

Stock Code : 1810

Hocheng Corporation

2021
General Shareholders Meeting

Meeting Handbook

**No. 135, Houzhuang Street, Bade District, Taoyuan City (Hocheng
Third Factory Auditorium)**

Jun.29,2021

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Hocheng Corporation
2021 Regular Shareholders Meeting
Meeting Agenda

Time: Jun.29,2021 (Tuesday) at 9 am

Place: No. 135, Houzhuang Street, Bade District, Taoyuan City (Hocheng Third Factory Auditorium)

- I. Report on Attending Shares Call Meeting to Order**
- II. Seating of the Chairman**
- III. Chairman's Speech**
- IV. Speeches by the Chief Executive and Guests**
- V. Matters for Report**
 - 1. The 2020 Business Report
 - 2. The 2020 Audit Committee review of the Annual Accounting Final Report
 - 3. Report on Allocation of 2020 Remuneration to Employees and Board of Directors
 - 4. Report on External Endorsements and Guarantees
 - 5. Report on Loaning Funds to Others
 - 6. Report on Directors' and Managing Personnels' Performance Evaluation Results and Salary Reports
 - 7. Explanation of reasons for shareholder's proposals not included in the meeting agenda
- VI. Matters for Ratification**
 - 1. Adoption of proposal of 2020 Business Report and Annual Accounting Final Report
 - 2. Adoption of proposal of 2020 surplus distribution proposal
- VII. Matters for Discussion**
 - 1. Amendments to some provisions of the Rules of Procedure of the company's Shareholders Meeting
 - 2. Amendments to some provisions of the company's Procedures for Election of Directors
- VIII. Matters for Election**
 - Re-election of directors
- IX. Other Motions**
 - Removal of Non-Competition Restriction Against **the Newly-elected Directors.**
- X. Temporary Motions**
- XI. Adjournment**

Rules of Procedure for Shareholders' Meeting of Hocheng Corporation

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedure for the Company's shareholders meeting shall comply with the provisions of these rules, unless otherwise provided by laws, regulations or the articles of incorporation.
- Article 3 The shareholders meeting of the company shall be convened by the board of directors unless otherwise provided by laws and regulations.
- This 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 or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal 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, the dissolution, merger, demerger of the company, or any matters under the first paragraph of Article 185. The main content shall be listed and explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The main content shall be uploaded on the website designated by the securities authority or the company, and its website should be included in the notice.
- Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting. Shareholders who hold more than one percent of the total number of issued shares may submit a proposal to the company's general shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. However, the shareholders' proposal is a proposal to urge the company to promote the public interest or fulfill its social responsibilities, and the board of directors may still include it in the proposal. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
- Prior to the book closure date before a regular shareholders meeting is held, this Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, 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. Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders meeting shall be the premises of this Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. The number of representatives appointed by juristic person is limited to the number of general directors proposed to be elected by the current shareholders meeting. When juristic person shareholders appoint two or more representatives to attend the shareholders meeting, only one person may speak.

Article 7 If the shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board asks for leave or is unable to exercise his powers for any reason, the vice chairmanshall act in place of the chairperson. If there is no vice chairperson or vice chairperson also asks for leave or for any reason is unable to exercise the powers, the chairman of the board shall appoint one managing director to act as chair; if there is no managing directors, one of the directors shall be appointed to act as chair; if the chairman does not make such a designation, the managing directors or the directors shall select from among themselves

one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance of the shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. 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 quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 If the shareholders' meeting is convened by the board of directors, the agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including temporary motions and amendments to the original proposal). The meeting shall be conducted in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of

directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 The voting at a shareholders meeting shall be calculated based on the number of shares. With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 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.

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to

original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. This Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of

an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Company. The resolution method in the preceding paragraph, through the chairman's consultation with shareholders and no objection to the proposal from shareholders, shall be recorded "The proposal was passed without objection after consultation by the chairman"; however, when shareholders disagree with the proposal, the method of voting and the number of voting rights shall be stated as well as proportion of weight.

Article 16 On the day of a shareholders meeting, this Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chairman may direct proctors or security personnel to help maintain order in the venue. When proctors or security personnel help maintain order, they shall wear an armband or identification card with the word "Proctor".

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing. If a shareholder violates the rules of procedure and defies the chair's correction, obstructing the progress of the meeting and refusing to heed calls to stop the chair may direct the or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Matters for Report

1. The 2020 Business Report

Hocheng Corporation The 2020 Business Report

Dear shareholders, ladies and gentlemen:

On behalf of the company's management team, I sincerely welcome all shareholders to attend the Company's 2021 General Shareholders' Meeting. Looking back on the past year, with the support of the board of directors and the concerted efforts of all colleagues, the net operating income attributable to the parent company in 2020 was NT\$ 3,548 million, with an increase of NT\$ 104 million from NT\$ 3,344 million in 2019. The report on the operating status of the company in 2020 is as follows:

(1) Results of the Implementation of the Business Plan

Unit: Million of NT\$

Item \ Year ended	Year ended Dec.31,2020 Amount	Year ended Dec.31,201 9 Amount	Increase (decrease) amount	Increase (decrease) %
Consolidated net operating income	5,102	5,526	(424)	(8)
Consolidated operating margin	1,255	1,389	(134)	(10)
Consolidated operating net profit	0.19	79	(78.81)	(99.76)
Consolidated non-operating income and expenses				
Consolidated non-operating income and expenses	129	11	118	1073
Net (loss) net profit after combined tax	79	36	43	119
Net (loss) net profit per share (Unit: NT\$)	0.24	0.13	0.11	85

(2) Implementation of the financial forecast in 2020:

In accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the company does not need to disclose the 2020 financial forecast information, so there is no 2020 budget execution analysis data.

(3) Analysis of Financial income and expenditure and profitability (according to the Consolidated Financial Report):

Item \ Year ended		financial analysis	
		Year end2020	Year end2020
Financial structure	Liabilities to assets ratio (%)	44.58	47.71
	Percentage of long-term funds in property, plant and equipment (%)	173.11	152.95
Profitability	Return on assets (%)	1.28	0.92
	Return on shareholders' equity (%)	1.36	0.64
	Ratio of net profit before tax to paid-in capital (%)	3.49	2.43
	Net profit rate (%)	1.56	0.65
	Net profit (loss) per share (yuan)	0.24	0.13

Looking forward to 2021, world economy has been impacted by the COVID-19 pandemic and the China-US trade war. While the market prices and transaction volumes of domestic real estate have improved, showing an increase in volume and prices, but there have been impact of unfavorable factors, such as price increase of raw materials, manpower shortages and new measures by the central government to curb property speculation. To face the ever-changing market, the company will not only continue to maintain a market share in the sanitary ware market in the future, but also develop customer groups for new products. The key business development focus are as follows:

1. Development of new sanitary products: Based on the safety of sanitary space, barrier-free spaces and corresponding products are developed, and the universal design concept as "HCG design for all" was launched, which is based on the needs of users and caregivers with different physiological conditions. Equipment, such as double-lift armrest and backrest rotating shower chair, toilet seat + toilet special armrest, and electric lift washbasin, etc., lead Taiwan to embrace the new state of senior society.
2. Core technology extension: The company has advanced from traditional ceramics to "precision ceramics", which is an unshakable achievement and position in the industry, and "composite materials" is advanced to "carbon fiber" material molding technology that can produce automotive components., The auto parts produced by OEMs have all been certified by CAPA (American Auto Parts Testing Standard), and the recently released carbon fiber fins have entered the field of leisure life.
3. AI product development: "AI antibacterial faucet" and "AI smart makeup mirror" won the "2021 Taiwan Excellence Award", symbolizing that Hocheng has entered the latest technological production level. Through the cooperation of Acer's AI team and Oplus Smarttech Corporation, they will jointly enter the field of smart home. In addition to the adoption of domestic construction companies, the two parties will also team up to attack Southeast Asia and other markets in the future.
4. Development of other industries: Zirconia porcelain blocks have obtained various certifications, including inspection and registration by the Ministry of Health and Welfare, Good Manufacturing Practices (GMP), and the manufacturing process complies with ISO 13485 medical material management system, and has obtained international certification. In 2020, it passed the review of the US Food and Drug Administration, obtained the FDA 510 (k) pre-market notice, obtained the entry ticket to enter the US medical equipment market, and obtained the certification of the Thailand Trade and Economic Office. It will be exported to Thailand and cooperate with the government's southbound policy to open the Southeast Asian market.

To celebrate the 90th anniversary of its founding, the brand-new "GORFIN" sanitary ware series were developed and launched. The super toilet has an integrated design and neat appearance, and a breakthrough smile flushing technology, so that the toilet is clean and does not leave any residue. The stainless-steel washing nozzle of the non-treatment toilet seat adjusts the air and water into a perfect ratio, allowing the toilet users to enjoy the gentle washing of the SPA.

To this end, it will focus on expanding the market with GORFIN series, senior citizens, health, epidemic prevention, and dental materials. Provide a safe, healthy, and comfortable living space, fulfill the company's responsibilities to society, create a new page in performance, and grow steadily towards a century-old enterprise.

Thank you, ladies and gentlemen, for your visit and guidance. All my colleagues in the company will work harder to create better performance, continuously improve the company's various competitiveness, and maintain the company's stable growth and profitability.

Respectfully, good health and all the best

Chairman: Chiu Li-Chien

Manager: Chen Shih-Chieh

Accounting Supervisor: Luo Yue-Ying

2. The Audit Committee's Review of the annual accounting final report for the year ended Dec. 31, 2020

**Hocheng Corporation
Audit Committee Review Report**

Hereby

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm KMPG was retained to audit Financial Statements (parent company only and consolidated financial statements) of the Company and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of YEM CHIO CO., LTD. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely yours,

2021 Annual General Meeting of Hocheng Corporation.

Chairman of the Audit Committee: Wang Cheng-Wei, May 13, 2021

Independent Auditors' Report

The Board of Directors of Hocheng Corporation:

Opinion

We have audited the accompanying consolidated financial statements of Hocheng Corporation (the "Company"), and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the paragraph on Other Matter of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and subsidiaries as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, interpretations, as well as related guidance 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 Company Only 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.

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 of the current period. 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.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

1. Evaluation of Accounts Receivable

For the accounting policies for the evaluation of accounts receivable, please refer to Note 4 (7) of the consolidated financial report; for the accounting estimates and assumption uncertainties of the evaluation of accounts receivable, please refer to Note 5 (1) of the consolidated financial report; Accounts receivable Please refer to Note 6 (4) of the consolidated financial report for the description of the evaluation.

Description of Key Audit Matters:

The sales and accounts receivable of Hocheng Corporation and its important subsidiaries are mainly concentrated in Taiwan, China and the Philippines, and the assessment of allowances for accounts receivable is subject to major management judgments. It is the accountant matters that require great attention when conducting financial statement review.

Corresponding Audit Procedures:

The main audit procedures of the accountant and other accountants for the above key audit items include assessing whether the assessment of impairment of accounts receivable is in accordance with the established accounting policies of Hocheng Corporation and its important subsidiaries; obtaining an aging analysis table and analyzing the application. The overdue situation of accounts receivable and the correctness of the sampling review of the aging analysis table; to find out whether the amount of overdue accounts receivable is significant, to find out the reason for the significant ones, and to assess whether the withdrawal is adequate; evaluate whether the management of the company and its made the disclosure of the changes in the allowance for the accounts receivable and the overdue aging of accounts acceptable.

2. Inventory Evaluation

For the accounting policies of inventory evaluation, please refer to Note 4 (8) of the consolidated financial report; for the accounting estimates and assumption uncertainties of inventory evaluation, please refer to Note 5 (2) of the consolidated financial report; for the description of inventory evaluation, please refer to the consolidated financial report. Note 6 (6).

Description of Key Audit Matters:

In the consolidated financial report, inventory is measured by the lower of cost and net realizable value. The products of Hocheng Corporation and its important subsidiaries are mainly sold to consumers through distributors, hypermarkets, and other channels. The competition of price strategies may cause products to be outdated or not in line with consumers' preferences, which may lead to the risk that the cost of inventory may exceed its net realizable value.

Corresponding Audit Procedures:

The main audit procedures of the accountants and other accountants for the above key audit items include understanding the accounting policies of Hocheng Corporation. and its important subsidiaries for inventory impairment and checking whether the inventory has been listed in accordance with the company's established accounting policies. Allowance for inventory depreciation or sluggishness, including the implementation of sampling procedures, checking relevant forms and vouchers to verify the correctness of its calculations, and evaluating whether the management of Hocheng Corporation. and its important subsidiaries have disclosed relevant inventory depreciation or sluggishness for reference.

Other Matters:

The financial reports of some of the subsidiaries included in the consolidated financial reports of Hocheng Corporation and its subsidiaries have not been checked by this accountant, but by other accountants. Therefore, in the opinions expressed by this accountant on the consolidated financial report of the afore-mentioned amount listed in the financial reports of some of the subsidiaries are based on the audit reports of other accountants. The total assets of some of the subsidiaries for the year ended Dec. 31, 2020 & 2019 accounted for 13% and 19% of the consolidated assets, respectively. The net operating income of Jan. 1 to Dec. 31, 2020 & 2019 accounted for the consolidated net operating income 4% and 13%, respectively.

Hocheng Corporation has has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion with other matter section.

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 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 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 Group or to cease operations, or has no realistic alternative but to do so. The governance unit (including the audit committee) of Hocheng Corporation. and its subsidiaries is responsible for supervising the 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 auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained 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 appropriate audit evidence regarding the financial information of the 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 remained solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KMPG United Accounting Firm

Accountant: Linda Chiang and Calvin Chiang

The signed document number approved by the securities authority: Jinguanzhengshenzi No. 1080303300

Mar.29,2021

Independent Auditors' Report

The Board of Directors of Hocheng Corporation:

Opinion

We have audited the accompanying consolidated financial statements of Hocheng Corporation (the "Company"). and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the paragraph on Other Matter of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and subsidiaries as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, interpretations, as well as related guidance 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 Company Only 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.

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 of the current period. 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.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

1. Evaluation of Accounts Receivable

For the accounting policies for the evaluation of accounts receivable, please refer to Note 4 (7) of the consolidated financial report; for the accounting estimates and assumption uncertainties of the evaluation of accounts receivable, please refer to Note 5 (1) of the consolidated financial report; Accounts receivable Please refer to Note 6 (4) of the consolidated financial report for the description of the evaluation.

Description of Key Audit Matters:

The sales and accounts receivable of Hocheng Corporation and its important subsidiaries are mainly concentrated in Taiwan, China and the Philippines, and the assessment of allowances for accounts receivable is subject to major management judgments. It is the accountant matters that require great attention when conducting financial statement review.

Corresponding Audit Procedures:

The main audit procedures of the accountant and other accountants for the above key audit items include assessing whether the assessment of impairment of accounts receivable is in accordance with the established accounting policies of Hocheng Corporation. and its important subsidiaries; obtaining an aging analysis table and analyzing the application. The overdue situation of accounts receivable and the correctness of the sampling review of the aging analysis table; to find out whether the amount of overdue accounts receivable is significant, to find out the reason for the significant ones, and to assess whether the withdrawal is adequate; evaluate whether the management of the company and its made the disclosure of the changes in the allowance for the accounts receivable and the overdue aging of accounts acceptable.

2. Inventory Evaluation

For the accounting policies of inventory evaluation, please refer to Note 4 (8) of the consolidated financial report; for the accounting estimates and assumption uncertainties of inventory evaluation, please refer to Note 5 (2) of the consolidated financial report; for the description of inventory evaluation, please refer to the consolidated financial report. Note 6 (6).

Description of Key Audit Matters:

In the consolidated financial report, inventory is measured by the lower of cost and net realizable value. The products of Hocheng Corporation and its important subsidiaries are mainly sold to consumers through distributors, hypermarkets, and other channels. The competition of price strategies may cause products to be outdated or not in line with consumers' preferences, which may lead to the risk that the cost of inventory may exceed its net realizable value.

Corresponding Audit Procedures:

The main audit procedures of the accountants and other accountants for the above key audit items include understanding the accounting policies of Hocheng Corporation. and its important subsidiaries for inventory impairment and checking whether the inventory has been listed in accordance with the company's established accounting policies. Allowance for inventory depreciation or sluggishness, including the implementation of sampling procedures, checking relevant forms and vouchers to verify the correctness of its calculations, and evaluating whether the management of Hocheng Corporation. and its important subsidiaries have disclosed relevant inventory depreciation or sluggishness for reference.

Other Matters:

The financial reports of some of the subsidiaries included in the consolidated financial reports of Hocheng Corporation and its subsidiaries have not been checked by this accountant, but by other accountants. Therefore, in the opinions expressed by this accountant on the consolidated financial report of the afore-mentioned amount listed in the financial reports of some of the subsidiaries are based on the audit reports of other accountants. The total assets of some of the subsidiaries for the year ended Dec. 31, 2020 & 2019 accounted for 13% and 19% of the consolidated assets, respectively. The net operating income of Jan. 1 to Dec. 31, 2020 & 2019 accounted for the consolidated net operating income 4% and 13%, respectively.

Hocheng Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion with other matter section.

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 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 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 Group or to cease operations, or has no realistic alternative but to do so. The governance unit (including the audit committee) of Hocheng Corporation. and its subsidiaries is responsible for supervising the 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 auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained 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 appropriate audit evidence regarding the financial information of the 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 remained solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KMPG United Accounting Firm

Accountant: Linda Chiang and Calvin Chiang

Signed document number approved by the securities authority: Jin guan zheng shen zi No. 1080303300 (88) Taiwan Finance Certificate (6) No. 18311

Mar.29,2021

III. Report on the remuneration distribution of employees and directors in 2020.

1. Issued in accordance with Article 21 of the Articles of Incorporation of the Company.
2. The company's profit in 2020 is NT\$ 119,779,711, distributed respectively:
 - (1) Employee' remuneration is NT\$ 7,897,563 in cash dividends.
 - (2) Directors' remuneration is NT\$ 3,948,782 in cash dividends.

IV. Report on External Endorsement and Guarantee:

As of the year ended Dec. 31, 2020, the total amount of endorsements and guarantees to domestic and overseas subsidiaries of the company is NT\$ 819,749 thousand. The details are as follows:

1. HCG (Philippines): NT\$283,229 thousand (US\$4,800 thousand and PHP 250,000 thousand).
2. HCG (China): NT\$170,880 thousand (USD6,000 thousand).
3. Helong Industrial Co., Ltd.: NT\$365,640 thousand.

V. Report on f Loaning Funds to Others:

As of the year ended Dec. 31, 2020, the company's capital loans domestic and overseas subsidiaries totaled NT\$0.

VI. Report on Directors and managing Personnels' performance evaluation results and salary and remuneration:

1. Results of performance evaluation:

The operation of the board of directors does abide by the rules of board of directors and relevant laws and regulations and supervises the operation of the company and the various potential risks that the company faces and maintains good interaction with the management to give full play to the functions of the board of directors. Managers all have relevant experience and expertise in management and business, and at the same time demonstrate a considerable level in various performance indicators.

2. Explanation of the relevance and rationality of profits and losses after tax and changes in remuneration:

- (1) Remuneration to the directors based on the degree of participation in the company's operations and contribution value, while considering the level of the inter-bank market.
- (2) Directors' remuneration is in accordance with Article 21 of the company's articles of association: If the company's annual final accounts are profitable, the remuneration of employees and directors shall be provided separately. The director's remuneration rate is set at an annual profit of 3% as the upper limit. In 2020, the profit will be NTD, and 3% of director's remuneration will be NTD.
- (3) The relevant remuneration received by directors and employees is NTD 6,701,640 in 2019, and it is reasonable that it is NTD in 2020.
- (4) The business execution expenses of the three independent directors in 2020 will be NTD. According to the company's independent directors' responsibilities and rules, they will not participate in the distribution of directors' remuneration.
- (5) The company's operating performance and personal work performance are related to the manager's salary and bonus. Managerial personnel attained certain level of performance in all aspects, so their salary is objectively reasonable.

VII. Explanation of reasons for shareholder's proposals not included in the meeting agenda.

Report on shareholder's proposal by shareholder, Lee Li-Chu.

Explanation:

1. Pursuant to the regulations in article 172-1 of Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, However, the number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words.
2. Any proposal containing more than 300 words or the subject (the issue) of the said proposal cannot be settled or resolved by a resolution to be adopted at a meeting of shareholders, not in accordance with aforementioned regulations, shall not be included in the agenda of the shareholders' meeting.

Matters for Ratification

Subject 1: Adoption of the 2020 business report and accounting final report. (Provided by the board of directors)

Explanation: The company's 2020 consolidated and individual financial report was completed by accountants Linda Chiang and Calvin Chiang from KPMG and issued an audit report. The business report has been reviewed by the audit committee, and it is deemed that there is no discrepancy, and it is submitted for recognition.

(Please refer to page 8 to page 9, page 10 to page 16 and page 25 of this manual to page 34)

Resolution:

Subject 2: Adoption of the Proposal for Distribution of 2020 Profits. (Provided by the board of directors)

Explanation:

1. The company's 2020 financial statements are managed by KPMG's accountant Linda Chiang and accountant Calvin Chiang have completed the audit, and the 2020 after-tax surplus will be NT\$ 86,793,413. 10% of the statutory surplus reserve is set aside in NT\$ 13,187,881 in accordance with the company's articles of association. The distributable surplus is NT\$ 366,157,799 at the end of the period, proposed to be available for distribution in 2020. The remaining NT\$ 453,316,402 is distributed to shareholders as cash dividends of NT\$ 73,970,722 (for every surplus share NT\$ 0.2), calculated until one NTD, rounding, the total distribution of the abnormal amount of less than one NTD number, included in the company's other income (see the surplus distribution table, please refer to section of this manual page 35).
2. After this case is passed by the shareholders' meeting, the chairman is authorized to set the ex-dividend base date, date of issuance and other related matters.
3. If the company subsequently bought back shares of the company, transferred, cancelled, or cooperated with other laws and regulations, affect the number of shares outstanding, and the relevant dividend amount or the adjustment of the dividend rate. The shareholders' meeting authorizes the board of directors to handle it with full authority.
4. This proposal was reviewed and approved by the Audit Committee.
5. Call for recognition.

Resolution:

Matters for Discussion

Proposal 1: Proposal for amendment to the provisions of the rules of procedure of the shareholders meeting of the company. (Provided by the board of directors)

Explanation:

1. Handle according to the reference example of the "Rules of Procedures for Shareholders Meeting of ○○ Co., Ltd." on Jan.28, 2021 of the Taiwan Stock Exchange.
2. The proposal was reviewed and approved by the Audit Committee.
3. Please refer to the provisions to revise the comparison table. (Please refer to page 44 to page 46 of this manual).
4. Requests for Discussion.

Resolution:

Proposal 2: Proposal for amendment to the provisions of the Rules of Election of Directors. (Provided by the board of directors)

Explanation:

1. According to the reference example of the Taiwan Stock Exchange on Jun.3, 2020, "The Procedures for Selection and Appointment of Directors and Supervisors of ○○ Co., Ltd.".
2. The case was reviewed and approved by the Audit Committee.
3. Please refer to the provisions to revise the comparison table. (Please refer to page 47 to page 48 of this manual).
4. Requests for Discussion.

Resolution:

Matters for Election

Subject: Re-election of directors. (Proposed by the board of directors).

Explanation:

1. In compliance with article 15 of company's articles of incorporation: The board of directors of the company shall have seven directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The term of office of a director shall not exceed three years; but he/she may be eligible for re-election. The Company shall elect seven directors (including three independent directors) and shall adopt a candidate nomination system.
2. In compliance with article 195-2 of Company Act, in case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. The term of new directors is June 29, 2021 until June 28, 2024.
3. The current board of directors was elected at the general meeting of shareholders on Jun.28, 2018, until when the 2021 regular shareholders' meeting is convened, the term of office expires, in accordance with the company law and the company's articles of association, it should be fully re-elected in the 2021 regular shareholder meeting.
4. The election of the company's directors shall adopt the cumulative voting system.
5. The list of candidates for directors of the company is shown in the attachment below.
6. For rules of election of directors of the company (including amendments to provisions approved by resolution of proposals), please refer to p.47-50 in this manual.
7. Hereby to submit for election.

Attachment: List of candidates for directors of Hocheng Corporation

Name	Education Background	Experience	Holding Number of shares	Nominator
Chiu Li-chien	University of San Francisco	Director Yu Huang (Representative of Xin Jie Xu) Director of Helong (Representative of HCG) Director of Horst (Representative of HCG) Director of Hocheng Holdings (Representative of Riteben) Director of Hocheng China (Representative of Riteben Corporation) Riteben Director Director Hehong (Representative of Hocheng) Director of Hocheng Philippines	12,832,033	Board of Directors of the Company
Wu Yue-long	Master of Tokai University, Japan	Vice Chairman Yu Huang (Representative of Xin Jie Xu) Director of Hocheng Philippines	2,736,416	Board of Directors of the Company
Representative of Yu Huang Co., Ltd.: Chiu Shi-kai	Went Worth Institute of Technology	Chairman of Hocheng China (Representative of Riteben)	14,033,700	Board of Directors of the Company

Name	Education Background	Experience	Holding Number of shares	Nominator
Representative of Fuho Investment Co., Ltd.: Chiu Chi-hsin	Master of Business Administration, Columbia University, United States	Chief Financial Officer of Finance Department, Hocheng Director Yu Huang (Representative of Xin Jie Xu) Director of Hocheng Philippines Helong Supervisor Director of Hocheng China (Representative of Riteben) Director of Fuho Investment Hehong Supervisor (Hocheng Representative) Director of Xinjiexu Enterprise	2,307,979	Board of Directors of the Company
Wang Cheng-wei	Shanghai Fudan University EMBA	Director of Guangquan Food Co., Ltd. Independent Director of CIMB Electronics Co., Ltd.	0	Board of Directors of the Company
Fan Wei-Guang	Master of the University of Southern California	Chairman of Meifu Equipment Engineering Co., Ltd. Supervisor of Meifu Construction Co., Ltd. Director of Taipei City Import and Export Commercial Trade Union	0	Board of Directors of the Company
Wang Min-chi	EMBA of Beijing Tsinghua University	Chairman of Hualien Branch of Yijin Enterprise Co., Ltd. Member of the Compensation Committee of Guangling Electronics Co., Ltd. Member of Remuneration Committee of Sanshang Computer Co., Ltd.	0	Board of Directors of the Company

Resolution:

Other Motions

Subject: Removal of Non-Competition Restriction Against the Newly-elected Directors. (Proposed by the board of directors).

Explanation:

1. In accordance with Article 209 of the Company Law, "Directors are within the business scope of the company for themselves or others. For behaviors within the scope, the shareholders' meeting shall explain the important content of their behaviors and obtain permission"
2. In response to the company's business needs, the directors re-elected at the shareholders' meeting may be held at the same time. If the company's business scope is like that of the directors of other companies, it is submitted to the shareholders' meeting to resolve. Restrictions on the prohibition of competition for new directors. Name of Director Candidate is shown in the attachment below.
3. Submit for approval.

Attachment:

Title	Name	Education Background	Experience
Directors	Chiu Li-chien	University of San Francisco	Director Yu Huang (Representative of Xin Jie Xu) Director of Helong (Representative of HCG) Director of Horst (Representative of HCG) Director of Hocheng Holdings (Representative of Riteben) Director of Hocheng China (Representative of Riteben Corporation) Riteben Director Director Hehong (Representative of Hocheng) Director of Hocheng Philippines
Directors	Wu Yue-long	Master of Tokai University, Japan	Vice Chairman Yu Huang (Representative of Xin Jie Xu) Director of Hocheng Philippines
Directors	Representative of Yu Huang Co., Ltd.: Chiu Shi-kai	Went Worth Institute of Technology	Chairman of Hocheng China (Representative of Riteben)
Directors	Representative of Fuho Investment Co., Ltd.: Chiu Chi-hsin	Master of Business Administration, Columbia University, United States	Chief Financial Officer of Finance Department, Hocheng Director Yu Huang (Representative of Xin Jie Xu) Director of Hocheng Philippines Helong Supervisor Director of Hocheng China (Representative of Riteben) Director of Fuho Investment Hehong Supervisor (Hocheng Representative) Director of Xinjiexu Enterprise
Independent Directors	Wang Cheng-wei	Shanghai Fudan University EMBA	Director of Guangquan Food Co., Ltd. Independent Director of CIMB Electronics Co., Ltd.
Independent Directors	Fan Wei-Guang	Master of the University of Southern California	Chairman of Meifu Equipment Engineering Co., Ltd. Supervisor of Meifu Construction Co., Ltd. Director of Taipei City Import and Export Commercial Trade Union
Independent Directors	Wang Min-chi	EMBA of Beijing Tsinghua University	Chairman of Hualien Branch of Yijin Enterprise Co., Ltd. Member of the Compensation Committee of Guangling Electronics Co., Ltd. Member of Remuneration Committee of Sanshang Computer Co., Ltd.

Resolution:

Temporary motions

Adjournment

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

HOCHENG CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019						December 31, 2020		December 31, 2019	
		Amount	%	Amount	%					Amount	%	Amount	%
Current assets:													
1100	Cash and cash equivalents (note 6(a))	\$	1,054,849	10	802,627	7							
1110	Current financial assets at fair value through profit or loss (note 6(b))		251,969	2	277,393	3							
1151	Notes receivable (notes 6(d) and 7)		360,489	3	332,475	3							
1170	Accounts receivable, net (notes 6(d) and 7)		902,817	8	1,035,310	10							
1200	Other receivables, net (note 6(e))		10,549	-	32,013	-							
1210	Other receivables-related parties (notes 6(e) and 7)		5,217	-	6,526	-							
1220	Current income tax assets		12,564	-	12,642	-							
130X	Inventories, net (note 6(f))		1,584,093	15	2,048,022	19							
1460	Non-current assets held for sale, net (Note 6(g))		494,673	5	-	-							
1470	Other current assets		141,046	1	135,794	1							
			4,818,266	44	4,682,802	43							
Non-current assets:													
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))		1,142,720	11	985,347	9							
1550	Investments accounted for using equity method (note 6(h))		51,901	-	51,128	-							
1600	Property, plant and equipment (notes 6(i) and 8)		3,846,594	36	4,301,102	40							
1755	Right-of-use assets (note 6(j) and 8)		138,313	1	159,811	1							
1760	Investment property (note 6(k))		493,160	5	498,884	5							
1780	Intangible assets		45,075	-	51,855	-							
1840	Deferred tax assets (note 6(s))		70,148	1	73,278	1							
1920	Refundable deposits (note 8)		99,809	1	72,095	1							
1990	Other non-current assets-others (note 8)		32,675	1	37,216	-							
			5,920,395	56	6,230,716	57							
Total assets		\$	10,738,661	100	10,913,518	100							
Liabilities and Equity													
Current liabilities:													
2100	Short-term borrowings (notes 6(l) and 8)	\$	1,538,108	14	1,675,458	15							
2110	Short-term notes and bills payable (notes 6(m))		115,000	1	295,000	3							
2150	Notes payable		87,461	1	203,959	2							
2160	Notes payable to related parties (note 7)		41,059	-	42,412	-							
2171	Accounts payable		429,493	5	434,725	4							
2180	Accounts payable to related parties (note 7)		15,036	-	18,301	-							
2200	Other payables		539,377	5	437,962	5							
2230	Current income tax liabilities		29,226	-	13,460	-							
2250	Current provisions (note 6(p))		21,605	-	30,244	-							
2260	Liabilities related to non-current assets classified as held for sale (note 6(g))		494,751	5	-	-							
2280	Current lease liabilities (note 6(o))		29,987	-	28,579	-							
2300	Other current liabilities		110,831	1	120,041	1							
2320	Long-term liabilities, current portion (notes 6(n) and 8)		181,055	2	491,483	5							
			3,632,989	34	3,791,624	35							
Non-Current liabilities:													
2540	Long-term borrowings (notes 6(n) and 8)		707,334	7	871,955	8							
2570	Deferred tax liabilities (note 6(s))		291,690	3	345,004	3							
2580	Non-current lease liabilities (note 6(o))		81,356	1	101,490	1							
2640	Net defined benefit liability, non-current (note 6(r))		50,895	-	73,771	1							
2645	Guarantee deposits		18,347	-	18,697	-							
2600	Other non-current liabilities		4,468	-	4,467	-							
			1,154,090	11	1,415,384	13							
Total liabilities			4,787,079	45	5,207,008	48							
Equity attributable to owners of the Company (note 6(t)):													
3100	Share capital		3,698,536	34	3,698,536	34							
3200	Capital surplus		13,293	-	13,079	-							
3300	Retained earnings		1,759,275	16	1,627,397	15							
3400	Other equity interest		433,764	4	314,443	3							
3500	Treasury shares		(16,582)	-	(16,582)	-							
Total equity attributable to owners of parent			5,888,286	54	5,636,873	52							
36XX	Non-controlling interests		63,296	1	69,637	-							
Total equity			5,951,582	55	5,706,510	52							
Total liabilities and equity		\$	10,738,661	100	10,913,518	100							

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HOCHENG CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenues (note 6(v))	\$ 5,102,207	100	5,526,252	100
5000	Operating costs (note 6(f))	3,847,421	75	4,137,745	75
5950	Gross profit from operations	1,254,786	25	1,388,507	25
	Operating expenses:				
6100	Selling expenses	715,884	14	788,895	14
6200	Administrative expenses	405,247	8	354,470	6
6300	Research and development expenses	136,010	3	149,114	3
6450	Expected credit impairment (gain) loss	(2,540)	-	17,191	-
6300	Total operating expenses	1,254,601	25	1,309,670	23
6900	Operating profit	185	-	78,837	2
	Non-operating income and expenses:				
7100	Interest income (note 6(x))	4,606	-	9,744	-
7010	Other income (note 6(x))	125,223	3	96,480	2
7020	Other gains and losses (note 6(x))	71,865	1	(16,063)	-
7050	Finance costs (note 6(x))	(73,314)	(1)	(79,827)	(2)
7370	Share of profit of associates and joint ventures accounted for using equity method (note 6(h))	653	-	527	-
	Total non-operating income and expenses	129,033	3	10,861	-
	Profit before income tax	129,218	3	89,698	2
7950	Less: Income tax expenses	49,814	1	53,756	1
	Profit	79,404	2	35,942	1
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit	(5,982)	-	6,887	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	188,855	3	211,778	3
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,022)	-	(522)	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	184,895	3	219,187	3
8360	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(22,051)	-	(18,480)	-
8370	Share of other comprehensive income of associates and joint ventures under the equity method	2,698	-	1,862	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(19,353)	-	(16,618)	-
8300	Other comprehensive income (after tax)	165,542	3	202,569	3
8500	Total comprehensive income for the period	\$ 244,946	5	238,511	4
	Profit (loss) attributable to:				
8610	Owners of parent	\$ 86,793	2	47,916	1
8620	Non-controlling interests	(7,389)	-	(11,974)	-
		\$ 79,404	2	35,942	1
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ 251,199	5	248,799	4
8720	Non-controlling interests	(6,253)	-	(10,288)	-
		\$ 244,946	5	238,511	4
	Earnings per share (note 6(u))				
9750	Basic earnings per share (NT dollars)	\$ 0.24		0.13	
9850	Diluted earnings per share (NT dollars)	\$ 0.24		0.13	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

HOCHENG CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company											
	Share capital	Retained earnings					Other Equity Items		Treasury shares	Total Equity Attributable to Owners of Parent	Non-controlling interests	Total equity
							Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				
		Ordinary Share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
Balance at January 1, 2019	\$	3,698,536	13,079	843,052	458,116	344,823	46,359	74,662	(16,582)	5,462,045	80,007	5,542,052
Profit for the year ended December 31, 2019		-	-	-	-	47,916	-	-	-	47,916	(11,974)	35,942
Other comprehensive income, net of tax		-	-	-	-	6,401	(16,857)	211,339	-	200,883	1,686	202,569
Total comprehensive income for the period		-	-	-	-	54,317	(16,857)	211,339	-	248,799	(10,288)	238,511
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary shares		-	-	-	-	(73,971)	-	-	-	(73,971)	(82)	(74,053)
Disposal of equity investments at fair value through other comprehensive income		-	-	-	-	1,060	-	(1,060)	-	-	-	-
Balance at December 31, 2019		3,698,536	13,079	843,052	458,116	326,229	29,502	284,941	(16,582)	5,636,873	69,637	5,706,510
Profit for the year ended December 31, 2020		-	-	-	-	86,793	-	-	-	86,793	(7,389)	79,404
Other comprehensive income, net of tax		-	-	-	-	(4,913)	(19,338)	188,657	-	164,406	1,136	165,542
Comprehensive income for the year ended December 31, 2020		-	-	-	-	81,880	(19,338)	188,657	-	251,199	(6,253)	244,946
Appropriation and distribution of retained earnings:												
Legal reserve		-	-	4,792	-	(4,792)	-	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	-	-	-	-	-	(88)	(88)
Other changes in capital surplus		-	214	-	-	-	-	-	-	214	-	214
Disposal of equity investments at fair value through other comprehensive income		-	-	-	-	49,998	-	(49,998)	-	-	-	-
Balance at December 31, 2020	\$	3,698,536	13,293	847,844	458,116	453,315	10,164	423,600	(16,582)	5,888,286	63,296	5,951,582

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

HOCHENG CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	For the Year Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Profit before income tax	\$ 129,218	89,698
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	245,698	252,041
Amortization expense	8,694	8,187
Expected credit (gain) loss	(2,540)	17,191
Net profit on financial assets or liabilities at fair value through profit or loss	(12,089)	(8,874)
Interest expense	73,314	79,827
Interest income	(36,721)	(23,819)
Dividend income	(52,165)	(40,768)
Share of profit (loss) of associates and joint ventures under the equity method	(653)	(527)
Gains on disposal of property, plant and equipment	(73,957)	(2,526)
Loss (gain) from disposal of right-of-use assets	(67)	(52)
Reresal of allowance for sales discounts	(8,639)	(7,851)
Total adjustments to reconcile profit (loss)	140,875	272,829
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable, net	(28,014)	185,848
Trade receivable, net	132,493	11,164
Other receivable	22,773	(1,443)
Inventories	309,621	(50,433)
Other current assets	(5,173)	5,915
Total changes in operating assets	431,700	151,051
Changes in operating liabilities:		
Notes payable	(117,851)	(40,264)
Accounts payable	(8,497)	(20,477)
Other payable	101,415	(8,024)
Other current liabilities	1,408	3,156
Decrease in net defined benefit liability	(16,894)	(36,435)
Total changes in operating liabilities	(40,419)	(102,044)
Total changes in operating assets and liabilities	391,281	49,007
Total adjustments	532,156	321,836
Cash inflows generated from operations	661,374	411,534
Interest received	36,721	23,819
Dividends received	52,165	40,768
Interest paid	(73,314)	(79,827)
Income taxes paid	(29,480)	(67,582)
Net cash flows from operating activities	647,466	328,712

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

HOCHENG CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the Year Ended December 31,	
	2020	2019
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (94,533)	(95,731)
Proceeds from disposal of financial assets at fair value through other comprehensive income	148,484	71,157
Acquisition of financial assets at fair value through profit or loss	(187,384)	(205,038)
Proceeds from disposal of financial assets at fair value through profit or loss	194,556	283,232
Acquisition of property, plant and equipment	(98,459)	(261,799)
Proceeds from disposal of property, plant and equipment	83,941	4,175
Increase in refundable deposits	(27,714)	(11,710)
Acquisition of intangible assets	(1,755)	(7,314)
Decrease in other non-current assets	6,261	3,466
Net cash flows used in investing activities	23,397	(219,562)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	51,373	(345,179)
(Decrease) increase in short-term notes and bills payable	(180,000)	130,000
Increase in long-term borrowings	8,809	314,445
Repayments of long-term borrowings	(215,593)	(130,287)
(Decrease) increase in guarantee deposits	(350)	496
Payments of lease liabilities	(30,506)	(36,651)
Cash dividends paid	(88)	(74,053)
Net cash flows used in financing activities	(366,355)	(141,229)
Effect of exchange rate changes on cash and cash equivalents	(52,286)	(13,973)
Net increase (decrease) in cash and cash equivalents	252,222	(46,052)
Cash and cash equivalents at beginning of period	802,627	848,679
Cash and cash equivalents at end of period	\$ 1,054,849	802,627

See accompanying notes to consolidated financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
HOCHENG CORPORATION

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 420,388	5	240,909	3	2100	Short-term borrowings (notes 6(k))	\$ 1,043,210	12	1,005,252	11
1151	Notes receivable (note 6(c) and 7)	320,934	4	294,987	3	2110	Short-term notes and bills payable (notes 6(l))	115,000	1	295,000	3
1170	Accounts receivable, net (notes 6(c) and 7)	587,264	7	695,320	8	2150	Notes payable	20,540	-	132,587	1
1200	Other receivables, net (notes 6(d) and 7)	5,839	-	4,554	-	2160	Notes payable to related parties (note 7)	41,059	-	88,579	1
1210	Other receivables—related parties (notes 6(d) and 7)	24,450	-	25,204	-	2171	Accounts payable	185,825	2	125,311	1
130X	Inventories, net (notes 6(e) and 7)	1,010,879	11	1,193,035	13	2180	Accounts payable to related parties (note 7)	55,739	1	40,454	-
1470	Other current assets	101,646	1	98,161	1	2200	Other payables	227,806	3	209,359	2
		<u>2,471,400</u>	<u>28</u>	<u>2,552,170</u>	<u>28</u>	2220	Other payables to related parties (note 7)	53,708	1	44,022	1
Non-current assets:						2250	Current provisions (note 6(o))	19,113	-	30,244	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	723,222	8	619,868	7	2280	Current lease liabilities (note 6(n))	54,176	1	53,959	1
1550	Investments accounted for using equity method, net (note 6(f))	3,604,151	41	3,778,180	42	2300	Other current liabilities	72,683	1	52,771	1
1600	Property, plant and equipment (note 6(g) and 8)	1,216,013	14	1,233,299	14	2320	Long-term liabilities, current portion (note 6(m))	181,055	2	202,490	2
1755	Right-of-use assets (note 6(h))	274,118	3	332,085	4			<u>2,069,914</u>	<u>24</u>	<u>2,280,028</u>	<u>24</u>
1760	Investment property, net (note 6(i) and 7)	439,789	5	445,493	5	Non-Current liabilities:					
1780	Intangible assets (note 6(j))	27,951	-	32,618	-	2540	Long-term borrowings (notes 6(m))	612,149	7	793,225	9
1840	Deferred tax assets (note 6(r))	28,671	-	36,190	-	2570	Deferred tax liabilities (note 6(r))	14,389	-	14,389	-
1920	Refundable deposits paid (note 8)	64,071	1	34,376	-	2580	Non-current lease liabilities (note 6(n))	224,586	3	280,903	3
1990	Other non-current assets, others (note 8)	16,067	-	21,091	-	2640	Net defined benefit liability, non-current (note 6(q))	37,894	-	61,397	1
		<u>6,394,053</u>	<u>72</u>	<u>6,533,200</u>	<u>72</u>	2645	Guarantee deposits	18,235	-	18,555	-
								<u>907,253</u>	<u>10</u>	<u>1,168,469</u>	<u>13</u>
						Total liabilities		<u>2,977,167</u>	<u>34</u>	<u>3,448,497</u>	<u>37</u>
						Equity (note 6(s)):					
						3100	Share capital	3,698,536	41	3,698,536	41
						3200	Capital surplus	13,293	-	13,079	-
						3300	Retained earnings	1,759,275	20	1,627,397	18
						3400	Other equity interest	433,764	5	314,443	4
						3500	Treasury shares	(16,582)	-	(16,582)	-
								<u>5,888,286</u>	<u>66</u>	<u>5,636,873</u>	<u>63</u>
						Total equity		<u>8,865,453</u>	<u>100</u>	<u>9,085,370</u>	<u>100</u>
Total assets		<u>\$ 8,865,453</u>	<u>100</u>	<u>9,085,370</u>	<u>100</u>	Total liabilities and equity		<u>\$ 8,865,453</u>	<u>100</u>	<u>9,085,370</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HOCHENG CORPORATION**Statements of Comprehensive Income****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (note 6(u))	\$ 3,548,446	100	3,444,399	100
5000	Operating costs (note 6(e))	2,543,923	72	2,552,129	74
5900	Gross profit from operations before adjustment	1,004,523	28	892,270	26
5910	Less: Unrealized profit (loss) from sales	5,034	-	4,453	-
5920	Add: Realized profit (loss) on from sales	4,453	-	7,905	-
5950	Gross profit from operations	1,003,942	28	895,722	26
	Operating expenses:				
6100	Selling expenses	491,048	14	501,194	15
6200	Administrative expenses	152,717	4	153,006	4
6300	Research and development expenses	111,633	3	114,695	3
6450	Expected credit impairment loss	2,150	-	1,511	-
6300	Total operating expenses	757,548	21	770,406	22
6900	Operating profit	246,394	7	125,316	4
	Non-operating income and expenses:				
7100	Interest income (note 6(w))	378	-	824	-
7010	Other income (note 6(w) and 7)	89,097	2	93,919	3
7020	Other gains and losses, net (note 6(w))	(7,977)	-	(14,964)	-
7050	Finance costs (note 6(w))	(35,298)	(1)	(42,465)	(2)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note 6(f))	(172,815)	(5)	(94,645)	(3)
	Total non-operating income and expenses	(126,615)	(4)	(57,331)	(2)
7900	Profit before income tax	119,779	3	67,985	2
7950	Less: Income tax expenses (note 6(r))	32,986	1	20,069	1
	Profit	86,793	2	47,916	1
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit	(2,224)	-	19,747	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	149,479	4	124,458	4
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	34,229	1	72,761	2
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,260)	-	(774)	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	183,744	5	217,740	6
8360	Components of other comprehensive income (loss)that will not be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(19,338)	-	(16,857)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(19,338)	-	(16,857)	-
8300	Other comprehensive income (after tax)	164,406	5	200,883	6
8500	Total comprehensive income for the period	\$ 251,199	7	248,799	7
	Earnings per share (note 6(t))				
9750	Basic earnings per share (NT dollars)	\$ 0.24		0.13	
9850	Diluted earnings per share(NT dollars)	\$ 0.24		0.13	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HOCHENG CORPORATION**Statements of Changes in Equity****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	Share capital		Retained earnings			Other Equity Items		Treasury shares	Total equity
	Ordinary Share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
Balance at January 1, 2019	\$ 3,698,536	13,079	843,052	458,116	344,823	46,359	74,662	(16,582)	5,462,045
Profit for the year ended December 31, 2019	-	-	-	-	47,916	-	-	-	47,916
Other comprehensive income, net of tax	-	-	-	-	6,401	(16,857)	211,339	-	200,883
Total comprehensive income for the period	-	-	-	-	54,317	(16,857)	211,339	-	248,799
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary shares	-	-	-	-	(73,971)	-	-	-	(73,971)
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	1,060	-	(1,060)	-	-
Balance at December 31, 2019	3,698,536	13,079	843,052	458,116	326,229	29,502	284,941	(16,582)	5,636,873
Profit for the year ended December 31, 2020	-	-	-	-	86,793	-	-	-	86,793
Other comprehensive income, net of tax	-	-	-	-	(4,913)	(19,338)	188,657	-	164,406
Comprehensive income for the year ended December 31, 2020	-	-	-	-	81,880	(19,338)	188,657	-	251,199
Legal reserve	-	-	4,792	-	(4,792)	-	-	-	-
Change in other capital surplus	-	214	-	-	-	-	-	-	214
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	49,998	-	(49,998)	-	-
Balance at December 31, 2020	\$ 3,698,536	13,293	847,844	458,116	453,315	10,164	423,600	(16,582)	5,888,286

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HOCHENG CORPORATION**Statements of Cash Flows****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	For the Year Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Profit before income tax	\$ 119,779	67,985
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	152,793	154,866
Amortization expense	5,375	5,409
Expected credit loss	2,150	1,511
Interest expense	35,298	42,465
Interest income	(378)	(824)
Dividend income	(36,651)	(26,171)
Share of profit (loss) of associates and joint ventures under the equity method	172,815	94,645
Gains on disposal of property, plant and equipment	(688)	(726)
Loss (gain) on disposal of investment properties	(24)	(52)
Unrealized gain (loss) from inter-affiliate accounts	581	(3,452)
Reversal of allowance for sales discounts	(11,131)	(7,851)
Total adjustments to reconcile profit (loss)	320,140	259,820
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable, net	(25,947)	194,725
Trade receivable, net	105,906	(8,540)
Other receivable	(531)	1,818
Inventories	182,156	(58,804)
Other current assets	(3,485)	(22,316)
Total changes in operating assets	258,099	106,883
Changes in operating liabilities:		
Notes payable	(159,567)	(38,131)
Accounts payable	75,799	(35,415)
Other payable	29,376	(15,298)
Other current liabilities	7,066	808
Decrease in net defined benefit liability	(25,727)	(27,968)
Total changes in operating liabilities	(73,053)	(116,004)
Total changes in operating assets and liabilities	185,046	(9,121)
Total adjustments	505,186	250,699
Cash inflows generated from operations	624,965	318,684
Interest received	378	824
Dividends received	53,990	41,934
Interest paid	(31,169)	(42,465)
Income taxes paid	(12,176)	(26,149)
Net cash flows from operating activities	635,988	292,828

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HOCHENG CORPORATION

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the Year Ended December 31,	
	2020	2019
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (29,124)	(14,237)
Proceeds from disposal of financial assets at fair value through other comprehensive income	75,250	21,415
Acquisition of property, plant and equipment	(74,792)	(111,038)
Proceeds from disposal of property, plant and equipment	930	990
Increase in refundable deposits	(29,695)	(25,732)
Acquisition of intangible assets	(708)	(1,163)
Decrease in other non-current assets	4,317	1,004
Net cash flows used in investing activities	(53,822)	(128,761)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	37,958	(305,910)
(Decrease) increase in short-term notes and bills payable	(180,000)	130,000
Increase in long-term borrowings	-	235,715
Repayments of long-term borrowings	(202,511)	(100,000)
Payments of lease liabilities	(320)	500
Other non-current liabilities	(57,814)	(54,469)
Cash dividends paid	-	(73,971)
Net cash flows used in financing activities	(402,687)	(168,135)
Net increase (decrease) in cash and cash equivalents	179,479	(4,068)
Cash and cash equivalents at beginning of period	240,909	244,977
Cash and cash equivalents at end of period	\$ 420,388	240,909

Appendix 9

Hocheng Corporation

Earnings Distribution Statement

Year ended Dec.31,2020

Unit: Thousands of
NTD

		Amount
Undistributed surplus at the beginning of the period		321,437,591
Plus(subtract):		
Changes in actuarial profit and loss for the current period (including DTA)	(4,913,087)	
Disposal through other comprehensive gains and losses according to fair equity instruments	49,998,484	
Net Profit after Tax (Less)	86,793,413	131,878,810
Distributable surplus		453,316,402
Less:		
Statutory surplus reserve	13,187,881	
Assign items:		
Shareholder dividend-cash	73,970,722	87,158,603
Undistributed surplus at the end of the period		366,157,799

Note:

Shareholder Dividend-cash: $369,853,610 \times 0.2 = 73,970,722$

Chairman: Chiu Li-Chien

Manager: Chen Shih-Chieh

Accounting Supervisor:
Luo Yue-Ying

Articles of Incorporation of Hocheng Corporation

Chapter One General Provisions

Article1:

The company is organized in accordance with the provisions of the Company Act, named 和成欣業股份有限公司 and the English name is HOCHENG CORPORATION.

Article2:

The scope of business of the Corporation shall be as follows:

1. B202010 Mining of Non-metallic.
2. C802090 Cleaning Products Manufacturing.
3. C802200 Coating, Paint, Dye, and Pigment Manufacturing.
4. C805030 Plastic Daily Necessities Manufacturing.
5. C805070 Reinforced Plastic Products Manufacturing.
6. C901010 Ceramics and Ceramic Products Manufacturing.
7. C901050 Cement and Concrete Product Manufacturing.
8. C901060 Refractory Material Manufacturing.
9. CA01120 Copper Casting.
- 10.CA02010 Metal Structure and Building Component Manufacturing.
- 11.CA02050 Valve Manufacturing.
- 12.CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified.
- 13.CA04010 Surface Treatments.
- 14.CB01010 Mechanical Equipment Manufacturing.
- 15.CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
- 16.CC01080 Electronic Component Manufacturing.
- 17.CE01010 General Instrument Manufacturing.
- 18.CN01010 Furnitue and Fittings Manufacturing.
- 19.CR01010 Fuel Gas Equipments, Materials and Parts Manufacturing.
- 20.E601020 Electric Appliance Installation.
- 21.E603130 Gas Water Heater Contractors.
- 22.E801010 Indoor Decoration.
- 23.E801020 Doors and Windows Installation Engineering.
- 24.E801070 Kitchen and Bath Facilities Construction.
- 25.F105050 Wholesale of Furniture, Bedding, Kitchen Utensils and Fixtures.
- 26.F106040 Wholesale of Plumbing Materials.

- 27.F106050 Wholesale of Pottery, Porcelain and Glassware
- 28.F108040 Wholesale of Cosmetics..
- 29.F110010 Wholesale of Clocks and Watches.
- 30.F111090 Wholesale of Building Materials.
- 31.F113010 Wholesale of Machinery.
- 32.F113020 Wholesale of Household Appliance.
- 33.F114010 Wholesale of Motor Vehicles.
- 34.34, F199990 Other Wholesale Trade.
- 35.F120010 Wholesale of Refractory Materials.
- 36.F205040 Retail Sale of Furniture, Bedding, Kitchen Utensils and Fixtures.
- 37.F206040 Retail Sale of Plumbing Materials.
- 38.F208040 Retail Sale of Cosmetics.
- 39.F210010 Retail Sale of Watches and Clocks.
- 40.F211010 Retail Sale of Building Materials
- 41.F213010 Retail Sale of Electrical Appliances
- 42.F214010 Retail Sale of Motor Vehicles
- 43.F220010 Retail Sale of Refractory Materials.
- 44.F299990 Retail Sale of Other Products.
- 45.F401010 International Trade.
- 46.H701010 Housing and Building Development and Rental.
- 47.H701020 Industrial Factory Development and Rental.
- 48.H701040 Specific Area Development.
- 49.J602010 Performing Arts Activities.
- 50.I503010 Landscape and Interior Designing.
- 51.F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
- 52.F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts,
Accessories.
- 53.CF01011 Medical Devices Manufacturing
- 54.F108031 Wholesale of Medical Devices.
- 55.F208031 Retail Sale of Medical Apparatus.
- 56.ZZ99999 All business items that are not prohibited or restricted by law, except
those that are subject to special approval..
- 57.CD01060 Aircraft and Parts Manufacturing.

Article 2-1 :

The company shall handle guarantee business in accordance with relevant regulations due to business needs.

Article 3:

The company shall establish its head office in Taipei City, and may establish or abolish factories, branches or other branches at home and abroad if necessary through the resolution of the board of directors.

Article 4: Deleted.

Article 5:

The company may reinvest in related businesses for business needs, and shall not be subject to the restrictions stipulated in Article 13 of the Company Act.

Chapter Two. Shares

Article 6:

The total capital of the company is rated at NT\$5700 million, divided into NT\$570 million shares, at NT\$10 per share, of which 30 million shares are reserved for employee stock option certificates and may be issued in installments in accordance with the resolution of the board of directors.

Article 7:

All Company's shares are registered shares and the share certificates shall be affixed with 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 before issuance.. After the company's public offering of stocks, when issuing new stocks, the total number of shares issued for that time may be combined to print the stocks, or the printing of stocks may be exempted.

Article 8:

The rename and transfer of stocks shall cease within 60 days prior to the convening date of the regular shareholders' meeting, 30 days prior to the convening date of a special shareholders' meeting, or 5 days prior to the target date fixed by the issuing company for distribution of dividends and bonuses or other benefits.

Article 9:

The company's stock affairs shall be handled in accordance with relevant laws and regulations and the regulations of the competent authority.

Chapter Three: Shareholders' Meeting

Article 10:

There are two types of shareholder meetings: regular meetings and special meetings. Regular meetings shall be held once a year and within six months after the end of each fiscal year; special meetings shall be convened in accordance with relevant laws and regulations when necessary.

Article 11:

Except restricted or in the circumstance of no voting power provided in Article 179-2 of Company Act, a shareholder shall have one voting power in respect of each share in his/her/its possession.

Article 12:

Unless otherwise stipulated by relevant laws and regulations, the resolutions of the shareholders meeting shall be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. However, in the following circumstances, the resolutions of the shareholders meeting shall be adopted by a majority vote of the shareholders present, who represent more than two-third of the total number of voting shares or proxy.

1. Acquisition or merger of other domestic and foreign companies.
2. Dissolution or liquidation, division.

Article 13:

When a shareholder is unable to attend the shareholders meeting for some reason, he may entrust a proxy to attend the meeting in accordance with relevant laws and regulations.

Article 14:

The shareholders meeting shall be convened by the board of directors with the chairman of the board of directors as the chairman. When the chairman is absent due to certain circumstances, the chairman shall designate one of the directors to act as chair, and when such designation is not appointed, one of the directors shall elect among themselves to act as chair. It shall be convened by a convening authority other than the board of directors, and the chairman shall be the convening authority. If there are two or more convening persons, one of the other convening authorities shall be elected to serve as the chairman.

Article 14-1:

The resolutions of the shareholders meeting shall be recorded in minutes, signed, or sealed by the chairman of the shareholders meeting, and the minutes shall be distributed to all shareholders within 20 days after the meeting.

The production and distribution of the proceedings of the preceding paragraph shall be carried out electronically.

The dissemination of the minutes of the proceedings in Paragraph 1 and the companies that publicly issue stocks may do so by way of public announcement.

Chapter 4: Directors and Supervisors

Article 15:

The company shall have seven directors, who are elected by the shareholders' meeting with capacity for a term of three years and may be re-elected. The company's director election adopts a candidate nomination system, and the members of shareholders' meeting shall be selected from the list of director candidates. Among the aforementioned number of directors, the number of independent directors shall not be less than three and shall not be less than one-fifth of the total number of directors. The selection and appointment of independent directors adopts a candidate nomination system, and shall be selected from the list of independent director candidates. The professional qualifications, shareholding, term of office, part-time restriction, independence determination, nomination and selection methods, and other matters to be followed for independent directors shall be conducted in accordance with the Securities and Exchange Act and the relevant regulations of the competent authority in charge of securities affairs. After the company's shares are issued to the public, the total shareholdings of all supervisors shall meet the requirement as separately specified by the competent authority in charge of securities affairs.

Article 16: The board of directors is constituted by directors and, the board of directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman shall externally represent the company. . When the chairman of the board asks for leave or is unable to exercise his powers for any reason, his agency shall be handled in accordance with the relevant provisions of the Company Act. When the number of vacancies in the board of directors of a company equals one-third of the total number of directors, the board of directors shall call within 60 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies.

The meetings of the Board of Directors shall be convened with a notice given to each director 7 days in advance in written, by fax or email, and if emergency, it shall be convened immediately.

Article 16-1:

In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.

A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.

Article 17:

The resolution of the board of directors, unless otherwise stipulated by the Company Law, shall be carried out with the presence of more than half of the directors and the consent of more than half of the directors present.

Independent directors shall not be represented by non-independent directors if they are required to be mentioned in Article 14 of the Securities and Exchange Act.

Independent directors shall not be represented by non-independent directors if they are not present in person; if independent directors cannot be represented in person, they may be represented by other independent directors.

If independent directors have objections or reservations to the preceding proposal, they shall issue written opinions in advance and record them in the minutes of the board of directors.

Article 17-1: In compliance with Articles 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee, which shall be composed of the entire number of independent directors. The provisions regarding supervisors in the Company Act, Securities and Exchange Act and other laws and regulations shall apply mutatis mutandis to the audit committee and members of the audit committee.

Article 18: When the directors of the company conduct business affairs, regardless of the company's operating profit or loss, shall be paid with compensation. The compensation is determined by board of directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the same industry..

Article 18-1:

The company may purchase liability insurance for the directors during their term of office for the scope of business performed by the directors in accordance with the law.

Chapter 5 Manager

Article 19:

The company may have one or more managerial personnel, and appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with the Company Act.

Chapter 6 Accounting

Article 20:

At the close of each fiscal year, starting from January 1 until December 31, the board of directors shall prepare the statements and records of (1) the business report; (2) the financial statements; and (3) the surplus earning distribution or loss off-setting proposals; and shall forward the same to supervisors for their ratification of a general meeting of shareholders..

Article 21:

If there is a profit in the company's annual final accounts, the remuneration of employees and directors shall be provided separately.

The employee compensation rate is 5% to 8% of the annual profit.

The director's remuneration rate is set at an upper limit of 3% of annual profit.

The allocation procedures shall be handled in accordance with relevant regulations.

Article 21-1:

The company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve, and shall set aside remaining profit as special reserve in accordance with laws and regulations. Aside from the aforesaid legal reserve, the company may, under its Articles of Incorporation, set aside another sum as special reserve. . If there is still surplus, the shareholders meeting will distribute dividends to shareholders based on the surplus and the undistributed surplus accumulated in previous years.

The distribution of dividends to shareholders is subject to the company's operating conditions and capital needs, and the board of directors shall propose a proposal and send it to the shareholders meeting for approval. Priority is given to cash dividends. When cash dividends and stock dividends are paid at the same time, the cash dividends shall not be less than 10% of the total dividends paid. When the statutory surplus reserve has reached the total capital, it may be subject to a resolution of the shareholders meeting to stop the allocation. The statutory surplus and capital reserve shall be paid as dividends and bonuses, as required by relevant laws and regulations, and shall also be distributed after the board of directors proposes to send it to the shareholders meeting for approval.

Article 22: The company's articles of incorporation and details of rules shall be separately formulated by the board of directors.

Article 23:

Any matter not provided in these Rules and Procedures shall be handled in accordance with Company Act, the Articles of Incorporation of the Company and any other relevant laws and regulations.

Article 24:

This Articles of Association was established on Nov. 23, 1961. The first amendment was made on Dec. 1, 1962. The second amendment was made on May 9, 1968. The third amendment was made on Oct. 5, 1970. The fourth amendment was made on May 31, 1972. The fifth amendment was made on Sep. 5, 1975. The sixth amendment was made on Oct. 25, 1976. The seventh amendment was made on Jan. 16, 1980. The eighth revision was made on Oct. 1, 1980. The ninth amendment was made on Oct. 3, 1981. The tenth amendment was made on Jul. 10, 1982. The eleventh amendment was made

on Jul. 10, 1987. The twelfth revision was made on May 31, 1989. The thirteenth amendment was made on Oct. 15, 1989. The fourteenth amendment was made on Apr. 31, 1990. The fifteenth amendment was made on Apr. 30, 1991. The sixteenth amendment was made on Sep. 21, 1991. The seventeenth amendment was made on Apr. 31, 1992. The eighteenth amendment was made on Apr. 30, 1993. The nineteenth amendment was made on Apr. 30, 1994. The twentieth revision was made on May 20, 1995. The twenty-first amendment was made on May 31, 1996. The twenty-second revision was made on May 28, 1997. The twenty-third revision was made on May 29, 1998. The twenty-fourth amendment was made on May 31, 2000. The twenty-fifth amendment was made on May 31, 2001. The twenty-sixth amendment was made on Jun. 26, 2002. The twenty-seventh amendment was made on Jun. 28, 2004. The twenty-eighth amendment was made on Jun. 29, 2005. The twenty-ninth amendment was made on Jun. 31, 2006. The thirtieth amendment was made on Jun. 19, 2009. The thirty-first amendment was made on Jun. 25, 2010. The thirty-second amendment was made on Jun. 28, 2011. The thirty-third amendment was made on Jun. 21, 2012. The thirty-fourth amendment was made on Jun. 27, 2014. The thirty-fifth amendment was made on Jun. 29, 2016. The thirty-sixth amendment was made on Jun. 28, 2017. The thirty-seventh amendment was made on Jun. 28, 2018. The thirty-eighth amendment was deleted on June 29, 2020 concerning the relevant regulations of the supervisory personnel in this Articles of Incorporation, and it will take effect on the day of the establishment of the Audit Committee. It will take effect from the date when the submission is approved by the competent authority for registration, and the same applies to amendments.

HOCHENG Corporation
Chairman: Chiu Li-Chien

Appendix 11

Hocheng Corporation Shareholders Meeting Rules of Procedure Amendment Comparison Table

Amendments	Current provisions	Description
<p>Article 3</p> <p>The first, second, and third items are omitted.</p> <p>Appointment or dismissal of directors, change of articles of association, capital reduction, application for suspension of public offerings, directors' competition license, capital increase from surplus, capital increase from public reserves, company dissolution, merger, division, or the first paragraph of Article 185 of the Company Law, the matters mentioned in Article 26-1 of the Securities Exchange Act, Article 43-6, and the issuer's guidelines for the process of raising and issuance of securities, Article 56-1 and Article 60-2, shall be the main content of the convening is listed and explained in the reason for convening, and it shall not be proposed as a temporary motion.</p> <p>The fifth item is omitted.</p> <p>Shareholders who hold more than one percent of the total number of shares in issue may submit a proposal to the company's ordinary</p>	<p>Article 3</p> <p>The first, second, and third items are omitted.</p> <p>Appointment or dismissal of directors, change of articles of association, capital reduction, application for suspension of public offerings, directors' competition license, capital increase from surplus, capital increase from public reserves, company dissolution, merger, division, or the matters mentioned in the first paragraph of Article 185 , The main content should be listed and explained in the reason for the convening, and should not be proposed as a temporary motion; the main content can be placed on the website designated by the securities authority or the company, and its website should be included in the notice.</p> <p>The fifth item is omitted.</p> <p>Shareholders who hold more than one percent of the total number of shares in issue may submit a proposal to the company's ordinary shareholders meeting. The proposal is limited to one</p>	<p>In order to prevent listed companies from misunderstanding that all matters other than the first paragraph of Article 185 of the Company Law can be proposed by provisional motions, it is proposed to include other regulations and provisions that cannot be proposed by means of provisional motions other than the company law listed in the original provisions before the amendment. Adjust the way of announcement in line with the regulations.</p> <p>Cooperate with the amendment to Article 172 of the Company Law, and</p>

Amendments	Current provisions	Description
<p>shareholders meeting. The proposal is limited to one item. Any proposal with more than one proposal shall not be included in the proposal. In addition, the shareholder's proposal is subject to one of the conditions in Article 172-1, Item 4 of the Company Law, and the board of directors may not be included as a proposal. Shareholders may submit proposed proposals to urge the company to promote the public interest or fulfill its social responsibilities. The procedures shall be limited to one item in accordance with the relevant provisions of Article 172-1 of the Company Law. Any proposal with more than one item shall not be included in the proposal. .</p> <p>The following is omitted.</p>	<p>item. Any proposal with more than one proposal shall not be included in the proposal. However, the shareholders' proposal is a proposal to urge the company to promote the public interest or fulfill its social responsibilities, and the board of directors may still include it in the proposal. In addition, the shareholder's proposal is subject to one of the conditions in Article 172-1, Item 4 of the Company Law, and the board of directors may not be included as a proposal.</p> <p>The following is omitted.</p>	<p>the Jing shang Zi No. 10700105410, to amend the sixth paragraph of this article.</p>
<p>Article 9</p> <p>The first item is omitted.</p> <p>When the meeting time has expired, the chairman shall immediately announce the meeting and announce the relevant information such as the number of non-voting rights and the number of shares present. However, when shareholders who do not represent more than half of the total issued shares are present, the</p>	<p>Article 9</p> <p>The first item is omitted.</p> <p>When the meeting time has expired, the chairman shall announce the meeting immediately. However, when no shareholder representing more than half of the total issued shares is present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two, and the total postponement time shall not exceed o hour. When there are</p>	<p>In order to improve corporate governance and safeguard the rights and interests of shareholders, the second item is amended.</p>

Amendments	Current provisions	Description
<p>chairman may announce the postponement of the meeting. The number of postponements is limited to two, and the total postponement time shall not exceed one hour. When there are insufficient shareholders representing more than one-third of the total issued shares after the second delay, the chairman shall announce the meeting.</p> <p>The following is omitted.</p>	<p>insufficient shareholders representing more than one-third of the total issued shares after the second delay, the chairman shall announce the meeting.</p> <p>The following is omitted.</p>	
<p>Article 14</p> <p>When the shareholders' meeting elects directors, it shall be carried out in accordance with the relevant election rules set by the company, and shall announce the results of the election on the spot, including the list of elected directors and the number of elected directors, and the list of directors who are not elected and the number of election rights obtained.</p> <p>The second item is omitted.</p>	<p>Article 14</p> <p>When the shareholders' meeting elects directors, it shall be conducted in accordance with the relevant election regulations set by the company, and shall announce the results of the election on the spot, including the list of elected directors and the number of election rights.</p> <p>The second item is omitted.</p>	<p>In order to improve corporate governance and safeguard the rights and interests of shareholders, the first item is amended.</p>

Appendix 12

Comparison table of amendments to some provisions of the method for election of directors of Hocheng Corporation

Amendments	Current provisions	Description
7. The elector shall fill in the account name and account name of the electee in the "electee" column of the ballot. However, when a government or legal person shareholder is an elected person, the name of the government or legal person in the account of the elected person in the ballot should be filled in, and the name of the government or legal person and the name of the representative may also be filled in; when there are several representatives, the name of the representative should be added separately.	7. If the electee is a shareholder, the elector must fill in the electee's account name and shareholder account number in the "electee" column of the ballot; if it is not a shareholder, fill in the electee's name and identity number of the certificate. However, when a government or legal person shareholder is an elected person, the name of the government or legal person should be entered in the account of the electee in the ballot, as well as the name of the government or legal person and the names of other representatives; when there are several representatives, the name of the representative should be added separately.	In compliance with Issue No. Financial-Supervisory-Securities-Trading-1080311451 from Order of the Financial Supervisory Commission promulgated on April 25, 2019, all TWSE and TPEX listed companies shall adopt a candidate nomination system for the election of directors and supervisors since 2021 and the shareholders shall elect the directors and supervisors from among the nominees listed in the roster of candidates. Where the roster of director candidates submitted by a shareholder allows to acknowledge the name, education background and past work experience of the director candidates prior to the meeting, the way of identification of candidates by shareholders account number or ID number is not compulsory.
8. The ballot will be invalid if one of the following conditions exists: (1) There is no need to have a ballot prepared by a convening person. (2) Those who put blank ballots into the balloting cabinet. (3) The handwriting is blurred and unrecognizable or has been altered. (4) The filled-in list of elected persons and director candidates does not match after verification. (5) In addition to filling in the name of the electee or the number of voting rights allocated by the account name, insert other words. (6) The same ballot is filled with two or more electees.	8. The ballot will be invalid if one of the following conditions exists: (1) Those who do not use ballots prepared by the board of directors. (2) Those who put blank ballots into the balloting cabinet. (3) The handwriting is blurred and unrecognizable or has been altered. (4) If the filled-in electee is a shareholder, the account name and shareholder account number are not consistent with the shareholder register; if the filled-in electee is not a shareholder, the name and identification document number of the filled-in electee does not match after verification. (5) In addition to filling in the account name (name) or	Shareholders shall, under certain specific conditions, (if the board of directors fails to give a notice for convening a special meeting of shareholders) convene such meeting on his/her own after obtaining an approval from the competent authority, in accordance with article 173 in Company Act, and the company proposed to amend paragraph 1 of this article for compliance. Moreover, to coordinate with Issue No. Financial-Supervisory-Securities-Trading-1080311451 from Order of the Financial Supervisory Commission promulgated on April 25, 2019, all TWSE and TPEX listed companies shall adopt a candidate nomination system for the election of directors and supervisors since 2021 and the shareholders shall elect the directors and supervisors from

Amendments	Current provisions	Description
	<p>shareholder account number (identification document number) of the electee and the number of voting rights allocated, insert other words.</p> <p>(6) The name of the electee filled in is the same as that of other shareholders, but no shareholder account number or identification document number can be identified.</p>	<p>among the nominees listed in the roster of candidates, the company shall amend paragraph 4, 5, and 6 of these articles accordingly.</p>

Procedures for Election of Directors of Hocheng Corporation.

1. The election of the company's directors shall be conducted in accordance with the provisions of these regulations.
2. The election of the directors of the company shall be conducted at the shareholders' meeting.
3. The election of the company's directors shall be conducted in accordance with the procedures of the candidate nomination system stipulated in Article 192-1 of the Company Act.

The directors of the Company shall be elected under the nomination accumulated method. Each share shall be entitled the number of voting rights that is the same as the number of directors to be elected. The voting rights may be casted to elect one or more persons.

The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting.

Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

4. The number of voting rights for independent directors and non-independent directors shall be calculated separately in accordance with the articles of association of the Company and the number of seats determined by board resolution. The elected persons shall be in the order of the number of voting rights received. If two or more persons receive the same number of voting rights and, as a result, the number of elected persons exceeds the number of seats available, a random draw shall be organized among the persons who have received the same number of votes. If any such person is not present, the chairman may participate in the random draw on such person's behalf. Those who are elected at the same time as directors and independent directors shall decide on their own to serve as directors or independent directors. The vacancy shall be filled by the second majority of the original candidates. If two or more persons receive the same number of voting rights and, as a result, the number of elected persons exceeds the number of seats available, a random draw shall be organized among the persons who have received the same number of votes. If any such person is not present, the chairman may participate in the random draw on such person's behalf.
5. Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
6. The tasks of the scrutineers are as follows:
 - (1) Before the voting begins, open the ballot box in public and seal it.
 - (2) Check the order of the picket and monitor the voting for negligence and violations of the law.
 - (3) After voting, open the envelope and collect the votes, and check the number of votes.
 - (4) Check whether the voting ballots are invalid.

- (5) The supervisory teller records the number of voting rights obtained by each electee.
7. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
- The ballot will be invalid if one of the following circumstances exists:
- (1) The ballots were not prepared by the board of directors.
 - (2) A blank ballot is put into the ballot box.
 - (3) The handwriting is blurred and indecipherable or has been altered.
 - (4) If the filled-in electee is a shareholder, the account name and shareholder account number are not consistent with those given in the shareholder register; or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
 - (5) Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number).
 - (6) The name of the candidate filled in is the same as that of other shareholders, but no shareholder account number or identification document number can be identified.
8. The voting of directors shall be set up in a ballot box and the ballot shall be counted.
9. After all the ballots have been put into the ballot box, the scrutineers and tellers shall open the counters together.
10. The counting of votes shall be monitored by the scrutineers.
11. When there are doubts about the ballot, the scrutineer shall first ask the scrutineer to verify whether it is invalid. The invalid ballot shall be placed separately, and the number of votes and the number of votes shall be counted, and the scrutineer shall approve the invalidation and sign and seal it.
12. The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting, including the list of directors elected and the number of election right. The ballots for the election matters in the preceding paragraph shall be sealed and signed by the scrutineers, and then properly kept and kept in storage for at least one year. However, if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Act, it shall be kept until the end of the lawsuit.
13. The board of directors shall issue notifications to the directors elected.
14. These Procedures and any revision thereof shall become effective after approval at the shareholders' meeting.
15. Matters not specified in these Procedures shall be handled in accordance with the Company Act and relevant laws and regulations.

Appendix 14

The number of shares held by individual, and all directors as recorded in the shareholder register as of the day of 2021.05.01.

The statutory minimum number of shares to be held by all directors: 14,794,144 Shares

Title	Name	Appointment date	term of office	Number of shares held at the time of appointment	Shareholding ratio at the time of appointment	Number of shares held in the shareholder register on the date of closing	Shareholding ratio recorded in the shareholder register on the closing date
Chairman	Chiu Li-Chien	2018.6.28	Three years	3,271,126	0.88%	12,832,033	3.47%
Director	Wu Yue-Long	2019.6.28	Three years	2,918,834	0.79%	2,736,416	0.74%
Director	Representative of Fuho Investment Co., Ltd.: Chiu Chi-Hsin	2018.6.28	Three years	2,379,979	0.64%	2,307,979	0.62%
Director	Yu Huang Co., Ltd representative: Chiu Shi-Kai	2018.6.28	Three years	14,033,700	3.79%	14,033,700	3.79%
Independent Director	Wang Cheng-Wei	2018.6.28	Three years	0	0%	0	0%
Independent Director	Fan Wei-Guang	2018.6.28	Three years	0	0%	0	0%
Independent Director	Wang Min-Chi	2021.6.29	Three years	0	0%	0	0%

Remarks:

1. The company has issued a total of 369,853,610 shares as of 2021.05.01.
2. The company shall assigned 3 independent directors. According to Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors shall be decreased by 20 percent.

Thank you for attending the regular shareholder meeting.

Your comments are more than welcome anytime.