

Stock Code: 1234

Hey Song Corporation  
2021 Annual Shareholders' Meeting

Agenda Handbook

June 22, 2021

No. 178, Zhongyuan Rd., Zhongli Dist., Taoyuan City, Taiwan (Zhongli Plant)

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## Agenda for the 2021 Annual Shareholders' Meeting for Hey Song Corporation

Time: June 22, 2021 at 9 am

Place: No. 178, Zhongyuan Rd., Zhongli Dist., Taoyuan City, Taiwan (Zhongli Plant)

- I. Call the meeting to order (report the number of shares present)
- II. Chairperson Remarks
- III. Management Presentation
  - (I) 2020 Business Report
  - (II) Audit Committee Review Report for the Year 2020
  - (III) Employees' and Directors' Remuneration for the Year 2020
- IV. Proposals
  - (I) 2020 Business Report and Financial Statements.
  - (II) 2020 Earning Distribution
- V. Discussion
  - (I) Amendments to part of the clauses for the "Procedures for the Election of Directors" of the Company.
  - (II) Amendments to part of the clauses for the "Rules of Procedure for Shareholders' Meetings".
- VI. Questions and Motions
- VII. Adjournment

## Management presentation

- I. 2020 Business Report (please refer to Appendix 1 ~ P7~P8 of this Handbook).
- II. Audit Committee Review Report for the Year 2020 (please refer to Appendix 2 ~ P9 of this Handbook).
- III. Employees' and Directors' Remuneration for the year 2020 (Please refer to Appendix 3 ~ P10 of this Handbook).

# Proposals

**Proposal No. 1:****Proposed by the Board of Directors**

Proposal: To approve of the 2020 Business Report and Financial Statements.

Explanation:

1. The financial statements together with the business report for the year 2020 have been approved by the Board of Directors of the Company and have been audited and attested by CPA Nai-Hua Kuo and CPA Jui-Chuan Chih from Deloitte & Touche Taiwan; the Audit Committee has also reviewed the financial statements and issued an audit report and concluded that there are no deficiencies.
2. Please refer to Appendix 1 (P7~P8 of this Handbook) and Appendix 4 (P11~P32 of this Handbook) for the Company's business report and financial statements.
3. We hereby submit for your approval.

Resolution:

**Proposal No. 2:****Proposed by the Board of Directors**

Proposal: To approve of the 2020 Earnings Distribution.

Explanation:

1. The proposed distribution of the Company's 2020 earnings has been approved by the Board of Directors at the 15th meeting of the 26th Board of Directors on March 23, 2021.(Please refer to Appendix 5~P33 of this Handbook)
2. The cash dividends will be distributed at NT\$1.80 per share and will be calculated on a pro rata basis up to the nearest dollar. Any fractional amounts less than NT\$1 will be adjusted from the largest to the smallest decimal places and from the first to the last account number in order to match the total cash dividends distributed.
3. We hereby submit for your approval.

Resolution:

## Discussion

### **Discussion No. 1**

### **Proposed by the Board of Directors**

Proposal: To approve the amendments to part of the clauses for the "Procedures for the Election of Directors" of the Company.

Explanation:

1. It is proposed to amend certain clauses of the Rules for the Election of Directors of the Company in line with the amendments to the relevant laws and regulations and the needs for business practices. (Please refer to Appendix 6 ~ P34~P38 of this Handbook)
2. We hereby submit for your approval.

Resolution:

### **Discussion No. 2**

### **Proposed by the Board of Directors**

Proposal: To approve the amendments to part of the clauses for the "Rules of Procedure for Shareholders' Meetings".

Explanation:

1. It is proposed to amend certain clauses of the Rules of Procedure for Shareholders Meetings in line with the amendments to the relevant laws and regulations and the needs for business practices. (Please refer to Appendix 7~ P39~P40 of this Handbook)
2. We hereby submit for your approval.

Resolution:

## Questions and Motions

## Adjournment

## **Business Report**

### **Ladies and Gentlemen,**

In 2020, the prevention measures and social distance restrictions imposed by the government due to the impact of the COVID-19 that has dramatically changed consumers' behavior and mindset towards shopping; the Hey Song's sales at some transport stations and food and beverage store have also been affected. Despite the difficult times we have faced, our management team has been able to make timely adjustments to our operations and find opportunities for business to cope with the difficulties. In 2020, the Company still reported good results, with net operating revenue reaching NT\$8.16 billion, an increase of 1.61%; operating profit of NT\$582 million, an increase of 25.56%; after-tax profit of NT\$890 million, an increase of 5.16%; and earnings per share after tax of NT\$2.22, an increase of NT\$0.11 from the previous year.

**As we approach the milestone of 100 years in business, we are progressively implementing our three business objectives of " Lifestyle Brand, Beyond Agency, and Evolutionary Sales" to achieve many innovative initiatives by 2020.**

### **Creating a wide range of products to reach out to the public**

In response to the increasing demand for functional and health-conscious products due to the pandemic, the Company joined hands with the Japanese company, House Foods Corporation, to develop L-137 heat-sealed lactobacillus for a wide range of products, including the " FIN Lactobacillus-Support Drink" , "C&C Lactobacillus Sparkling Drink" and " HeySong L-137 Lactobacillus plantarum capsule". In order to anticipate the steady growth of coffee business, the Company has developed the "Atmospheric Pressure Full Sprinkling" coffee extraction technology to imitate the manual process and launched the "Wincafe Flash Brew Black Coffee". In addition, the Company has launched a wide range of health food products, including HeySong Ginseng Essence, HeySong Lutein Essence and HeySong Fructooligosaccharides powder, to provide a wide range of health food choices for people with different health needs.

### **Creating a win-win partnership and strategic alliance to start a new milestone**

In 2020, we completed the first phase of a five-year strategic alliance with Pepsi Lipton to increase Lipton's market share in room-temperature milk tea from 14% to 18%, and completed the second phase of a five-year contract extension starting in 2021, which will continue to provide new opportunities for operational growth.

In the wine business, we have partnered with the world's leading wine company, Accolade Wines, to develop a comprehensive product portfolio at all price levels and to expand throughout all markets. In cooperation with the Kinmen Kaoliang Liquor Company, Hey Song launched the "58% 1000-Day Aged Kaoliang Liquor " series which systematically enhances the value of oldwine, while the design concept of "confident and brave Taiwanese" was used to launch a commemorative wine for the inauguration of the 15th President and Vice-President, which was widely discussed and collected by consumers.

### **Keeping up with future trends and creating innovative sales models**

We were able to understand the new generation's consumption pattern and integrate the virtual channel platform to improve communication between the brand and consumers by launching the brand-wide SP campaign "Drinking Hey Song is CHILL" to reach out to potential consumers. We replaced TV commercials with digital media, and marketed the Hey Song Camellia Green Tea through the Eat & Exercise video series and the Eat & Exercise board game. We invested in the smart vending machine promotion module, optimized mobile payment tools and co-organized events with mobile payment providers to attract more customers.

### **Corporate Social Responsibility**

With the United Nations' sustainability goals in mind, Hey Song has implemented the plan with the environment, health and community services as the main focuses. In terms of the environment, the Company will ensure that energy consumption is effectively improved and that the use of renewable energy sources continues to increase; the Company will also implement various water conservation measures to improve water recycling rates. In terms of health, we are gradually reducing the sugar contained in the carbonates and fruit juices; we are also developing smaller size carbonated products. In terms of community services, the Hey Song Education Foundation has increased operating funds every year, with NT\$8.5 million invested in 2020 to promote environmental education through the "Hey Song Children's Environmental Proposal Competition", the "Hey Song +School Project" and the "Hey Song Farming Curriculum Project".

### **Future Prospects**

Hey Song will accelerate the digital transformation and build brand value to generate business benefits through the development of new high-value health products. We will upgrade the carbonated production facilities and integrate information-based production management to enhance the operational efficiency. We will enhance the wine business, continue to seek opportunities to represent well-known brands, build more sales channels and revitalize channel marketing in order to achieve comprehensive market performance.

Thanks to the trust and support from all shareholders, we will continue to create better investment benefits for all of you.

**Finally, I wish all the shareholders,  
All the best!**

Chairman of the Board: Pin-Tang Chang  
President: Pin-Tang Chang  
Accounting Supervisor: Chi-Tsan Tu



Hey Song Corporation  
Audit Committee Review Report

The Board of Directors has prepared the Company's 2020 Annual Business Report, Financial Statements and Statement of Earnings Distribution, of which the financial statements have been audited by the Company's auditors, Deloitte & Touche Taiwan, and has issued a report thereon; the above-mentioned Business Report, Financial Statements and Statement of Earnings Distribution have been examined by the Audit Committee and found to be in order, and the Committee hereby submits its report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours faithfully

2021 Annual Shareholders' Meeting of Hey Song Corporation

Hey Song Corporation

Convener of the Audit Committee: Huo-Dang Lin

March 23, 2021

## Employees' and Directors' Remuneration for the Year 2020

1. It is subject to the provisions of Article 32 of the Articles of Incorporation.
2. The Company's pre-tax income before the distribution of employee and director's remuneration for the year 2020 is NT\$980,205,302, and the proposed cash distribution of the employee's remuneration for the year 2020 is NT\$9,802,053 and the director's remuneration is NT\$29,406,159, which are not different from the estimated amount in the accounts.

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Hey Song Corp.

### **Opinion**

We have audited the accompanying parent company only balance sheets of Hey Song Corp. (the “Company”) as of December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors, as described in the other matter section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the parent 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 parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent

company only financial statements as a whole and, in forming our opinion thereon, and we do not provide a parent opinion on these matters.

Key audit matters of the Company's parent only financial statements for the year ended December 31, 2020 is stated as follows:

The authenticity of sale revenue and shipment of Kinmen Kaoliang Liquor

The revenue of the Company in 2020 - sale revenue from Kinmen Kaoliang Liquor has significant influence on the net sale of Hey Song Corp. We listed the authenticity of sale revenue and shipment of Kinmen Kaoliang Liquor as a key audit matter: For additional information on the accounting policy of revenue recognition, refer to Note 4 (12) to the parent financial statement.

We have conducted principal audit procedure for confirming the authenticity of the sale revenue and shipment of Kinmen Kaoliang Liquor as mentioned and specified below:

1. Understand the design and implementation of the internal control system of the aforementioned sale revenue process and test on relevant control for effectiveness.
2. We obtained the subsidiary ledger of the sale revenue of Kinmen Kaoliang Liquor and examine the content, on a selective basis, and matched the shipping documents and collection of proceeds to determine the authenticity of sale revenue and shipment.

**Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements.**

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor’s Responsibilities for the Audit of the parent company only financial statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor’s 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 auditing principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. These 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the notes to the statements), and whether or not 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 within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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.

Kuo, Nai-Hua

Independent Accountants

Chih, Jui-Chuan

Deloitte & Touche, Taiwan

Republic of China

March 23, 2021

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, Deloitte & Touche cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HEY SONG CORP.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Notes 4,6)	\$ 322,169	2	\$ 270,624	1
1110	Financial assets at fair value through profit and loss -current (Notes 4, 7)	180,057	1	120,020	1
1150	Notes receivable (Notes 4, 8)	51,871	-	44,667	-
1160	Notes receivable – related parties (Notes 4, 8,27)	142,318	1	450,597	2
1170	Accounts receivable (Notes 4, 8)	93,642	-	145,602	1
1180	Accounts receivable – related parties (Notes 4, 8, 27)	523,019	3	302,122	2
1200	Other receivables (Notes 8, and 27)	80,793	-	22,817	-
130X	Inventory (Notes 4, 9)	4,911,799	24	5,156,034	25
1410	Prepayments (Note 27)	32,502	-	39,489	-
1470	Other current assets	<u>14,793</u>	<u>-</u>	<u>25,427</u>	<u>-</u>
11XX	Total current assets	<u>6,352,963</u>	<u>31</u>	<u>6,577,399</u>	<u>32</u>
	<b>Non-current assets</b>				
1550	Investment accounted for under the equity method (Notes 4, 10, 27)	8,229,168	41	8,249,127	40
1600	Property, plant and equipment (Notes 4, 11, 28)	5,555,390	27	5,675,507	27
1755	Right of use assets (Notes 4, 12)	17,869	-	32,969	-
1801	Computer software (Note 4)	4,542	-	6,218	-
1840	Deferred income tax assets (Notes 4, 22)	38,777	-	39,406	-
1915	Prepayment for equipment purchase (Notes 14, 29)	14,303	-	60,951	-
1920	Refundable security deposit (Notes 13, 28)	<u>176,894</u>	<u>1</u>	<u>176,688</u>	<u>1</u>
15XX	Total non-current assets	<u>14,036,943</u>	<u>69</u>	<u>14,240,866</u>	<u>68</u>
1XXX	Total assets	<u>\$ 20,389,906</u>	<u>100</u>	<u>\$ 20,818,265</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (Note 15)	\$ 850,000	4	\$ 1,400,000	7
2170	Accounts payable (Note 16)	212,781	1	318,307	2
2200	Other payables (Notes 17, 27)	445,855	2	460,739	2
2280	Leasehold liabilities - current (Note 12)	15,742	-	16,449	-
2230	Income tax liabilities in current period (Notes 4, 22)	33,885	-	22,740	-
2300	Other current liabilities (Note 27)	<u>58,717</u>	<u>1</u>	<u>10,454</u>	<u>-</u>
21XX	Total current liabilities	<u>1,616,980</u>	<u>8</u>	<u>2,228,689</u>	<u>11</u>
	<b>Non-current liabilities</b>				
2570	Deferred income tax liabilities (Notes 4, 22)	619,417	3	619,417	3
2580	Leasehold liabilities – non-current (Note 12)	2,437	-	16,830	-
2640	Net defined benefit liabilities – non-current (Notes 4, 18)	80,567	-	69,603	-
2645	Cash on receipt	<u>1,870</u>	<u>-</u>	<u>1,460</u>	<u>-</u>
25XX	Total non-current liabilities	<u>704,291</u>	<u>3</u>	<u>707,310</u>	<u>3</u>
2XXX	Total liabilities	<u>2,321,271</u>	<u>11</u>	<u>2,935,999</u>	<u>14</u>
	<b>Shareholders' equity (Note 19)</b>				
3110	Ordinary share	<u>4,018,711</u>	<u>20</u>	<u>4,018,711</u>	<u>19</u>
3200	Capital reserve	<u>185,139</u>	<u>1</u>	<u>185,118</u>	<u>1</u>
	Retained earnings				
3310	Legal reserve	2,401,656	12	2,316,989	11
3320	Special reserve	4,413,676	22	4,413,676	22
3350	Undistributed earnings	<u>6,994,977</u>	<u>34</u>	<u>6,890,674</u>	<u>33</u>
3300	Total retained earnings	<u>13,810,309</u>	<u>68</u>	<u>13,621,339</u>	<u>66</u>
3400	Other equity	<u>54,476</u>	<u>-</u>	<u>57,098</u>	<u>-</u>
3XXX	Total equity	<u>18,068,635</u>	<u>89</u>	<u>17,882,266</u>	<u>86</u>
	Total liabilities and equity	<u>\$ 20,389,906</u>	<u>100</u>	<u>\$ 20,818,265</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

**HEY SONG CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

Code		2020		2019	
		Amount	%	Amount	%
	Operating Revenue (Notes 20, 27)				
4110	Sales	\$ 8,491,438	104	\$ 8,366,383	104
4170	Sales return	( 7,269 )	-	( 14,293 )	-
4190	Sales discounts and allowances	( 323,808 )	( 4 )	( 321,232 )	( 4 )
4000	Net sales revenue	8,160,361	100	8,030,858	100
5000	Operating costs (Notes 9, 21)	( 6,117,673 )	( 75 )	( 6,196,129 )	( 77 )
5900	Gross profit	2,042,688	25	1,834,729	23
5910	Unrealized gains with subsidiaries	( 51,251 )	( 1 )	( 41,848 )	-
5920	Realized gains with subsidiaries	41,848	1	35,193	-
5950	Realized gross profit	2,033,285	25	1,828,074	23
	Operating expense (Notes 21, 27)				
6100	Selling and marketing expenses	( 1,209,087 )	( 15 )	( 1,140,950 )	( 14 )
6200	General and administrative expenses	( 187,216 )	( 2 )	( 183,156 )	( 2 )
6300	Research and development expenses	( 56,594 )	( 1 )	( 50,165 )	( 1 )
6450	Expected credit impairment (reversal profit)	1,478	-	9,610	-
6000	Total operating expense	( 1,451,419 )	( 18 )	( 1,364,661 )	( 17 )
6900	Operating income	581,866	7	463,413	6
	Non-operating income and expense				
7100	Interest income (Note 21)	98	-	4,049	-
7010	Other incomes (Notes 21, 27)	35,125	-	31,548	-
7020	Other profits (loss) (Note 21)	( 28,148 )	-	( 18,817 )	-
7050	Financial cost (Note 21)	( 11,316 )	-	( 15,749 )	-
7060	Share of income from affiliates accounted for under the equity method (Note 10)	363,372	5	412,399	5
7000	Total non-operating income and expense	359,131	5	413,430	5
7900	Profit before income tax	940,997	12	876,843	11
7950	Income tax expense (Notes 4, 22)	( 50,834 )	( 1 )	( 30,332 )	( 1 )
8200	Net profit for the year	890,163	11	846,511	10

(Continued)



Code		2020		2019	
		Amount	%	Amount	%
	Other comprehensive profit and loss				
8310	Items not reclassified as profit and loss				
8311	Remeasurement of defined benefit plan (Note 18)	( 18,771 )	-	2,573	-
8331	Remeasurement of defined benefit plans of subsidiaries and associates	( 2,996 )	-	( 1,896 )	-
8336	Unrealized gains from equity instruments at fair value through other comprehensive profit and loss of associates accounted for under the equity method	( 24,160 )	-	42,441	1
8349	Income tax related to items not reclassified	3,755	-	( 515 )	-
8360	Items likely be reclassified as profit and loss in the future				
8361	Exchange difference from conversion of financial statements of foreign operations	25,189	-	9,238	-
8381	Exchange difference from conversion of financial statements of foreign operations of subsidiaries and associates recognized under the equity method	1,386	-	515	-
8399	Income tax related to items likely to be reclassified as profit and loss	( 5,037 )	-	( 1,847 )	-
8300	Other comprehensive incomes	( 20,634 )	-	50,509	1
8500	Total comprehensive income in current period	<u>\$ 869,529</u>	<u>11</u>	<u>\$ 897,020</u>	<u>11</u>
	Earnings per share (Note 23).				
9710	Basic	<u>\$ 2.22</u>		<u>\$ 2.11</u>	
9810	Dilution	<u>\$ 2.21</u>		<u>\$ 2.10</u>	

The accompanying notes are an integral part of these parent company only financial statements.

(Concluded)

HEY SONG CORP.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

Code		Capital Stock		Retained earnings			Other equity items		Total equity	
		Quantity of shares (1,000 shares)	Capital Stock	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Exchange difference from conversion of financial statements of foreign operations		Unrealized profit and loss of financial assets at fair value through comprehensive profit and loss
A1	Balance at January 1, 2019	401,871	\$ 4,018,711	\$ 184,969	\$ 2,247,358	\$ 4,413,676	\$ 6,756,626	(\$ 60,213)	\$ 66,964	\$ 17,628,091
	Distribution in 2018									
B1	Legal reserve	-	-	-	69,631	-	( 69,631 )	-	-	-
B5	Cash dividend to shareholders of the Company	-	-	-	-	-	( 642,994 )	-	-	( 642,994 )
C7	Changes in associates and joint ventures recognized under the equity method	-	-	149	-	-	-	-	-	149
D1	Net income in 2019	-	-	-	-	-	846,511	-	-	846,511
D3	Other comprehensive income after taxation in 2019	-	-	-	-	-	162	7,906	42,441	50,509
D5	Total comprehensive income in 2019	-	-	-	-	-	846,673	7,906	42,441	897,020
Z1	Balance at December 31, 2019	401,871	4,018,711	185,118	2,316,989	4,413,676	6,890,674	( 52,307 )	109,405	17,882,266
	Distribution in 2019									
B1	Legal reserve	-	-	-	84,667	-	( 84,667 )	-	-	-
B5	Cash dividend to shareholders of the Company	-	-	-	-	-	( 683,181 )	-	-	( 683,181 )
C3	Due to donated assets received	-	-	21	-	-	-	-	-	21
D1	Net income in 2020	-	-	-	-	-	890,163	-	-	890,163
D3	Other comprehensive profit (loss) after taxation in 2020	-	-	-	-	-	( 18,012 )	21,538	( 24,160 )	( 20,634 )
D5	Total comprehensive profit (loss) in 2020	-	-	-	-	-	872,151	21,538	( 24,160 )	869,529
Z1	Balance at December 31, 2020	<u>401,871</u>	<u>\$ 4,018,711</u>	<u>\$ 185,139</u>	<u>\$ 2,401,656</u>	<u>\$ 4,413,676</u>	<u>\$ 6,994,977</u>	<u>(\$ 30,769)</u>	<u>\$ 85,245</u>	<u>\$ 18,068,635</u>

The accompanying notes are an integral part of these parent company only financial statements.

HEY SONG CORP.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	Cash flows from operation		
A10000	Profit before income tax	\$ 940,997	\$ 876,843
A20010	Profit and loss items		
A20100	Depreciations	294,692	284,423
A20200	Amortizations	3,535	2,657
A20300	Profit from reversal of expected credit impairment	( 1,478 )	( 9,610 )
A20400	Net profit of financial assets at fair value through profit and loss	( 380 )	( 435 )
A20900	Financial cost	11,316	15,749
A21200	Interest income	( 98 )	( 4,049 )
A22300	Share of profit and loss from associates accounted for under the equity method	( 363,372 )	( 412,399 )
A22500	Capital gain on disposal and scrapping of property, plant, and equipment	( 583 )	( 1,376 )
A23800	Profit from rebound of falling price and idle inventory	( 366 )	( 8,884 )
A23900	Unrealized gains with subsidiaries	51,251	41,848
A24000	Realized gains with subsidiaries	( 41,848 )	( 35,193 )
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	302,075	71,042
A31150	Accounts receivable	( 168,459 )	( 149,876 )
A31180	Other receivables	( 57,976 )	( 1,328 )
A31200	Inventory	244,601	( 5,468 )
A31230	Prepayments	6,987	79,298
A31240	Other current assets	10,634	5,989
A32130	Notes payable	-	( 7,964 )
A32150	Accounts payable	( 105,526 )	56,861
A32180	Other payables	9,912	77,166
A32230	Other current liabilities	48,263	( 1,279 )
A32240	Net defined benefit liabilities	( 7,807 )	( 3,968 )
A33000	Cash flow from operation	1,176,370	870,047
A33300	Interest paid	( 11,078 )	( 15,384 )
A33500	Income tax paid	( 18,610 )	6,377
AAAA	Net cash inflow from operation	<u>1,146,682</u>	<u>861,040</u>

(Continued)

Code		2020	2019
	Cash flow from investment		
B00100	Acquisition of financial assets designated as assets at fair value through profit and loss	( 470,000 )	( 890,000 )
B00200	Disposal of financial assets designated as assets at fair value through profit and loss	410,343	820,435
B01800	Acquisition of long-term equity investment accounted for under the equity method.	( 15,000 )	( 7,000 )
B02400	Return of investment from liquidation of investee companies accounted for under the equity method.	21,036	-
B02700	Proceeds for acquisition of property, plant, and equipment	( 183,029 )	( 152,595 )
B02800	Proceeds for disposal of property, plant, and equipment	959	1,413
B03700	Increase of refundable security deposits	( 206 )	-
B03800	Decrease of refundable security deposits	-	212,585
B04500	Acquisition of intangible assets	( 1,859 )	( 7,088 )
B05500	Disposal of investment property	-	110,000
B07100	Increase of prepayment for equipment purchase	-	( 21,000 )
B07200	Decrease of prepayment for equipment purchase	46,648	-
B07500	Interest received	98	4,049
B07600	Dividend received from associates	<u>345,579</u>	<u>448,485</u>
BBBB	Net cash inflow from investment	<u>154,569</u>	<u>519,284</u>
	Cash flow from financing		
C00200	Decrease in short-term borrowings	( 550,000 )	( 700,000 )
C03000	Decrease in short-term borrowings	410	-
C04020	Retirement of principal for lease	( 16,935 )	( 16,333 )
C04500	Payment of cash dividend	( <u>683,181</u> )	( <u>642,994</u> )
CCCC	Net cash outflow from financing	( <u>1,249,706</u> )	( <u>1,359,327</u> )
EEEE	Increase of cash and cash equivalents in current period	51,545	20,997
E00100	Balance of cash and cash equivalents at the beginning of period	<u>270,624</u>	<u>249,627</u>
E00200	Balance of cash and cash equivalents at the ending of period	<u>\$ 322,169</u>	<u>\$ 270,624</u>

The accompanying notes are an integral part of these parent company only financial statements.

(Concluded)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Hey Song Corp.

### **Opinion**

We have audited the accompanying consolidated financial statements of Hey Song Corp. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

### The authenticity of sale revenue and shipment of Kinmen Kaoliang Liquor

The revenue of the Group in 2020 - sale revenue from Kinmen Kaoliang Liquor has significant influence on the net sale of Hey Song Group. We listed the authenticity of sale revenue and shipment of Kinmen Kaoliang Liquor as a key audit matter. For additional information on the accounting policy of revenue recognition, refer to Note 4 (14) to the consolidated financial statement.

We have conducted principal audit procedure for confirming the authenticity of the sale revenue and shipment of Kinmen Kaoliang Liquor as mentioned and specified below:

1. Understand the design and implementation of the internal control system of the aforementioned sale revenue process and test on relevant control for effectiveness.
2. We obtained the subsidiary ledger of the sale revenue of Kinmen Kaoliang Liquor and examine the content, on a selective basis, and matched the shipping documents and collection of proceeds to determine the authenticity of sale revenue and shipment.

## **Other matters**

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

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

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

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

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

## **Auditor's 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 auditor's 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 auditing principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. These 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 and separate financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
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 and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 notes to the statements), and whether or not 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 within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters



in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Kuo, Nai-Hua

Independent Accountants

Chih, Jui-Chuan

Deloitte & Touche, Taiwan  
Republic of China  
March 23, 2021

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, Deloitte & Touche cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HEY SONG CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Notes 4,6)	\$ 1,273,440	6	\$ 1,222,983	6
1110	Financial assets at fair value through profit and loss -current (Notes 4, 7, 26)	180,057	1	120,235	1
1150	Notes receivable (Notes 4, 8)	67,856	-	61,479	-
1170	Accounts receivable (Notes 4, 8)	595,111	3	694,038	3
1200	Other receivables (Note 8)	81,873	-	11,037	-
130X	Inventory (Notes 4, 9)	5,041,712	23	5,277,985	23
1410	Prepayments	39,361	-	46,783	-
1470	Other current assets	22,659	-	33,019	-
11XX	Total current assets	<u>7,302,069</u>	<u>33</u>	<u>7,467,559</u>	<u>33</u>
	<b>Non-current assets</b>				
1510	Financial assets at fair value through profit and loss – non-current assets(Notes 4, 7, 26)	658	-	658	-
1550	Investment accounted for under the equity method (Notes 4, 11)	735,732	3	777,275	4
1600	Property, plant and equipment (Notes 4, 12)	6,227,346	28	6,358,627	28
1755	Right of use assets (Note 13)	23,617	-	39,737	-
1760	Property investment (Notes 4, 14, 28)	7,664,461	35	7,698,160	34
1801	Computer software (Note 4)	5,679	-	8,403	-
1840	Deferred income tax assets (Notes 4, 23)	43,578	-	44,455	-
1915	Prepayment for equipment purchase (Note 29)	19,150	-	62,011	-
1920	Refundable security deposit (Notes 15, 28)	189,101	1	186,083	1
15XX	Total noncurrent assets	<u>14,909,322</u>	<u>67</u>	<u>15,175,409</u>	<u>67</u>
1XXX	Total assets	<u>\$ 22,211,391</u>	<u>100</u>	<u>\$ 22,642,968</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (Note 16)	\$ 850,000	4	\$ 1,400,000	6
2150	Notes payable (Note 17)	4,412	-	4,166	-
2170	Accounts payable (Note 17)	247,636	1	346,149	2
2200	Other payables (Note 18)	470,566	2	495,789	2
2230	Income tax liabilities in current period (Notes 4, 23)	80,113	1	68,228	-
2280	Leasehold liabilities - current (Note 13)	16,939	-	21,804	-
2300	Other current liabilities - others	72,959	-	23,697	-
21XX	Total current liabilities	<u>1,742,625</u>	<u>8</u>	<u>2,359,833</u>	<u>10</u>
	<b>Non-current liabilities</b>				
2570	Deferred income tax liabilities (Notes 4, 23)	2,131,751	10	2,131,814	9
2580	Leasehold liabilities – non-current (Note 13)	7,190	-	18,364	-
2640	Net defined benefit liabilities –non-current (Notes 4, 19)	132,292	1	120,395	1
2645	Cash on receipt	128,898	-	130,296	1
25XX	Total noncurrent liabilities	<u>2,400,131</u>	<u>11</u>	<u>2,400,869</u>	<u>11</u>
2XXX	Total liabilities	<u>4,142,756</u>	<u>19</u>	<u>4,760,702</u>	<u>21</u>
	<b>Shareholders equity (Note 20)</b>				
	Equity attributable to the owners of the Company				
3110	Ordinary shares	4,018,711	18	4,018,711	18
3200	Capital reserve	185,139	1	185,118	1
	Retained earnings				
3310	Legal reserve	2,401,656	11	2,316,989	10
3320	Special reserve	4,413,676	20	4,413,676	20
3350	Undistributed earnings	6,994,977	31	6,890,674	30
3300	Total retained earnings	<u>13,810,309</u>	<u>62</u>	<u>13,621,339</u>	<u>60</u>
3400	Other equity	54,476	-	57,098	-
3XXX	Total equity	<u>18,068,635</u>	<u>81</u>	<u>17,882,266</u>	<u>79</u>
	Total liabilities and equity	<u>\$ 22,211,391</u>	<u>100</u>	<u>\$ 22,642,968</u>	<u>100</u>

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

**HEY SONG CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

Code		2020		2019	
		Amount	%	Amount	%
	Operating revenue (Note 21)				
4110	Sales revenue	\$ 9,655,217	105	\$ 9,594,066	105
4170	Sales return	( 20,924 )	-	( 33,961 )	-
4190	Sales discounts and allowances	( 429,348 )	( 5 )	( 414,450 )	( 5 )
4000	Net sales revenue	9,204,945	100	9,145,655	100
5000	Operating costs (Notes 9, 22)	( 6,569,791 )	( 71 )	( 6,695,015 )	( 73 )
5900	Gross profit	2,635,154	29	2,450,640	27
	Operating expense (Notes 22, 27)				
6100	Selling and marketing expenses	( 1,361,175 )	( 15 )	( 1,279,236 )	( 14 )
6200	General and administrative expenses	( 602,847 )	( 6 )	( 660,625 )	( 7 )
6300	Research and development expenses	( 56,594 )	( 1 )	( 50,164 )	( 1 )
6450	Expected credit impairment (reversal profit)	998	-	15,034	-
6000	Total operating expense	( 2,019,618 )	( 22 )	( 1,974,991 )	( 22 )
6900	Operating income	615,536	7	475,649	5
	Non-operating income and expense				
7100	Interest income (Note 22)	6,736	-	12,877	-
7010	Other incomes (Notes 22, 27)	563,842	6	569,095	6
7020	Other profits (loss) (Note 22)	( 174,966 )	( 2 )	( 151,086 )	( 2 )
7050	Financial cost (Note 22)	( 12,700 )	-	( 17,185 )	-
7060	Share of income from affiliates accounted for under the equity method (Note 11)	36,641	-	77,805	1
7000	Total non-operating income and expense	419,553	4	491,506	5

(Continued)

Code		2020		2019	
		Amount	%	Amount	%
7900	Profit before income tax	1,035,089	11	967,155	10
7950	Income tax expense (Notes 4, 23)	( 144,926 )	( 2 )	( 120,644 )	( 1 )
8200	Net profit for the year	890,163	9	846,511	9
	Other comprehensive profit and loss				
8310	Items not reclassified as profit and loss				
8311	Remeasurement of defined benefit plan (Note 19)	( 21,690 )	-	1,113	-
8321	Remeasurement of the defined benefit plan of associates recognized under the equity method	( 660 )	-	( 728 )	-
8326	Unrealized valuation loss at fair value through other comprehensive profit and loss of associates recognized under the equity method	( 24,160 )	-	42,441	1
8349	Income tax related to items not reclassified (Note 23)	4,338	-	( 223 )	-
8360	Items likely be reclassified as profit and loss in the future				
8361	Exchange difference from conversion of financial statements of foreign operations	25,189	-	9,238	-
8371	Exchange difference from conversion of financial statements of foreign operations recognized under the equity method	1,386	-	515	-
8399	Income tax related to items likely to be reclassified as profit and loss (Note 23)	( 5,037 )	-	( 1,847 )	-
8300	Other comprehensive incomes in current period (after taxation)	( 20,634 )	-	50,509	1
8500	Total comprehensive income in current period	\$ 869,529	9	\$ 897,020	10

(Continued)

<u>Code</u>		<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	Net income attributable to :				
8610	Owners of the Company	<u>\$ 890,163</u>	<u>10</u>	<u>\$ 846,511</u>	<u>9</u>
	Total comprehensive incomes attributable to:				
8710	Owners of the Company	<u>\$ 869,529</u>	<u>9</u>	<u>\$ 897,020</u>	<u>10</u>
	Earnings per share (Note 24).				
9710	Basic	<u>\$ 2.22</u>		<u>\$ 2.11</u>	
9810	Dilution	<u>\$ 2.21</u>		<u>\$ 2.10</u>	

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

(Concluded)

HEY SONG CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		Capital Stock		Retained earnings			Other equity items		Total equity	
		Quantity of shares (1,000 shares)	Capital Stock	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Exchange difference from conversion of financial statements of foreign operations		Unrealized profit and loss of financial assets at fair value through comprehensive profit and loss
A1	Balance at January 1, 2019	401,871	\$ 4,018,711	\$ 184,969	\$ 2,247,358	\$ 4,413,676	\$ 6,756,626	( \$ 60,213 )	\$ 66,964	\$ 17,628,091
	Distribution in 2018									
B1	Legal reserve	-	-	-	69,631	-	( 69,631 )	-	-	-
B5	Cash dividend to shareholders of the Company	-	-	-	-	-	( 642,994 )	-	-	( 642,994 )
C7	Changes in associates and joint ventures recognized under the equity method	-	-	149	-	-	-	-	-	149
D1	Net income in 2019	-	-	-	-	-	846,511	-	-	846,511
D3	Other comprehensive income after taxation in 2019	-	-	-	-	-	162	7,906	42,441	50,509
D5	Total comprehensive income in 2019	-	-	-	-	-	846,673	7,906	42,441	897,020
Z1	Balance at December 31, 2019	401,871	4,018,711	185,118	2,316,989	4,413,676	6,890,674	( 52,307 )	109,405	17,882,266
	Distribution in 2019									
B1	Legal reserve	-	-	-	84,667	-	( 84,667 )	-	-	-
B5	Cash dividend to shareholders of the Company	-	-	-	-	-	( 683,181 )	-	-	( 683,181 )
C3	Due to donated assets received	-	-	21	-	-	-	-	-	21
D1	Net income in 2020	-	-	-	-	-	890,163	-	-	890,163
D3	Other comprehensive profit (loss) after taxation in 2020	-	-	-	-	-	( 18,012 )	21,538	( 24,160 )	( 20,634 )
D5	Total comprehensive profit (loss) in 2020	-	-	-	-	-	872,151	21,538	( 24,160 )	869,529
Z1	Balance at December 31, 2020	<u>401,871</u>	<u>\$ 4,018,711</u>	<u>\$ 185,139</u>	<u>\$ 2,401,656</u>	<u>\$ 4,413,676</u>	<u>\$ 6,994,977</u>	<u>( \$ 30,769 )</u>	<u>\$ 85,245</u>	<u>\$ 18,068,635</u>

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

HEY SONG CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	Cash flows from operation		
A10000	Profit before income tax	\$ 1,035,089	\$ 967,155
A20010	Profit and loss items		
A20100	Depreciations	345,069	334,254
A20200	Amortizations	8,093	7,367
A20300	Profit from reversal of expected credit impairment	( 998 )	( 15,034 )
A20400	Net profit of financial assets at fair value through profit and loss	( 486 )	( 469 )
A20900	Financial cost	12,700	17,185
A21200	Interest income	( 6,736 )	( 12,877 )
A22300	Share of profit and loss from associates accounted for under the equity method	( 36,641 )	( 77,805 )
A22500	Gain on disposal and scrapping of property, plant, and equipment	( 491 )	( 1,482 )
A23800	Profit from rebound of falling price and idle inventory	( 471 )	( 9,333 )
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	( 4,503 )	24,694
A31150	Accounts receivable	98,051	( 87,465 )
A31180	Other receivables	( 70,840 )	5,215
A31200	Inventory	236,698	7,441
A31230	Prepayments	7,422	93,624
A31240	Other current assets	10,360	5,194
A32130	Notes payable	246	( 9,059 )
A32150	Accounts payable	( 98,513 )	47,021
A32180	Other payables	( 427 )	60,142
A32230	Other current liabilities	49,262	( 7,551 )
A32240	Net defined benefit liabilities	( 9,793 )	( 5,383 )
A33000	Cash flow from operation	1,573,091	1,342,834
A33300	Interest paid	( 12,406 )	( 16,771 )
A33500	Income tax paid	( 127,885 )	( 103,793 )
AAAA	Net cash inflow from operation	<u>1,432,800</u>	<u>1,222,270</u>

(Continued)

Code		2020	2019
	Cash flow from investment		
B00100	Acquisition of financial assets designated as assets at fair value through profit and loss	( 630,000 )	( 940,430 )
B00200	Disposal of financial assets designated as assets at fair value through profit and loss	570,667	920,700
B02700	Proceeds for acquisition of property, plant, and equipment	( 188,162 )	( 168,573 )
B02800	Proceeds for disposal of property, plant, and equipment	1,564	11,492
B03700	Increase of refundable security deposits	( 3,018 )	-
B03800	Decrease of refundable security deposits	-	212,379
B04500	Acquisition of intangible assets	( 5,359 )	( 11,406 )
B07100	Increase of prepayment for equipment purchase	-	( 22,060 )
B07200	Decrease of prepayment for equipment purchase	42,861	-
B07500	Interest received	6,736	12,877
B07600	Dividends received from associates	<u>54,750</u>	<u>63,875</u>
BBBB	Net cash inflow (outflow) from investment	( <u>149,961</u> )	<u>78,854</u>
	Cash flow from financing		
C00200	Decrease in short-term borrowings	( 550,000 )	( 700,000 )
C03100	Decrease in guarantee deposit received	( 1,398 )	( 1,524 )
C04020	Retirement of principal for lease	( 17,983 )	( 16,668 )
C04500	Payment of cash dividend	( <u>683,181</u> )	( <u>642,994</u> )
CCCC	Net cash outflow from financing	( <u>1,252,562</u> )	( <u>1,361,186</u> )
DDDD	Effect of changes in exchange rate on cash and cash equivalents	<u>20,180</u>	<u>7,191</u>
EEEE	Increase (decrease) of cash and cash equivalents	50,457	( 52,871 )
E00100	Balance of cash and cash equivalents at the beginning of period	<u>1,222,983</u>	<u>1,275,854</u>
E00200	Balance of cash and cash equivalents at the ending of period	<u>\$ 1,273,440</u>	<u>\$ 1,222,983</u>

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

(Concluded)



## Hey Song Corporation Earnings Distribution 2020

Unit: NTD

Item	Amount			Description
	Earnings before 1997	Earnings after 1998	Subtotal	
I. Distributable amount				
1. Unappropriated earnings of the previous period	593,513,375.02	5,529,313,658.96	6,122,827,033.98	
2. Net profits after tax for the period		890,163,253.93	890,163,253.93	
3. Other comprehensive income (actuarial gains and losses on defined benefit plans) included in retained earnings		(18,012,781.00)	(18,012,781.00)	
Total	593,513,375.02	6,401,464,131.89	6,994,977,506.91	Cash dividends of \$1.80 per share
II. Distribution item				
1. Legal reserve		87,215,047.00	87,215,047.00	
2. Cash dividends		723,367,969.00	723,367,969.00	
Total		810,583,016.00	810,583,016.00	
III. Closing balance				
1. Unappropriated earnings at the end of the period				
Total	593,513,375.02	5,590,881,115.89	6,184,394,490.91	

Note 1: NT\$810,583,016 to be distributed from 2020 earnings, and including provision of legal reserve and the distribution of cash dividends to shareholders, the undistributed earnings for 2020 amounted to NT\$61,567,457.

Hey Song Corporation  
Table of Comparison of the Amendments to the” Procedures for the  
Election of Directors”

Content of Article after Amendment	Content of Article before Amendment	Explanation
<p>Article 6</p> <p><b><u>The Company adopts a candidate nomination system for the election of directors; the column of "Elected" in the ballot shall be filled in by reference to the list of candidates; except that the shareholders exercise their voting rights by electronic voting.</u></b></p>	<p>Article 6</p> <p>Where the person to be elected is a shareholder, the ballot shall indicate the name of the person to be elected, the shareholder's account number and the number of voting rights; where the person to be elected is not a shareholder, the ballot shall indicate the name and identification number, or the name and uniform number, and the number of voting rights of the person to be elected.</p> <p>Where the Government or a juristic person is the person to be elected, the ballot shall contain the full name of the Government or juristic person, a unified number and/or the name of its representative.</p> <p>The person to be elected shall have capacity to make juridical acts.</p>	<p>In accordance with the FSC's Order Jin Guan Zheng Jiao No. 1080311451 dated April 25, 2019, the election of directors of listed (over-the-counter) companies shall adopt a candidate nomination system from 2021, and the candidates shall be elected from the candidate list; the names, educations and experiences of the candidates can be known from the candidate list before the shareholders' meeting, using the shareholders' account numbers or ID card numbers as the means of identifying the candidates, i.e., it is unnecessary to amend this article.</p>
<p>Article 7</p> <p>Ballots shall be deemed void under the following conditions:</p> <p>1. Ballots not placed in the ballot box.</p> <p>2. <b><u>Ballots used are not prepared by the Convener.</u></b></p>	<p>Article 7</p> <p>Ballots shall be deemed void under the following conditions:</p> <p>1. Ballots not placed in the ballot box.</p> <p>2. Ballots used in elections other than those provided under</p>	<p>1. The shareholders may, in accordance with Article 173 of the Company Act, convene a meeting on their own after obtaining an approval from the competent authority under</p>

Content of Article after Amendment	Content of Article before Amendment	Explanation
<p>3. Blank ballots are placed in the ballot box.</p> <p>4. The number of candidates filled in the ballot exceeding the number of the seats to be elected.</p> <p>5. Ballot for election where the person to be elected does not match the <b><u>List of Candidates for Director</u></b>.</p> <p><b><u>Article 6 is deleted.</u></b></p> <p><b><u>6.</u></b> Ballot with other written characters or symbols, except <b><u>for the number of votes cast for the candidate.</u></b></p> <p><b><u>Article 8 is deleted.</u></b></p> <p><b><u>Article 9 is deleted.</u></b></p> <p><b><u>Article 10 is deleted.</u></b></p>	<p>these Rules.</p> <p>3. Blank ballots are placed in the ballot box.</p> <p>4. The number of candidates filled in the ballot exceeding the number of the seats to be elected.</p> <p>5. The name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register.</p> <p><b><u>6. The name, identification number or uniform number of the candidate on the ballot does not match the record of the competent authority.</u></b></p> <p>7. Ballots with other written characters or symbols other than those specified in Article 6(1) and (2).</p> <p><b><u>8. Ballots on which the items to be included in Article 6(1) and (2) are incomplete.</u></b></p> <p><b><u>9. Ballots on which any of the items in Article 6(1) and (2) has been altered.</u></b></p> <p><b><u>10. The account name, name or title of the candidate for election is the same as that of the other shareholders and the shareholder's account number or identification card number</u></b></p>	<p>certain circumstances (e.g. when the board of directors fails to give a notice), in accordance with the amendment to paragraph 2 of this Article.</p> <p>2. In accordance with the FSC's Order Jin Guan Zheng Jiao No. 1080311451 dated April 25, 2019, the election of directors of listed (over-the-counter) companies shall adopt a candidate nomination system from 2021, and the candidates shall be elected from the candidate list; therefore, amendments to paragraphs 5, 7 and 11 of this Article are hereby approved, and paragraphs 6, 8, 9 and 10 are deleted, and the existing paragraphs 7 to 12 are adjusted to paragraphs 6 to 8 accordingly.</p>

Content of Article after Amendment	Content of Article before Amendment	Explanation
<p><b><u>7. Ballot with illegible or altered</u></b> handwriting.</p> <p><b><u>8.</u></b>The total votes cast by the voter exceeding the total voting rights of such voter.</p>	<p><b><u>or uniform number is not included for identification purposes.</u></b></p> <p>11. Ballot with illegible information.</p> <p>12. The total number of votes cast on the ballots exceeds the number of votes cast.</p>	
<p>Article 10</p> <p>These Rules were established at the Special Meeting of Shareholders held on November 30, 1980; <b><u>and shall come into effect upon the adoption of the 7th Amendment at the Annual Meeting of Shareholders held on June 22, 2021.</u></b></p>	<p>Article 10</p> <p>These Rules were established at the Special Meeting of Shareholders held on November 30, 1980; and came into effect upon the adoption of the 6th Amendment at the Annual Meeting of Shareholders held on June 22, 2018.</p>	<p>Added the date of amendment and the number of amendments.</p>

## Rules for the Election of Directors of Hey Song Corporation

- Article 1 The election of directors and independent directors of the Company (hereinafter referred to as the election of directors) shall be conducted at the shareholders' meeting in accordance with the provisions of these Rules.
- Article 2 In the election of directors of this Company, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons, and the names of voters may be represented by shareholders' numbers.
- Article 3 The Company shall elect the directors in accordance with the number of seats set out in the Articles of Incorporation and the resolution of the shareholders' meeting; candidates who acquire more votes should win the seats of directors. The independent directors and non-independent directors shall be elected together with the votes counted separately. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.
- Article 4 The Board of Directors shall prepare ballots and note the shareholder's number and the number of voting rights.
- Article 5 At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots.
- Article 6 Where the person to be elected is a shareholder, the ballot shall indicate the name of the person to be elected, the shareholder's account number and the number of voting rights; where the person to be elected is not a shareholder, the ballot shall indicate the name and identification number, or the name and uniform number, and the number of voting rights of the person to be elected.
- Where the Government or a juristic person is the person to be elected, the ballot shall contain the full name of the Government or juristic person, a unified number and/or the name of its representative.
- The person to be elected shall have capacity to make juridical acts.
- Article 7 Ballots shall be deemed void under the following conditions:
1. Ballots not placed in the ballot box.
  2. Ballots used in elections other than those provided under these Rules.
  3. Blank ballots placed in the ballot box.
  4. The number of candidates filled in the ballot exceeding the number of the

seats to be elected.

5. The name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register.
6. The name, identification number or uniform number of the candidate on the ballot does not match the record of the competent authority.
7. Ballots with other written characters or symbols other than those specified in Article 6(1) and (2).
8. Ballots on which the items to be included in Article 6(1) and (2) are incomplete.
9. Ballots on which any of the items in Article 6(1) and (2) has been altered.
10. The account name, name or title of the candidate for election is the same as that of the other shareholders and the shareholder's account number or identification card number or uniform number is not included for identification purposes.
11. Ballot with illegible information.
12. The total number of votes cast on the ballots exceeds the number of votes cast.

Article 8 The ballots shall be calculated immediately after the completion of the vote, under the supervision, and the results of the election should be announced by the Chairman at the meeting.

Article 9 Matters not provided for in these Rules shall be governed by the provisions of the Company Act and the relevant laws and regulations.

Article 10 These Rules were established at the Special Meeting of Shareholders held on November 30, 1980; and came into effect upon the adoption of the 6th Amendment at the Annual Meeting of Shareholders held on June 22, 2018.

Hey Song Corporation  
Table of Comparison of the Amendments to the “Rules of Procedure  
for Shareholders' Meetings”

Content of Article after Amendment	Content of Article before Amendment	Explanation
<p>8. The chair shall call the meeting to order at the appointed meeting time when the attending shareholders represent a majority of the total number of issued shares, <b><u>and at the same time announce the number of non-voting shares and the number of shares present, and other relevant information.</u></b></p> <p>(omitted below)</p>	<p>8. The chair shall call the meeting to order at the appointed meeting time when the attending shareholders represent a majority of the total number of issued shares.</p> <p>(omitted below)</p>	<p>In order to enhance corporate governance and to protect the interests of shareholders, this Article is hereby amended.</p>
<p>14. 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.</p> <p>(Paragraphs 1 to 8, omitted)</p> <p>9. 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</p>	<p>14. 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.</p> <p>(Paragraphs 1 to 8, omitted)</p> <p>9. 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</p>	<p>In order to enhance corporate governance and to protect the interests of shareholders, this Article is hereby amended.</p>

Content of Article after Amendment	Content of Article before Amendment	Explanation
<p>announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, <b><u>and the names and the number of votes of those non-elected as directors.</u></b></p> <p>10. Where re-election of all directors 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.</p>	<p>announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.</p> <p>10. Where re-election of all directors 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.</p>	
<p>19. These Rules were made at the 1st Special Meeting of Shareholders on 30 November 1980, <b><u>and shall be implemented after the 12th amendment adopted at the Annual Meeting of Shareholders on 22 June 2021.</u></b></p>	<p>19. These Rules were made at the 1st Special Meeting of Shareholders on 30th November, 1980; and shall come into operation on 23rd June, 2020, following their adoption by the 11th Amendment at the 2020 Annual Meeting of Shareholders.</p>	<p>Added the date of amendment and the number of amendments.</p>



## Rules of Procedure for Shareholders Meetings of Hey Song Corporation

- I. The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- II. The Company 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 shall attend shareholders meetings based on attendance cards; the Company 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.  
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.
- III. Attendance at shareholders meetings shall be calculated based on numbers of shares.
- IV. The venue for a shareholders meeting shall be the premises of the 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.
- V. Chairperson of the Shareholders' Meeting:
  1. If a 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 is on leave the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. When a director serves as chair, as referred to in the preceding paragraph, the 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.
  2. 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.
- VI. The Company appoints its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.  
Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- VII. The Company, 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.

VIII. The chair shall call the meeting to order at the appointed meeting time when the attending shareholders represent a majority of the total number of issued shares.

1. 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.
2. 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.
3. 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.

IX. Agenda of the Annual Meeting of Shareholders:

1. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
2. 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.
3. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda (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, a new chair shall be elected by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
4. Except as aforesaid, after close of the said meeting, shareholders shall not elect another chairman to hold another meeting at the same place or at any other place.

X. 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.

1. 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.
2. 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.
3. 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.
4. If the shareholder's speech violates the rules or exceeds the scope of the agenda

item, the chair may terminate the speech.

- XI. The juristic person joins the Shareholders' meeting:
  1. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the shareholders' meeting.
  2. 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. The number of the representatives appointed by juristic person shareholders for a particular shareholders' meeting may be capped at the number of the directors and supervisors to be elected in that meeting.
- XII. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- XIII. 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.
- XIV. 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.
  1. All shareholders of the Company 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.
  2. When a shareholder appoints a proxy to attend a shareholders' meeting, he/she shall do so in accordance with Article 177 of the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" established by the competent authorities.
  3. A company whose shareholders may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting shall describe in the shareholders' meeting notice the method of exercising their voting power. A shareholder who exercises his/her/its voting power at a shareholders meeting in writing or by way of electronic transmission as set forth in the preceding paragraph shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived his/her/its voting power in respect of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting.
  4. In case a shareholder elects to exercise his/her/its voting power in writing or by way of electronic transmission, his/her/its declaration of intention shall be served to the Company two days prior to the scheduled meeting date of the shareholders' meeting, whereas if two or more declarations of the same intention are served to the Company, the first declaration of such intention received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.
  5. In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting

power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting power under the preceding paragraph. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised his/her/its voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.

6. When there is an amendment or 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. If anyone among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.
  7. 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.
  8. 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.
  9. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, 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.
  10. Where re-election of all directors and 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.
- XV. When a meeting is in progress, the chair may announce a break based on time considerations. If a meeting cannot be concluded, it may be resumed within five days by resolution of the meeting without notice and announcement.
- XVI. In the event of an air-raid siren, the meeting shall be suspended and the people shall evacuate immediately; the meeting shall resume one hour after the siren has been lifted.
- XVII. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."
- XVIII. Matters not provided for in these rules shall be governed by the provisions of the Companies Act, the Articles of Incorporation and other relevant laws and regulations.
- XIX. These Rules were made at the 1st Special Meeting of Shareholders on 30th November, 1980; and shall come into operation on 23rd June, 2020, following their adoption by the 11th Amendment at the 2020 Annual General Meeting of Shareholders.

## Articles of Incorporation of Hey Song Corporation

### Chapter 1 General Provisions

- Article 1 The Company shall be incorporated under the Company Act of the Republic of China, and its name shall be HEY SONG CORPORATION.
- Article 2 The scope of business of the Company shall be as follows:
1. C110010 Beverage Manufacturing.
  2. F102040 Wholesale of Nonalcoholic Beverages.
  3. F102030 Wholesale of Tobacco and Alcohol Beverages.
  4. F203020 Retail Sale of Tobacco and Alcohol.
  5. F102170 Wholesale of Foods and Groceries.
  6. F203010 Retail Sale of Food, Grocery and Beverage.
  7. C102010 Manufacture of Dairy Products.
  8. C103050 Manufacturing of Canning, Freezing, Dehydration, Pickled of Food.
  9. C104010 Manufacturing of Sugar Confectionery.
  10. C104020 Manufacture of Bakery and Steam Products.
  11. C106010 Grain Husking, Manufacture of Grain Mill Products, Starches and Starch Products.
  12. C199010 Manufacture of Noodles, Couscous and Similar Farinaceous Products.
  13. C199020 Edible Ice Manufacturing.
  14. C199990 Manufacture of Other Food Products Not Elsewhere Classified.
  15. C601030 Paper Containers Manufacturing.
  16. C805030 Plastic Daily Necessities Manufacturing.
  17. C805050 Industrial Plastic Products Manufacturing.
  18. C805990 Other Plastic Products Manufacturing.
  19. CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified.
  20. F102020 Wholesale of Edible Fat and Oil.
  21. F108040 Wholesale of Cosmetics.
  22. F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies.
  23. F203030 Retail Sale of Alcohol.
  24. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories.
  25. F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures.

26. F206020 Retail Sale of Daily Commodities.
27. F207990 Retail Sale of Other Chemical Products.
28. F208040 Retail Sale of Cosmetics.
29. F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies.
30. F210010 Retail Sale of Watches and Clocks.
31. F213010 Retail Sale of Electrical Appliance.
32. F301020 Supermarkets.
33. F399010 Convenient Stores.
34. F399040 Retail Sale No Storefront.
35. F399990 Retail sale of Other Integrated.
36. F401010 International Trade.
37. F401171 Alcohol Products Importation.
38. F501030 Beverage Shops.
39. F501050 Bars.
40. G801010 Warehousing.
41. G202010 Parking area Operators.
42. H701010 Housing and Building Development and Rental.
43. H701020 Industrial Factory Development and Rental.
44. H701040 Specialized Field Construction and Development.
45. H701060 New Towns, New Community Development.
46. H703090 Real Estate Business.
47. H703100 Real Estate Leasing.
48. I301010 Software Information Services.
49. I301030 Electronic Information Supply Services.
50. J701040 Recreational Activities Venue.
51. J701070 Information Recreational.
52. JB01010 Conference and Exhibition Services.
53. JZ99030 Photography.
54. C114010 Food Additives Manufacturing.
55. F121010 Wholesale of Food Additives.
56. F221010 Retail of Food Additives.
57. I101070 Agriculture, Forestry, Fishing and Livestock Consulting.
58. I101090 Food Consulting.
59. J101050 Environmental Testing Services.
60. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1 The Company may make such investments as are necessary for the conduct of its business and may become a limited liability shareholder of another company by the resolution of the Board of Directors, provided that the total amount of such investments shall not be limited

by the provisions of Article 13 of the Companies Act.

Article 2-2 The Company may make endorsements and guarantees for business requirements, but shall follow the Company's "Procedures for Lending Funds to Others, and Endorsements and Guarantees".

Article 3 The Company has its head office in Taipei City, the Republic of China, and may set up branch offices within or outside the territory of the Republic of China when deemed necessary.

Article 4 (deleted)

## Chapter 2 Capital Stock

Article 5 The total capital stock of the Company shall be in the amount of NT\$6 billion, divided into 600 million common shares, at NT\$10 per share, and may be paid up in installments.

Article 6 The Company's share certificates are name-bearing share certificates and shall be registered, signed or sealed by the Chairman and two or more Directors, numbered and sealed with the Company's seal, and issued under the authority of the competent authority or its approved issuing registrar.

Upon the issue of new shares, the Company may print a certificate for the total number of shares issued and such certificates shall be deposited with a centralized securities depository enterprise; the preceding requirement that certificates shall be numbered is not applicable.

The Company may issue shares and be exempted from printing any share certificate for the shares issued and shall register the issued shares with a centralized securities depository enterprise; the preceding two provisions shall not apply.

Article 7 The Company's shareholders' services shall be governed by the "Regulations Governing the Administration of Shareholder Services of Public Companies" issued by the securities regulatory authorities.

Article 8 (deleted)

Article 9 (deleted)

Article 10 (deleted)

Article 11 No share shall be transferred within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

## Chapter 3 Shareholders' Meeting

Article 12 There are two types of shareholders' meetings: regular shareholders' meetings and special shareholders' meetings, which shall be convened by the Board of Directors unless otherwise provided in the Company

Act.

The regular meeting of shareholders shall be convened within six months after close of each fiscal year, unless otherwise approved by the competent authority for good cause shown. The special shareholders' meeting shall be convened in accordance with the law when necessary.

The shareholders shall be notified of the date, place and cause of the convening of the regular shareholders' meeting at least 30 days in advance; the shareholders shall be notified of the convening of the special meeting at least 15 days in advance. However, for shareholders holding less than 1,000 registered shares, the meeting may be called by a public announcement.

Article 13 If a shareholder is unable to attend a shareholders' meeting for any reason, he/she may, in accordance with Article 177 of the Company Act, appoint a proxy to attend the shareholders' meeting in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" issued by the competent authority.

Article 14 If a 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 is on leave the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

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.

Article 15 Each shareholder of the Company shall have one voting power in respect of each share, except in the circumstances provided in Article 179 of the Company Act in which shares have no voting powers.

Article 15-1 The Company adopts the cumulative voting method for the election of Directors, providing that the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated



separately.

Article 15-2 The Company's directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Act. The public notice announcing acceptance of nominations for election of directors shall be made in accordance with the provisions of the Company Act, the Securities and Exchange Act and relevant laws and regulations.

Article 16 Resolutions of the shareholders' meeting shall be made by the consent of a majority of the votes of the shareholders present, unless otherwise provided by the relevant laws and regulations.

Article 17 The minutes of the shareholders' meeting shall be prepared, signed or sealed by the chairperson and distributed to the shareholders within 20 days of the meeting.

The foregoing minutes may be distributed by public announcement to the shareholders.

#### Chapter 4 Board of Directors Meeting

Article 18 The Company shall have nine to fifteen directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The term of office of a director shall be three years; he/she may be eligible for re-election. All directors' shareholdings are subject to the regulations of the securities regulatory authorities. The Board of Directors may approve the purchase of liability insurance for the directors of the Company after they have been elected.

The aforementioned number of directors shall consist of at least three independent directors and not less than one-fifth of the total number of directors to be elected. The professional requirements, restrictions on shareholding and concurrent employment, determination of independence, nomination and election as well as other matters to be complied with for independent directors shall be in accordance with the Securities and Exchange Act and relevant laws and regulations.

Article 18-1 The Company shall set up an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, and the audit committee or members of the audit committee shall be responsible for exercising the powers as supervisors under the Company Act, the Securities and Exchange Act, and other laws and regulations.

The Audit Committee shall consist of all independent directors with not less than three members; one of whom shall be the convener and at least one of whom shall have accounting or financial expertise.

Article 19 The Directors shall constitute a board of directors and shall elect a chairman from among themselves with the presence of at least two-thirds of the Directors and the consent of a majority of the

Directors present, who shall represent the Company externally. If the Chairman of the Board of Directors is absent from office or is unable to exercise his or her duties and responsibilities for any reason, the Chairman of the Board of Directors shall designate one of the Directors to act on his or her behalf, or if no such designation is made, the Directors shall elect one from among themselves to act as Chairman.

Article 19-1 The Company's Board of Directors may set up an Audit Committee, a Remuneration Committee or other functional committees as required for the operation of the Company's business; the charters for these committees shall be established by the Board of Directors.

Article 20 The Board of Directors shall exercise its powers and functions in accordance with the laws, the Articles of Incorporation and the resolutions of the shareholders' meeting in the execution of the business of the Company. The powers of the Board are as follows:

1. To approve the operating objectives and business strategies.
2. Draft a capital increase plan.
3. To review the annual budget, annual financial report and semi-annual financial report. Except for the semi-annual financial report audited and attested by a certified public accountant as requested by laws and regulations.
4. To propose the profit distribution.
5. To approve the purchase, sale, exchange, creation of property rights and all other disposals of real estate.
6. To approve the investment plan for new factories.
7. To approve the investment on other businesses.
8. To appoint or discharge the President, Vice-President, Assistant Manager, Director, Chief Factory Manager and Head of Finance, Accounting or Internal Audit.
9. To implement the resolutions of the Shareholders' Meeting.
10. To establish or amend the internal control system and assessment of the effectiveness of the internal control system.
11. To establish or amend the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of

assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.

12. To conduct the offering, issuance, or private placement of any equity-type securities.

13. Any matter required by law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.

Article 21 The Board of Directors meetings shall be convened by the Chairman. The date, place and reasons for calling a board of directors meeting shall be notified to each director at least seven days in advance by written notice. In emergency circumstances, however, a meeting may be called on shorter notice.

The preceding notice may be made by electronic means such as facsimile or e-mail.

The first meeting of each term of the board of directors shall be convened by the director who received a ballot representing the largest number of votes at the election of directors within 15 days after the re-election. If a Director is unable to attend a meeting of the Board of Directors for any reason, 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; each Director may only be appointed to act as proxy for another Director.

In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 22 The Chairman of the Board of Directors shall be the Chairperson. In case the Chairman of the Board of Directors is absent, the chairman of the board of directors shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the board of directors.

Article 23 Unless otherwise provided for in this Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. Resolutions adopted at a Board of Directors' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be kept in the Company and distributed to all directors of the Company within twenty (20) days after the close of

- the meeting.
- Article 24 (deleted)
- Article 25 (deleted)
- Article 26 (deleted)
- Article 27 The remuneration of the directors, irrespective of whether the Company makes a profit or loss, is delegated to the Board of Directors to be determined with the standard generally adhered by other firms of the same trade.
- The remuneration of the independent directors is determined to be a fixed monthly payment separate from the non-independent directors by the Board of Directors; provided that the independent directors do not participate in the remuneration distribution to the directors.
- Chapter 5 Key Personnel
- Article 28 The Company shall have a President, Vice President, Assistant Manager, Director, Chief Factory Manager and other managers, whose appointment, discharge and remuneration shall be in accordance with the provisions of Article 29 of the Company Act.
- Article 29 The President shall be responsible for conducting the daily operations under the authority of the Chairman of the Board of Directors subject to the resolution of the Board of Directors with the support of the Vice President, Assistant Manager, Director and Chief Factory Manager.
- Chapter 6 Accounting and the profit distribution
- Article 30 The accounting year of the Company shall be from 1 January to 31 December each year and the accounts shall be prepared after the end of the year.
- Article 31 At the end of the fiscal year, the Board of Directors shall prepare the following statements, which shall be submitted to the Audit Committee for review and approval prior to 30 days of the Annual Meeting of Shareholders and for the resolution.
1. Business Report.
  2. Financial Statements.
  3. Earnings distribution and Loss make-up proposals.
- Article 32 If the Company makes a profit in a year, the Company shall distribute not less than 1% of such profit to the employees of the Company in the form of shares or cash as resolved by the Board of Directors, provided that the distribution shall be made to employees of the Company's subsidiaries who satisfy certain conditions; the Company may also distribute not more than 3% of such profit to the Directors, subject to the resolution of the Board of Directors. The distribution of remuneration to employees and directors shall be reported to the

shareholders' meeting.

However, if the Company has accumulated losses, such losses shall be covered prior to the distribution of the remuneration to employees and directors in accordance with the aforesaid proportions.

- Article 32-1 If there is any surplus in the Company's annual results, the Company shall pay tax and make up for the accumulated deficit, and then set aside 10% of the legal reserve, except that if the legal reserve has reached the Company's paid-in capital, no further provision shall be made, and the remaining balance shall be set aside or reversed to a special reserve in accordance with the law; if there is any remaining surplus and together with the accumulated undistributed earnings, the Board of Directors shall prepare a proposal for the dividend distribution and submit it to the shareholders' meeting for resolution. The Company's dividend policy is based on the Company's sustainability plan, taking into account the investment environment, capital requirements, domestic and international competition, and the interests of shareholders, etc. The annual distribution of dividends to shareholders shall be no less than 50% of the current year's after-tax profit; dividends to shareholders may be distributed in cash or in shares, with cash dividends being no less than 30% of the total dividends distributed.

#### Chapter 7 Supplementary Provisions

- Article 33 In regard to all matters not provided for in these Articles of Incorporation, the Company Act of the Republic of China shall govern.
- Article 34 The name of the Company was changed from Hey Song Beverages Co., Ltd. to Hey Song Corporation.
- Article 35 These Articles of Incorporation were established on November 30, 1969 and were amended by a resolution of the shareholders' meeting and submitted to the competent authorities for approval and registration. The amendment was approved and become effective upon the adoption of the 47th amendment by the shareholders' meeting on June 23, 2020.

## Hey Song Corporation Shareholdings of Directors

- I. The paid-up capital of the Company is NT\$4,018,710,940 and the number of issued shares is 401,871,094.
- II. The minimum number of shares required to be held by all directors is 16,074,844 shares (4%).
- III. The shareholdings of individual and all directors as at the date of closure of the Register of Members (April 24, 2021) are as follows: (the required percentage stipulated in Article 26 of the Securities and Exchange Act has been met).

Book closure date: April 24, 2021

Title	Name	Date of election	Term of office	Number of shares held at the time of election		Number of shares held as recorded in the shareholders' roster at book closure date	
				Number of Shares	Ratio	Number of Shares	Ratio
Chairman of the Board	Pin-Tang Chang	2019.6.24	3 years	12,555,446	3.12%	12,555,446	3.12%
Director	Yu Sheng Investment Co., Ltd.	2019.6.24	3 years	3,656,820	0.91%	3,656,820	0.91%
Director	Tai De Investco Co., Representative: Tsai-Yun Tsai	2019.6.24	3 years	5,563,005	1.38%	5,563,005	1.38%
Director	Tai De Investco Co., Representative: Sheng-Chieh Yang	2019.6.24	3 years	5,563,005	1.38%	5,563,005	1.38%
Director	Kuo Yuan Investment Co., Ltd.	2019.6.24	3 years	6,200,000	1.54%	6,275,000	1.56%
Director	Dao-Hee Investment Co., Ltd	2019.6.24	3 years	3,272,973	0.81%	3,272,973	0.81%
Director	Leg Horn Investment Co.,Ltd	2019.6.24	3 years	6,189,000	1.54%	6,189,000	1.54%
Director	Hsin Yuan Investment Co., Ltd.	2019.6.24	3 years	5,939,247	1.48%	5,939,247	1.48%
Director	Cheng-Hsing Chang	2019.6.24	3 years	2,953,157	0.73%	2,763,157	0.69%
Director	Hsin Bon Investment Limited	2019.6.24	3 years	6,434,433	1.60%	6,434,433	1.60%
Director	ChungYen Investment Co.,Ltd	2019.6.24	3 years	6,411,418	1.60%	6,411,418	1.60%
Independent Director	Huo-Dang Lin	2019.6.24	3 years	0	0.00%	0	0.00%
Independent Director	Feng-Ao Lee	2019.6.24	3 years	0	0.00%	0	0.00%
Independent Director	Min-Chiu Chien	2019.6.24	3 years	0	0.00%	0	0.00%
Total				59,175,499	14.72%	59,060,499	14.70%

Thank you for coming!

Your comments and feedback are always welcome!