$ 436,294</u>

Chairman: Kuei-Hsien Wang

Manager: Jeh-Yi Wang

Accounting Supervisor: Wen Yu-Tao

Pan Asia Chemical Corporation
Statement of Retained Earnings
2020

Unit: NTD

Item	Amount	Amount
Opening undistributed earnings		408,218,510
Effect of retroactive applicability and recompilation		-
Adjusted unappropriated earnings - beginning		408,218,510
Disposal to transfer of equity investment measured at fair value through other comprehensive gains and losses to retained earnings		59,957,984
Retained earnings adjusted due to investments accounted for using equity method		(13,108,267)
The defined benefit plans re-measured amount is recognized in the "retained earnings" account.		(1,856,202)
Unappropriated adjusted earnings		453,212,025
Add: Net income		247,931,188
Less: Legal reserve appropriated (10%)		(29,292,470)
Add: Reversal of special reserve		45,403,682
Current distributable earnings		717,254,452
Stock dividend (NT\$0.85 per share)	(256,979,110)	
Cash dividend (NT\$0.15 per share)	(45,349,256)	(302,328,366)
Closing undistributed earnings		414,926,059

Chairman: Kuei-Hsien Wang Manager: Jeh-Yi Wang Accounting Supervisor: Wen Yu-Tao

Table of Contents Before & After Amendment in Comparison of Rules of Procedure for Shareholders Meetings, Pan Asia Chemical Corporation

Clause	Provisions after amendment	Original clause	Reasons behind amendments
Article 3	<p>(Paragraph 1 to Paragraph 3 omitted)</p> <p>Such act(s) as to elect or discharge a director, amend the Articles of Incorporation, reduce capital, apply for discontinuity from public offering, from permit for director prohibition of business strife, turn earnings into capital increase, turn the reserve into capital increase, dissolve the Company, merger or demerger or any affairs set forth under all subparagraphs of Paragraph 1, Article 185 of the Company Act, affairs set forth under Article 26-1, Article 43-6 of Securities and Exchange Act, Article 56-1 and Article 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall have the major contents duly enumerated and explained in the convening agenda and shall not be proposed by means of an extemporaneous (unscheduled) motion.</p> <p>The reason for the convening of the shareholders' meeting is indicated as a full re-election of directors, and the date of assuming office is specified. After the re-election in the shareholders' meeting is completed, the date of assuming office shall not be changed via an extraordinary motion or other means at the same meeting.</p> <p>Shareholders holding more than 1% of the total issued shares may submit to the Company a proposal for a general shareholders' meeting and the number of proposal shall be limited to one. If the number of proposal submitted is more than one, such proposals shall not be included in the agenda. In addition, the Board may have the proposals of shareholders that fall under the circumstances stated in Article 172-1 Paragraph 4 of the Company Act excluded from meeting discussions. A shareholder (s) is(are) entitled to submit a proposal to urge the Company to promote public interests or to fulfill corporate social responsibility (CSR). In procedures, such a proposal should be limited to one item in accordance with Article 172-1 of the Company Act. The item(s) in excess of one item in the proposal shall not be covered into the proposal. (Omitted hereinafter)</p>	<p>(Paragraph 1 to Paragraph 3 omitted)</p> <p>For the election or dismissal of directors, change of Articles of Incorporation, reduction of capital, application for suspension of public offering, non-competition approval for directors, transfer of earnings to additional paid-in capital, transfer of reserve to additional paid-in capital, company dissolution, merger or division, or items in Paragraph 1 of Article 185 of the Company Act, the reason shall be listed with the main contents thereof stated and they shall not be put forward via an extraordinary motion; the main contents may be referred to on the website designated by the securities authority or by the Company, and the website address shall be specified in the notice.</p> <p>The reason for the convening of the shareholders' meeting is indicated as a full re-election of directors, and the date of assuming office is specified. After the re-election in the shareholders' meeting is completed, the date of assuming office shall not be changed via an extraordinary motion or other means at the same meeting.</p> <p>Shareholders holding more than 1% of the total issued shares may submit to the Company a proposal for a general shareholders' meeting and the number of proposal shall be limited to one. If the number of proposal submitted is more than one, such proposals shall not be included in the agenda. A shareholder proposal proposed for urging a 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, the Board may have the proposals of shareholders that fall under the circumstances stated in Article 172-1 Paragraph 4 of the Company Act excluded from meeting discussions.</p> <p>(Omitted hereinafter)</p>	<p>An amendment duly conducted in coordination with the requirements by the competent authority.</p>
Article 9	<p>(Paragraph 1 omitted)</p> <p>The Chairperson shall announce start of the meeting when the time is up and shall, meanwhile, promulgate the relevant information regarding the number of non-voting shareholders and the total number of shares represented by present shareholders. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the shareholding of the attending shareholders remaining do not constitute more than one third of the total number of shares issued after the two postponements, the Chairperson may announce to have the meeting aborted. (Omitted hereinafter)</p>	<p>(Paragraph 1 omitted)</p> <p>The Chairperson shall call the meeting to order at the meeting time. If the shareholding of the attending shareholders is not more than half of the total number of shares issued, the Chairperson may announce the meeting postponed, which is limited to two postponements and for less than one-hour in total. If the shareholding of the attending shareholders remaining do not constitute more than one third of the total number of shares issued after the two postponements, the Chairperson may announce to have the meeting aborted.</p> <p>(Omitted hereinafter)</p>	<p>Amendment to Paragraph 2 in order to improve corporate governance and safeguard interests of shareholders.</p>
Article 14	<p>At the moment while shareholders elect directors, the election shall be duly conducted in consonance with the relevant election rules enacted by the Company. The election outcome shall be announced on-the-spot, including the list of elected directors, voting powers attempt to promote corporate governance as won by them in the election; list of unsuccessful director candidates and the voting power obtained thereby. (Omitted hereinafter.)</p>	<p>When the shareholders meeting elect directors, the election shall take place in accordance with the applicable election rules established by the Company and the result of the election shall be announced on site, including the list of elected directors and the weights received.</p> <p>(Omitted hereinafter.)</p>	<p>Same as above.</p>

Directors' Shareholdings

1. All directors minimum shareholding and the shareholdings listed in the registry of shareholders:

Title	Shareholdings	Shareholdings registered in the registry of shareholders	Remark
Director	12,093,134	34,239,976	

Note: Ex-transfer date on April 5, 2021

2. All Directors shareholding list:

Title	Name	Quantity of Shares	Ratio of Shareholding
Chairman	Chung Chien Investment Co., Ltd. Representative: Kuei-Hsien Wang	15,491,507	5.12%
Director	Sheng Jen Knitted Textiles Co., Ltd. Representative: Kuei-Hsien Wang	18,748,469	6.20%
Independent director	Lung-Teng Chen	0	0
Independent director	Kuo-Fu Hsiao	0	0
Independent director	Kuo-Ming Chang	0	0
Director	Chung Chien Investment Co., Ltd. Representative: Jeh-Yi Wang	15,491,507	5.12%
Director	Sheng Jen Knitted Textiles Co., Ltd. Representative: Hung-Yang Wu	18,748,469	6.20%

Articles of Incorporation of Pan Asia Chemical Corporation

Chapter 1 General rules

- Article 1: The Company is organized as Pan Asia Chemical Corporation in accordance with the provisions of the Company Act.
- Article 2: The businesses operation of the company is as follows:
1. C801020 Petrochemical manufacturing.
 2. C802090 Manufacture of Cleaning Preparations.
 3. D101050 Combined Heat and Power.
 4. F212011 Gas Stations.
 5. F212061 Automobile Liquefied Petroleum Gas Station.
 6. H701010 Housing and Building Development and Rental
 7. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company is entitled to render mutual guarantees for the counterpart firms in the same industry; in addition, the reinvestment by the Company is free of the restriction within 40% of the Company's capital.
- Article 4: The Company is headquartered in Taipei City and may set up its branches, factories in various venues at home and abroad as the actual requirements may justify.

Article 5: (Deleted)

Chapter 2 Stock shares

- Article 6: The total capital of the Company is NT\$4.8 billion divided into 0.48 billion shares, with a face value of NT\$10 per share. The board is authorized to issue the unissued shares in separate batches.
- Whenever the Company intends to transfer shares to employees at a price below the average price of the actual shares repurchased, the Company shall, prior to the transfer, pose to the motion to the shareholders' meeting to be passed with a decision resolved by a two-thirds majority vote in the meeting which is attended by shareholders who represent one half majority of the total outstanding shares.
- Whenever the Company intends to issue employee stock option certificates at a price below the Company's common share price closed on the date of issuance, the Company shall, prior to the issuance, pose the motion to the shareholders' meeting to be passed with a decision resolved by a two-thirds majority vote in the meeting which is attended by shareholders who represent one-half majority of the total outstanding shares.
- Article 7: Where the Company issues new shares in accordance with the requirements set forth under the Company Act, the Company may issue in a means of disembodied (book entry) share certificates.
- Article 8: The Company shall take charge of equity affairs exactly in accordance with the requirements promulgated by the competent authority.
- ## Chapter 3 Shareholders Meetings
- Article 9: The Company's shareholders' meeting is classified into two categories, i.e. shareholders' regular meeting and special shareholders' meeting. A shareholders' meeting shall be duly convened in accordance with the Company Act and the Company's Rules of Procedure for Shareholders Meetings.
- Article 10: The proxy forms of the Company for shareholders to participate in a meeting

shall be duly handled in accordance with the requirements promulgated by the competent authority.

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

Chapter 4 Directors and supervisors

Article 11: The Company has five–seven directors, to be duly elected according to law from candidates with disposing capacity, with three-year tenure of office, entitled to be reelected.

The number of directors mentioned in the preceding Paragraph shall include three independent directors. The independent directors shall be elected under candidates nomination system. The shareholders shall elect independent directors from the list of independent director candidates exactly in accordance with Article 192–1 of the Company Act.

The Company shall, in accordance with the requirements set forth under Article 14 of Securities and Exchange Act, duly organize the Audit Committee through the entire independent directors.

Members of the Audit Committee, the exercise of powers, and other compliance matters should be handled in accordance with the relevant laws and regulations or the Company Corporate Charter (Articles of Incorporation). The organizational rules are to be prescribed by the Board separately.

Article 12: The aggregate total shares held by all directors of the Company shall not be below the percentage promulgated by the competent authority.

Article 13: The directors shall organize the board of directors. By attendance of two-thirds majority of directors and by one-half majority vote of the attending directors, one chairman shall be duly elected from among the directors.

Article 13-1: The convening of the board meeting shall be accompanied by proper reasons, and each director shall be notified in writing, email or fax no later than 7 days prior to the scheduled meeting. Board meetings may be called in case of emergency, and the notice shall also be sent in the form of a letter, email or fax.

Article 14: The chairman shall chair the shareholders’ meeting, board of directors and board of managing directors meeting internally and shall represent the Company externally. Whenever the chairman is on leave or unavailable to perform duty for any reason, the substitute shall be duly handled in accordance with the Company Act.

The resolutions of the board meeting, unless otherwise required by the Company Act, shall be subject to the approval by more than half of the directors in attendance of the meeting of which more than half of the directors attend.

Directors may appoint other directors to vote for resolutions if they cannot attend the meeting in person.

Article 15: The Audit Committee is entitled to investigate the Company’s performance in business and financial conditions, audit accounts and books and to request the board of directors to submit a report.

Article 16: All directors (including independent directors) are entitled to a monthly discretionary remuneration disregarding whether the Company operates at a profit. Where such remuneration is granted, the board of directors is authorized with the power to determine the amount based on the level of their participation

in the Company's operations and the value of their contribution with reference to the usual payment levels of the counterpart firms in the same industry.

The Company's board may establish a compensation committee or other functional committees for the needs of business operations.

Chapter 5 Managerial officers and accounting

Article 17: The Company has one President and a certain number of vice President(s), assistant manager(s), managers and plant managers who shall be duly appointed and discharged by the chairman according to the Company Act. The managers' authority, unless otherwise specified by regulations, allows them to manage the Company's affairs and provide signature within the scope of authorization.

Article 18: The Company's fiscal year is starting from January 1 until December 31 of every calendar year. Upon closing of each fiscal year, the board of directors shall work out a variety of documents to be duly audited by the Audit Committee thirty (30) days prior to date scheduled for the shareholders' regular meeting before being submitted to the shareholders' meeting for acknowledgement.

1. The business report;
2. Financial Statements;
3. The surplus earning distribution or loss off-setting proposals.

Article 19: From the profit earned by the Company in a fiscal year, if any, a sum within the range of 1%–5% shall be appropriated as remuneration to employees which shall be granted either in stocks or in cash as resolved by the board of directors. Within the amount of the aforementioned profit, a sum within 0.3% maximum may be resolved by the board of directors as the remuneration to directors and supervisors.

However, when the company still has accumulated losses, an amount equivalent to the loss should be reserved for making up the loss.

Article 19-1: With the final account settlement by the Company at end of a year, the sum to pay tax as necessary and make up loss, if any, shall be first withheld, then a sum 10% for legal reserve and the special reserve as required by the competent authority. For the final balance, if any, along with the unappropriated retained earnings of the preceding year, the board of directors shall propose the distribution percentage as the actual situations may justify. To be submitted to the shareholders' meeting for a resolution to distribute dividend and bonus to shareholders.

The special surplus reserve shall be converted into unappropriated retained earnings before the earnings may be distributed according to requirements.

Where the legal reserve is up to the Company's paid-in capital, no more legal reserve shall be amortized.

The Company is required to coordinate with the overall environment and industry growth characteristics and to take into account the Company's future capital needs and to meet the shareholders' demand for cash inflows. Where the Company grants dividend every year, the stock dividend shall not be higher than 95% of the aggregate total of cash dividend and stock dividend.

Chapter 6 Appendix

Article 20: Matters not specified in these Articles of Incorporation, if any, shall be duly handled in accordance with the Company Act, laws and ordinances concerned.

Article 21: These Articles of Incorporation were duly enacted on March 3, 1982.
The 1st amendment was made on June 1, 1982
The 2nd amendment was made on September 20, 1983
The 3rd amendment was made on June 29, 1984
The 4th amendment was made on March 31, 1986
The 5th amendment was made on December 11, 1990
The 6th amendment was made on December 27, 1990
The 7th amendment was made on June 18, 1991
The 8th amendment was made on June 18, 1994
The 9th amendment was made on October 12, 1994
The 10th amendment was made on June 23, 2000
The 11th amendment was made on June 21, 2002
The 12th amendment was made on June 25, 2004
The 13th amendment was made on June 28, 2005
The 14th amendment was made on November 15, 2005
The 15th amendment was made on June 19, 2008
The 16th amendment was made on June 17, 2010
The 17th amendment was made on September 16, 2011
The 18th amendment was made on June 13, 2012
The 19th amendment was made on June 19, 2013
The 20th amendment was made on June 9, 2015
The 21st amendment was made on June 8, 2016
The 22nd amendment was made on June 12, 2018
The 23rd amendment was made on June 2, 2020

Rules of Procedure for Shareholders Meetings of Pan Asia Chemical Corporation

The amendment was resolved in the shareholder's meeting on June 2, 2020

Article 1 The rules for compliance are stipulated in accordance with Article 5 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" for establishing the Company's excellent meeting of shareholders governance system, substantiating supervisory function, and enhancing management functions.

Article 2 The Rules of Procedure for Shareholder Meetings is processed in accordance with the Rules, unless otherwise provided by law or Company Corporate Charter (Articles of Incorporation).

Article 3 Unless otherwise provided by law, shareholders' meetings of the Company shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS). The manual for the shareholders meeting and other supplementary information shall be made into electronic version and uploaded to the Market Observation Post System before the specified deadline. The manual for the shareholders meeting and other supplementary information shall be prepared before the specified deadline, and they shall be made available to the shareholders at any time, displayed at the Company and distributed to the shareholders attending the meeting.

For the election or dismissal of directors, change of Articles of Incorporation, reduction of capital, application for suspension of public offering, non-competition approval for directors, transfer of earnings to additional paid-in capital, transfer of reserve to additional paid-in capital, company dissolution, merger or division, or items in Paragraph 1 of Article 185 of the Company Act, the reason shall be listed with the main contents thereof stated and they shall not be put forward via an extraordinary motion; the main contents may be referred to on the website designated by the securities authority or by the Company, and the website address shall be specified in the notice.

The reason for the convening of the shareholders' meeting is indicated as a full re-election of directors, and the date of assuming office is specified. After the re-election in the shareholders' meeting is completed, the date of assuming office shall not be changed via an extraordinary motion or other means at the same meeting.

Shareholders holding more than 1% of the total issued shares may submit to the Company a proposal for a general shareholders' meeting and the number of proposal shall be limited to one. If the number of proposal submitted is more than one, such proposals shall not be included in the agenda. A shareholder proposal proposed for urging a 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, the Board may have the proposals of shareholders that fall under the circumstances stated in

Article 172-1 Paragraph 4 of the Company Act excluded from meeting discussions. Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, correspondence or electronic means, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

The Company shall have the proposing shareholder notified about the proposal results before the date of the meeting notice and must have the proposals in compliance with this provision included in the meeting notice. The Board shall state the reasons for not including the proposal of shareholders in the meeting agenda.

Article 4 Shareholders may use the power of attorney prepared by the Company to appoint a proxy to attend each session of the Shareholders Assembly by specifying the scope of authorization.

It is limited to one proxy per shareholder and one proxy only that should be served to the Company five days prior to the meeting of shareholders. When the proxy is issued in duplicate, whichever is served first shall prevail. The proxy referred to above that was announced to be revoked is not subject to this restriction.

After serving the proxy to the Company, the shareholders who wish to attend the meeting of the shareholders in person or to vote in writing or by electronic means shall notify the Company in writing to revoke the proxy two days prior to the meeting of the shareholders. If the proxy is not revoked before the deadline, the vote by proxy shall prevail.

Article 5 The place of meeting of shareholders should be at the Company's or any suitable location or for shareholders to attend the meeting conveniently; also, the meeting of shareholders shall not be started before 9:00 or after 15:00.

Article 6 The Company shall specify in the meeting notice the time for shareholder sign-in, the sign-in location and other matters.

The shareholders' meeting admission time referred to above should be at least thirty minutes before the meeting in session; it should be clearly indicated at the admission place and with the adequate and qualified personnel to handle it.

The shareholders or their representatives (hereinafter referred to as the "shareholders") shall attend the shareholders' meeting with the evidence of the attendance card, attendance register, or other attendance documents; the proxy solicitors should bring proof of identity with them for examination.

The company will provide an attendance log to record shareholders' attendance; alternatively, shareholders may present their attendance cards to signify their presence.

The Company shall have the Agenda Handbook, annual reports, attendance card, statement slip, ballots, and other meeting materials delivered to the shareholders presented; also, the ballot will be distributed to the directors for the election of directors, if any.

Shareholders should attend the meeting of shareholders with the presentation of

the attendance pass, attendance card or other attendance documents. Proxy solicitors should have identity documents with them for examination.

When the government or juridical person is a shareholder, the shareholder attending the meeting by proxy is not limited to one representative. The juridical person that has attended the meeting of shareholder by proxy can authorize only one representative to attend the meeting.

Article 7 The Chairman of the Board of Directors shall chair the shareholders' meeting when the Board of Directors convenes it. If the Chairman is on leave or unable to exercise powers, the meeting is to be chaired by the Vice Chairman. If there is no Vice Chairman appointed, the Vice Chairman is also on leave, or unable to exercise powers, the Chairman is to have one general director designated to exercise powers. If there is not a general director appointed, one director shall be designated to chair for the meeting. If the Chairman does not have a representative designated to exercise power, the representative is to be elected among the general directors or directors.

If the shareholders' meeting is convened by any authorized party other than the Board of Directors, the convener will act as the meeting Chairperson. If there are two or more conveners, they shall appoint one among themselves to chair the meeting.

The Company may assign the appointed attorney, CPA, or responsible personnel to attend the meeting of the shareholders.

Article 8 The Company should have the entire meeting of shareholders taped in audio or video recording and stored for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Act, it should be reserved until the end of the proceedings.

Article 9 The attendance to the session of the Shareholders' Meeting shall be based on the quantity of outstanding shares being represented. The shareholding attendance is based on the attendance registry or the signature cards submitted, plus the votes exercised in writing or by electronic means.

The Chairperson shall call the meeting to order at the meeting time. If the shareholding of the attending shareholders is not more than half of the total number of shares issued, the Chairperson may announce the meeting postponed, which is limited to two postponements and for less than one-hour in total. If the shareholding of the attending shareholders remaining do not constitute more than one third of the total number of shares issued after the two postponements, the Chairperson may announce to have the meeting aborted.

If the shareholdings of the attending shareholders are not more than half of the total number of shares issued after two postponements but more than one third of the total number of shares issued, a pseudo-resolution can be resolved in accordance with Paragraph 1, Article 175 of the Company Act; also, shareholders should be informed regarding the pseudo-resolution with another meeting of shareholders to be convened within one month.

If the shareholdings of the attending shareholders are more than one half of the total number of shares issued before the end of the meeting, the Chairperson may have the pseudo-resolution presented again in the next meeting of the shareholders for resolution in accordance with Article 174 of the Company Act.

Article 10 If the shareholders' meeting is convened by the board of directors, its agenda shall

be determined by the board of directors, and all relevant proposals (including motions and original proposal amendments) shall be voted. The meeting shall be conducted in accordance with the scheduled agenda, which shall not be changed without the resolution of the shareholders' meeting.

If the meeting of shareholders is convened by an authorized person other than the Board, the provision referred to above is applicable.

The Chairperson may not have the meeting adjourned at his discretion before the proposals (including motions) resolved in the two agendas referred to above. If the Chairperson has the meeting adjourned in violation of the Rules of Procedure for Shareholder Meetings, the other Board members shall promptly assist the attending shareholders in accordance with the legal procedures to have one shareholder elected as the Chairperson with the majority votes of the attending shareholders to continuously chair the meeting.

The chairman shall give an opportunity for a full explanation and discussion of the motions and the amendments or extraordinary motions proposed by the shareholders. When the chairman thinks that the voting can be carried out, he may declare a stop to the discussion and start the voting, and arrange sufficient time for voting.

Article 11 Shareholders who wish to speak during the meeting must produce a Speak Request Form detailing the topics and the shareholder's name and account number (or the attendance ID serial). The order of shareholders' comments will be determined by the meeting Chairperson.

Attending shareholders who have speech slips submitted but not speak shall be deemed as silent shareholders. If there is a discrepancy found between the text of the speech and the speech slip submitted, the contents of the speech shall prevail. Each shareholder may not speak more than twice on the same motion for 5 minutes each time without the consent of the Chairperson. However, the Chairperson may have the speaking shareholders who violate the rules or speak beyond the scope of those issues silenced.

Attending shareholders may not interfere with the speaking shareholders without the consent of the Chairman and the speaking shareholders. The Chairman will have the violating shareholders stopped.

If the juridical person shareholder has more than two representatives assigned to attend the meeting of shareholders, only one of the two representatives may speak on the same proposal.

The Chairman may reply to the speaking shareholders personally or by the designated personnel.

Article 12 Votes in shareholders' meetings shall be calculated based on the number of shares. For the resolutions in the meeting of shareholders, the shares of the shareholders without votes are not included in the calculation of outstanding shares.

Shareholders who have a conflict of interest with the proposals that are detrimental to the Company's interests shall not vote, and cannot vote by proxy on behalf of the other shareholders.

The shares without votes referred to above are not included in the calculation of the attending shareholders' votes.

Except for Trust agencies or stock agencies approved by the securities regulatory authorities, the votes of the representative delegated by two or more shareholders

shall not exceed 3% of the total votes representing the total number of shares issued; also, the votes exceeding the threshold shall not be counted.

Article 13 Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in Paragraph 2, Article 179 of The Company Act.

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. Shareholders who have their votes cast in writing or by electronic means are deemed as attending the meeting in person. However, in respect of the motion and the amendment of the original proposal in the shareholders' meeting it is deemed as a waiver; therefore, the Company is advised to avoid proposing motion or the amendment of the original proposal.

For the votes exercised in writing or by electronic means referred to above, the intention should be delivered to the Company two days prior to the meeting of shareholders. For the intention expressed in duplicate, whichever is delivered first shall prevail. The intention referred to above that was announced to be revoked is not subject to this restriction.

Shareholders after exercising their votes in writing or by electronic means wish to attend the meeting of shareholders in person shall have the intention of exercising votes in writing or by electronic means revoked the same way of exercising their votes two days prior to the meeting commencement date. For overdue revocations, the votes exercised in writing or by electronic means shall prevail. If the vote is exercised in writing or by electronic means and a representative is to attend the meeting of shareholders by proxy, the votes exercised by the representative in person shall prevail.

For the resolution of proposals, unless otherwise provided in the Company Act and the Company Corporate Charter (Articles of Incorporation), the consent of a majority vote of the attending shareholders shall prevail. The motion resolved by the Chairperson's consulting the attending shareholders without dissent is deemed as passed and with the same effect as voting.

When there is an amendment or alternative for the same motion, the Chairperson shall have the order of vote, including the original proposal, determined accordingly. If one of the motions has been passed, the other motions shall be deemed as rejected without the need for further resolution.

Chairperson is to appoint the scrutineers and counting officers who must be shareholders.

The vote counting process of the shareholder's balloting or election should be held openly at the meeting venue. The balloting result should be announced immediately at the meeting, including statistical weights, and it should be documented for record.

Article 14 When the shareholders meeting elect directors, the election shall take place in accordance with the applicable election rules established by the Company and the result of the election shall be announced on site, including the list of elected directors and the weights received.

Electoral ballots referred to above shall be sealed and signed by the scrutineers

and reserved for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Act, it should be reserved until the end of the proceedings.

- Article 15 Shareholder resolutions shall be recorded in minutes, affixed with the signature or seal of the Chairperson of the meeting and distributed to each shareholder within 20 days from the meeting. The preparation and distribution of the minutes of shareholders' meeting can be processed electronically. The Company's minutes of shareholders' meeting referred to above can be distributed by posting it on the MOPS. The minutes of the meeting shall record the date, venue, name of the chairman, method of resolution, essentials of the meeting process and voting results (including the number of voting rights). When there is an election of directors, the number of votes received by each candidate shall be disclosed. It shall be retained for the duration of the existence of the Company.
- Article 16 The Company must have the statistics of the number of shares by soliciting and by proxy prepared in the prescribed format and has it disclosed openly at the meeting venue on the meeting date. For the resolutions reached in the meeting of shareholders that involved laws and regulations or the material information defined by the GreTai Securities Market., the Company shall, within the specified time, have the information uploaded to MOPS.
- Article 17 The staff responsible for organizing the meeting of shareholders shall wear identification badges or armbands. The Chairperson may direct disciplinary personnel or security personnel to help keep the meeting place in order. The disciplinary personnel or security personnel that help keep the meeting place in order should wear an armband with "Marshal" affixed or an identification card. When the meeting place is equipped with amplifying equipment, the Chairperson may stop shareholders who do not use the speaking device provided by the Company from speaking. The Chairperson may instruct the disciplinary personnel or security personnel to have shareholders who violate the Rules of Procedure for Shareholder Meetings, disobey the instructions of the Chairperson, intervene in the meeting proceedings and fail to comply with the disciplinary act escrowed to leave the meeting place.
- Article 18 The Chairperson may announce breaks during the meeting. In case of any event of force majeure, the Chairperson may rule to suspend the meeting and announce the time at which to continue the meeting depending on the situation. If the meeting place cannot be used continuously before the proposals (including motions) resolved in the agendas scheduled, it can be resolved to be continued in the meeting of shareholders to find another venue for the meeting. The meeting of shareholders may, in accordance with Article 182 of the Company Act, resolve to have the meeting postponed or resumed in five days.
- Article 19 These rules shall take effect once approved during a shareholder meeting. The same applies to all subsequent revisions.