

Security Code: 9924



**Taiwan Fu Hsing Industrial Co., Ltd.**

2016  
Meeting of Shareholders

Handbook

Date & Time: 9:00am June 24<sup>th</sup>, 2016 (Friday)

Venue: No. 17<sup>th</sup>, Bengong Rd., Kangshan Dist., Kaohsiung City

(2F of the Assembly Hall in the Benjhou Industrial Park Service Center)

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## I. Meeting Agenda

### Taiwan Fu Hsing Industrial Co., Ltd. Meeting Agenda of the 2016 Shareholders' Meeting

Date & Time: 9:00an, June 24<sup>th</sup>, 2016 (Friday)

Venue: No. 17, Bengong Rd., Kangshan Dist., Kaohsiung City  
(2F of the Assembly Hall in the Benjhou Industrial Park Service Center)

#### Meeting Procedures

1. Report of shareholders presenting at the meeting
2. Meeting call to order
3. Address by Chairman
4. Matters for discussion  
To amend some articles in the “Articles of Incorporation”.
5. Management presentation
  - A. 2015 Operation Report
  - B. Supervisor’s review report on the 2015 Financial Statements
  - C. Report of emoluments paid to employees and directors/supervisors in 2015.
  - D. Loaning of the company funds.
  - E. Report of process regarding proposals submitted by shareholders.
6. Matters for acknowledgement
  - A. To acknowledge 2015 Financial Statements.
  - B. To acknowledge 2015 Earnings Distribution Proposal.
7. Other matters & Extempore motions
8. Adjournment

## **4. Matters for Discussion**

(Proposed on the Board of Director's Meeting)

Motion: To amend some articles in the company's "Articles of Incorporation". Please proceed for resolution.

Explanation:

1. To cooperate with the Correspondence Hua-Zong-I-Zi No.10400058161 received on May 20<sup>th</sup>, 2015, the company plans to add an article to meet the requirements stated on Article 235-1 of the Company Act and amend an article to meet the requirements stated on Article 235 in relation to emoluments paid to employees, directors/supervisors, and also the distribution of dividends.
2. The amended articles and the original articles please refer to Attachment XIV, pp. [29].

Resolution:

## **5. Management Presentation**

Report 1

Summary: The 2015 Business Report

Explanation: Please see Attachment I for 2015 Operation Report, pp. [7-10].

Report 2

Summary: Supervisor's review on the 2015 financial statements

Explanation: Please see Attachment II for the review report, pp. [11].

Report 3

Summary: Report of emoluments paid to employees and directors/supervisors in 2015.

Explanation:

1. According to Article 26-1 of the modified Article of Incorporation and the company's remuneration policy.
2. The company plans to make a provision of NT\$79,596,500 as employee benefit and NT\$15,000,000 as remunerations paid to directors and supervisors.

## Report 4

Summary: Loaning of the company's fund to others

Explanation:

1. The total fund lending to others is limited to be under 10% of the company's net worth stated in the most recent financial report and the ceiling of loans that lend to an individual company is limited to be under 50% of that borrowing company's net worth.
2. Loaning of the company's fund to others in 2015 as below:

Unit: NT\$1,000

Fund Loan To	Relationship with the company	Highest unused balance during this term	Balance at the end of the term	Amount actually used	The highest limit of the loan
Fu Hsing Americas Inc.	A Subsidiary that Fu Hsing holds more than 50% of the share.	\$ 42,393	\$ 42,393	\$ 42,393	\$ 500,244

## Report 5

Summary: Report of process regarding proposals submitted by shareholders.

Explanation: According to Article 172-1 of the Company Act, shareholders that hold 1% or above of the company's outstanding shares may submit written motions to the Shareholders' Meeting for discussion. However, one shareholder can submit only one motion with less than 300 words. The company opened up to accept shareholders' proposals from Apr. 15<sup>th</sup>, 2016 to Apr. 26<sup>th</sup>, 2016. During the aforementioned period, the company did not receive any proposals from any shareholders.

## **6. Matters for acknowledgement**

Proposal 1 (Proposed by the Board of Directors)

Proposal: To acknowledge 2015 Financial Statements ◦

Explanation:

1. The company's 2015 Financial Reports were audited by independent auditors, LIAO A-Shen and LIU Tzu-Meng, of the PwC Taiwan and were given audit report of Modified Unqualified Opinion. The 2014 Financial Reports have been approved by the Board and examined along with the Business Report and earnings distribution proposal by the supervisors of the Fu Hsing Industrial Co., Ltd.
2. Please refer to Attachment II, Attachment III to Attachment XII for the Supervisor's review report, independent auditors' audit report, and the above-mentioned Financial Statements, pp. [11-27].

Resolution:

Proposal 2 (proposed by the Board of Directors)

Proposal: To acknowledge 2015 Earnings Distribution

Explanation:

1. The Board of Directors has resolved to distribute cash dividend of NT\$2.80 in 2015.
2. Please refer to Earnings Distribution Table in Attachment XIII, pp. [28].
3. Upon the resolution in the Meeting of Shareholders, it is proposed that the Chairman be invited for resolving the ex-dividend date, ex-rights date, and other relevant issues.

Resolution:

## **7. Other matters & Extempore Motions**

## **8. Adjournment**

## II. Attachments

### 【Attachment I 2015 Operation Report】

To the Shareholders of Fu Hsing Industrial Co., Ltd.:

The year of 2015 is another good year for Fu Hsing regarding its operations. Thanks to the recovering U.S. market, which is our main market, orders from our existing customers were very stable during the whole year. Besides, new customer development also had good achievements. Therefore, our revenues in 2015 continued to write the new record high to reach 7.99 billion dollars. On the other hand, due to strong U.S. dollar, the pricing of bulk metallic material was also quite stable. With the synergy from manufacturing procedures improvements, Fu Hsing also achieved a new highest operational margin. We hereby thank all the domestic and international employees and staffs for their devotions in the past year and their help to create such brilliant performance. Of course, this also proved that our decision to focus on our core business was a correct decision. In the past year, Fu Hsing also achieved:

- Obtained 70 patents in various nations, including the U.S. highest level Grade 1 patent in lock mechanism.
- Received the honor of “Good Fortune Enterprise Label Award” as one of the top ten happiness enterprise from the Kaohsiung City Government.
- Its “2014 CSR Statement” received SGS certification.
- The sales of electronic door lock grew 140%.

**The Company’s 2015 operation results are stated as the following:**

(1) **Review of Business Plan Implementation**

Unit: NTD1,000

List	2015	2014	Increase (Decrease)	Increase (Decrease) by %
Revenues (Net)	7,986,554	7,074,752	911,802	13%
Operating Profit	851,495	499,433	352,062	70%
NIBT (Net Income Before Tax)	1,076,479	671,423	405,056	60%
NIAT (Net Income After Tax)	796,103	507,914	288,189	57%

(2) **Review of Budget Implementation**

Not available. Fu Hsing did not disclose Financial Forecast for the year of 2015.

(3) **Analysis of Receipt, Expenditure, and Profitability**

List		2015	2014
Financial Structure	Debt to Total Asset (%)	30.31	31.83
	Long Fund to Fixed Assets, Plants, and Facilities (%)	299.22	284.07
Business Solvency	Current Ratio (%)	252.37	201.13
	Quick Ratio (%)	205.16	150.27
	Interest Protection Multiples	980.51	223.40
Profitability	Return on Assets (%)	11.19	7.79
	Return on Equity (%)	16.21	11.32
	NIBT to Paid In Capital (%)	57.12	35.63
	Net Profit Ratio (%)	9.97	7.18
	Earnings Per Share (dollar)	4.22	2.70

(4) **Research & Development Works**

The development of new products and technology has always been one important operational direction for Fu Hsing. In 2015, besides continuously promoting our R&D speed, we also continuously introduced in different kinds of electronic technologies to construct a more comprehensive and diversified electronic lock production line. We extended vertically and innovated further from push-bottom lock and touch electronic lock product to door locks that are compatible with home automation platforms. We also expanded the cooperation with electronic manufactures to integrate horizontally and included computer software and mobile phone apps in order to develop advanced products that are able to connect to current door access control system by the newest blue tooth communication technology. We hope Fu Hsing is able to accumulate its R&D and innovation capacity during the process of software and hardware integration and open up the gap with latecomers.

Besides the development of electronic locks, we still maintain the pace in developing traditional door lock products. In 2015, Fu Hsing actively participated in activities held by the Builders Hardware Manufacturers Association (BHMA) in the U.S. Besides having already become one of the members in the BHMA, our U.S.



Grade 1 commercial flat bar product line was also certified by the BHMA to enhance products' competitiveness in the local market. We also continued to keep an eye on the changes of U.S. regulations in order to develop products that meet the newest regulation requirements. In the breadth of products, Fu Hsing, through various channels, collected and analyzed the most updated appearance design trend in order to launch exterior parts that are able to meet the market demand timely and help our customers grasp the precious business opportunities when the construction industry booms.

For the coming year, our main development direction will focus on:

1.To strengthen Fu Hsing's customer services power

In order to deep cultivate our main North America market and provide customers with better services, Fu Hsing acquired a land in Georgia State, United States. The land measures about 50,000 sqft and will be used for storage and office facilities. In the future, besides the capability to provide prompter and more flexible delivery, this land is going to be one important business site for Fu Hsing to expand its business in North America. We believe all our customers will trust our determination and are willing to work with Fu Hsing to create a win-win business and future.

2.To echo to energy saving concept and further advance Fu Hsing's social responsibility

Fu Hsing disclosed its CSR Statement (Corporate Social Responsibility Statement) in October 2014 for the first time. In the statement, we clearly recorded all efforts we have made to fulfill corporate social responsibility. However, we truly know that the implementation of corporate social responsibility is not only paperwork or just a slogan, but instead corporate should adopt real actions. In the coming year, we will pay our attention on energy saving. Besides encouraging colleagues to think and submit energy saving ideas, we will also focus on analyzing the possibilities of improving current facilities' energy consumption efficiency. We hope we are able to reduce operation cost, being friendlier to our environment, and further advance Fu Hsing's social responsibility by promoting energy saving idea in all the aspects.

3.To improve manufacturing procedures and integrate resources

In order to meet the company's long term growing demand, increasing manufacturing efficiency and resources integration are areas we should pay lots of attention on. In the coming year, we will keep investing in and increasing the percentage of automation. Meanwhile, we will look for ways to reduce manufacturing wastage in order to increase the production yield per person. In addition, in the past few years, we have successively acquired more than 6,000 ping lands that should be further planned and utilized based on the operational directions. We will also carry out the most efficient plan and integrations for all the production facilities and resources among all the factories to maximize the resources utilization efficiency.

#### 4.To more actively develop the value of Fu Hsing’s intangible assets

It has been nearly 60 years after Taiwan Fu Hsing was established. Besides its solid manufacturing technology, continuous innovation and creation is also a very important element for Taiwan Fu Hsing to keep its competitive edge. In order to follow the market development trend, we are now actively and carefully plan our global patent arrangement for electronic door locks and intelligent family housing and residential complex’s access control system. We hope Fu Hsing is able to continuously develop the “blue sea” market and maintain its leading role in the industry.

The IMF’s newest World Economy Outlook predicts the global economic growth rate will fall at 3.2% in 2016, which is slightly lower than the 3.5% in 2015. We can see that global economic situation might not be very positive. Therefore, many developed countries, in order to stimulate their economies, carry out all kinds of monetary easing policies such as cutting interest rate or even carrying out negative interest rate. However, those monetary policies help the inter-flow of international hot money and in relation with that cause the increasing material prices and also the appreciation of New Taiwan Dollars. These are challenges for our operations in the future. But we will keep holding our steadily and firm spirits and continuously focusing on our core business. With our international outlook, long-term strategic goal, and business philosophy of implementation, we believe Fu Hsing will continue to grow and expand despite the slowing global economy. We hope Fu Hsing will not disappoint its shareholders and is able to live up to its reputation as the world’s largest door lock manufacturer.

Chairman:  
LIN, Jui-Chang

President:  
CHEN, Chien-Kun

Chief Accounting Officer:  
LI, Kuo-Wei

**【Attachment II Supervisor's Report】**

Supervisor's Report

In accordance with the Article 219 of the Company Act, we have examined the company's operation report and motions of earnings distribution along with the mother company's financial report and the consolidated financial report that were audited and signed by Accountants LIAO, A-Shen and LIU, Tzu-Meng, of the PwC Taiwan and submitted by the Board of Directors for the year ending 2015, and found them in order.

Supervisor: HUANG, Fu-Ti

(Representative of Fu Yuan Investment Co., Ltd.)

LIN, Wen-Hsing

(Representative of Fu Yuan Investment Co., Ltd.)

March 21<sup>st</sup>, 2016

**【Attachment III Independent Auditor’s Report (I)】**  
**REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE**

PWCR14000399

To the Board of Directors and stockholders of Taiwan Fu Hsing Industrial Co., Ltd.:

We have audited the balance sheets of Taiwan Fu Hsing Industrial Co., Ltd. as of December 31, 2015 and 2014, and the related statements of income and changes in stockholder’s equity, and cash flows for the period from January 1 to December 31, 2015 and the period from January 1 to December 31, 2014. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit part of the Company’s investments accounted for under the equity method for 2015 and 2014 and the information related to the businesses in which the Company has invested disclosed in Note 13, as these financial reports were evaluated and disclosed based on the financial reports audited by other independent auditors. The share of profit and loss of associates & joint ventures accounted for using equity method for 2015 and 2014 that was recognized based on the financial reports audited by other independent auditors was NT\$-10,517,000 and NT\$28,447,000, respectively, and the balance of investment accounted for under the equity method as of December 31, 2015 and December 31, 2014 was NT\$202,652,000 and NT\$217,441,000, respectively.

We conducted our audits in accordance with the “Rules Governing the Certification of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on the audit results by this CPA and other CPAs, the financial statements referred to in the first above present fairly, in all material respects, the financial position of Taiwan Fu Hsing Industrial Co., Ltd. as of December 31, 2015 and 2014 and the results of its operations and its cash flows for the periods from January 1 to December 31, 2015 and 2014, in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

PricewaterhouseCoopers, Taiwan

March 21, 2016

【 Attachment IV NON-CONSOLIDATED BALANCE SHEETS 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.  
NON-CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	2015		2014	
			Amount	%	Amount	%
<b>Current Assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 569,829	9	\$ 113,705	2
1110	Financial assets at fair value through profit or loss - current	6(2)	443,306	7	-	-
1150	Notes receivable, net		18,113	-	15,829	-
1170	Accounts receivable, net	6(3)	994,276	15	1,051,750	17
1180	Accounts receivable, net – related parties	7(1)	12,857	-	26,861	1
1210	Other receivables – related parties	7(1)	87,686	1	47,105	1
130X	Inventories	6(4)	266,780	4	263,273	4
1476	Other financial assets - current		2,958	-	18,470	-
1479	Other current assets		35,196	1	36,792	1
11XX	<b>Total current assets</b>		<u>2,431,001</u>	<u>37</u>	<u>1,573,785</u>	<u>26</u>
<b>Non-current assets</b>						
1523	Available-for-sale financial assets – non-current	6(5)	330,816	5	333,081	5
1543	Financial assets measured at cost – non-current	6(6)	87,617	2	110,057	2
1550	Investments accounted for under equity method	6(7)	2,695,550	41	3,081,051	51
1600	Property, plant and equipment	6(8)	913,528	14	883,552	15
1780	Intangible assets		1,151	-	1,565	-
1840	Deferred income tax assets	6(20)	52,855	1	57,153	1
1980	Other financial assets – non-current		5,481	-	5,759	-
1990	Other non-current assets		4,915	-	10,912	-
15XX	<b>Total non-current assets</b>		<u>4,091,913</u>	<u>63</u>	<u>4,483,130</u>	<u>74</u>
1XXX	<b>Total assets</b>		<u>\$ 6,522,914</u>	<u>100</u>	<u>\$ 6,056,915</u>	<u>100</u>

(Continued)

【 Attachment IV NON-CONSOLIDATED BALANCE SHEETS 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.  
NON-CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars)

(Expressed in thousands of New Taiwan dollars)		(Expressed in thousands of New Taiwan dollars)		2014		
Liabilities and Equity		2015		2014		
	Notes	Amount	%	Amount	%	
<b>Current liabilities</b>						
2120	Financial liabilities at fair value through profit or loss - current	6(2)	\$ 562	-	\$ 9,265	-
2150	Notes payable		150,430	2	126,529	2
2170	Accounts payable		179,284	3	195,561	3
2180	Accounts payable – related parties	7(1)	406,849	6	411,143	7
2200	Other payables	6(9)	290,279	5	244,146	4
2220	Other payables – related parties	7(1)	26,266	-	26,297	1
2230	Current income tax liabilities		112,113	2	55,965	1
2399	Other current liabilities		7,996	-	7,530	-
21XX	<b>Total current liabilities</b>		<u>1,173,779</u>	<u>18</u>	<u>1,076,436</u>	<u>18</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(20)	106,759	1	138,749	2
2640	Accrued pension liabilities	6(10)	239,939	4	250,012	4
25XX	<b>Total non-current liabilities</b>		<u>346,698</u>	<u>5</u>	<u>388,761</u>	<u>6</u>
2XXX	<b>Total liabilities</b>		<u>1,520,477</u>	<u>23</u>	<u>1,465,197</u>	<u>24</u>
<b>Equity attributable to owners of the parent</b>						
<b>Share capital</b>						
3110	Common shares	6(11)	1,884,521	29	1,884,521	31
<b>Capital surplus</b>						
3200	Capital surplus	6(12)	567,114	9	567,114	9
<b>Retained earnings</b>						
3310	Legal reserve	6(13)(20)	749,806	12	699,015	12
3320	Special reserve		48,991	1	48,991	1
3350	Unappropriated retained earnings		1,464,803	22	1,110,266	18
<b>Other equity</b>						
3400	Other equity	6(14)	287,202	4	281,811	5
3XXX	<b>Total equity</b>		<u>5,002,437</u>	<u>77</u>	<u>4,591,718</u>	<u>76</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>						
<b>Significant events after the balance sheet date</b>						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 6,522,914</u>	<u>100</u>	<u>\$ 6,056,915</u>	<u>100</u>

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

【 Attachment V NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.

NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	2015		2014	
		Amount	%	Amount	%
4000 <b>Operating revenue</b>	6(15) and 7(1)	\$ 5,330,560	100	\$ 4,727,893	100
5000 <b>Operating costs</b>	6(4)(18)(19) and 7(1)	( 4,445,038)	( 83)	( 4,103,172)	( 87)
5900 <b>Gross profit</b>		885,522	17	624,721	13
<b>Operating expenses</b>	6(18)(19) and 7(1)				
6100 Selling expenses		( 176,460)	( 3)	( 170,520)	( 4)
6200 General and administrative expenses		( 202,497)	( 4)	( 161,914)	( 3)
6300 Research and development expenses		( 98,326)	( 2)	( 98,029)	( 2)
6000 <b>Total operating expenses</b>		( 477,283)	( 9)	( 430,463)	( 9)
6900 <b>Operating profit</b>		408,239	8	194,258	4
<b>Non-operating income and expenses</b>					
7010 Other income	6(16)	43,667	1	29,963	1
7020 Other gains and losses	6(17)	85,593	1	104,722	2
7050 Finance costs		( 21)	-	( 224)	-
7070 Share of other comprehensive income of subsidiary, associates and joint ventures accounted for under equity method		416,804	8	256,430	6
7000 <b>Total non-operating income and expenses</b>		546,043	10	390,891	9
7900 <b>Profit before income tax</b>		954,282	18	585,149	13
7950 Income tax expense	6(20)	( 158,179)	( 3)	( 77,235)	( 2)
8200 <b>Profit for the year</b>		\$ 796,103	15	\$ 507,914	11

(Continued)

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

【 Attachment V NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.  
NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	2015		2014	
		Amount	%	Amount	%
<b>Other comprehensive income, net</b>					
<b>Components of comprehensive loss that will not be reclassified to profit or loss</b>					
8311 Loss on remeasurements of defined benefit plans	6(10)	(\$ 12,460)	-	(\$ 8,131)	( 1)
8330 Share of loss of subsidiary, associates and joint ventures accounted for under equity method		( 3,529)	-	( 5,326)	-
8349 Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss	6(20)	2,118	-	1,382	-
8310 <b>Components of other comprehensive loss that will not be reclassified to profit or loss</b>					
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Cumulative translation differences of foreign operations	6(14)	( 13,871)	-	( 12,075)	( 1)
8362 Unrealised gain (loss) on valuation of available-for-sale financial assets	6(5)(14)	78,877	1	133,365	3
8380 Share of other comprehensive loss of associates and joint ventures accounted for using equity method	6(14)	( 2,265)	-	4,154	-
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8300 <b>Other comprehensive (loss) income for the year, net of tax</b>		( \$ 8,480)	-	\$ 77,479	1
8500 <b>Total comprehensive income for the year</b>		\$ 787,623	15	\$ 585,393	12
<b>Earnings per Share (in dollars)</b>	6(21)				
9750 <b>Basic earnings per share</b>		\$ 4.22		\$ 2.70	
9850 <b>Diluted earnings per share</b>		\$ 4.18		\$ 2.68	

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei



【 Attachment VI NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.  
NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent

Note	Retained earnings					Other equity		Total
	Common share	Capital surplus - Share premium	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gain (loss) on valuation of available-for-sale financial assets	
<u>2014</u>								
Balance at January 1, 2014	\$ 1,884,521	\$ 567,114	\$ 640,915	\$ 48,991	\$ 1,049,431	\$ 46,099	\$ 146,158	\$ 4,383,229
Distribution of 2013 earnings:								
Legal reserve	-	-	58,100	-	( 58,100 )	-	-	-
Cash dividends	6(13)	-	-	-	( 376,904 )	-	-	( 376,904 )
Net income for 2014	-	-	-	-	507,914	-	-	507,914
Other comprehensive income for 2014	6(5)(10)(14)	-	-	-	( 12,075 )	85,400	( 4,154 )	77,479
Balance at December 31, 2014	<u>\$ 1,884,521</u>	<u>\$ 567,114</u>	<u>\$ 699,015</u>	<u>\$ 48,991</u>	<u>\$ 1,110,266</u>	<u>\$ 131,499</u>	<u>\$ 150,312</u>	<u>\$ 4,591,718</u>
<u>2015</u>								
Balance at January 1, 2015	\$ 1,884,521	\$ 567,114	\$ 699,015	\$ 48,991	\$ 1,110,266	\$ 131,499	\$ 150,312	\$ 4,591,718
Distribution of 2014 earnings:								
Legal reserve	-	-	50,791	-	( 50,791 )	-	-	-
Cash dividends	6(13)	-	-	-	( 376,904 )	-	-	( 376,904 )
Net income for 2015	-	-	-	-	796,103	-	-	796,103
Other comprehensive loss for 2015	6(5)(10)(14)	-	-	-	( 13,871 )	7,656	( 2,265 )	( 8,480 )
Balance at December 31, 2015	<u>\$ 1,884,521</u>	<u>\$ 567,114</u>	<u>\$ 749,806</u>	<u>\$ 48,991</u>	<u>\$ 1,464,803</u>	<u>\$ 139,155</u>	<u>\$ 148,047</u>	<u>\$ 5,002,437</u>

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

【 Attachment VII NON-CONSOLIDATED STATEMENTS OF CASH FLOWS 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.  
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars)

	Note	2015	2014
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Net income before tax		\$ 954,282	\$ 585,149
Adjustment to reconcile consolidated net income to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation	6(8)(18)	41,604	35,895
Amortization	6(18)	2,941	2,966
(Reversal of allowance) provision for bad debts	6(3) and 7(1)	( 2,369 )	2,939
Net gain on financial assets at fair value through profit or loss	6(2)(17)	4,553	3,456
Adjustment due to change of investees' equity under the equity method		( 416,804 )	( 256,430 )
Loss on disposal of property, plant and equipment	6(17)	405	-
Interest income	6(16)	( 1,306 )	( 1,352 )
Dividend income	6(16)	( 35,657 )	( 22,985 )
Interest expense		21	224
on disposal of investments	6(17)	( 45,103 )	( 55,734 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		( 456,327 )	273,251
Notes receivable		( 2,284 )	( 2,577 )
Accounts receivable		59,843	( 321,199 )
Accounts receivable - related parties		14,004	23,595
Other receivables - related parties		( 40,581 )	( 14,560 )
Inventories		( 3,507 )	33,401
Other financial assets - current		15,391	( 11,213 )
Other current assets		1,596	( 6,327 )
Net changes in liabilities relating to operating activities			
Notes payable		23,901	17,772
Accounts payable		( 16,277 )	43,945
Accounts payable - related parties		( 4,294 )	138,447
Other payables		47,783	63,873
Other payables - related parties		( 31 )	( 15,730 )
Other current liabilities		466	2,912
Accrued pension liabilities		( 22,533 )	( 21,399 )
Cash generated from operations		119,717	498,319
Interest received		1,427	1,449
Dividend received		618,165	176,197
Interest paid		( 21 )	( 224 )
Income tax paid		( 127,604 )	( 34,683 )
Net cash provided by operating activities		<u>611,684</u>	<u>641,058</u>

(Continued)

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

【 Attachment VII NON-CONSOLIDATED STATEMENTS OF CASH FLOWS 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.  
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars)

	Note	2015	2014
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in other financial assets – current		\$ -	\$ 9,800
Proceeds from disposal of financial assets carried at cost	6(6)	67,308	79,838
Proceeds from disposal of investments in bonds without active market - non-current		-	59,541
Increase in long-term investments - cash capital increase		-	( 119,000 )
Return of share capital from long-term equity investment accounted for under the equity method		223,926	11,242
Acquisition of property, plant and equipment	6(23)	( 62,827 )	( 350,163 )
Proceeds from disposal of property, plant and equipment	6(8)(17)	101	9
Increase in prepaid equipment		( 4,915 )	( 48,902 )
Acquisition of intangible assets		( 2,527 )	( 1,843 )
Increase in other financial assets – non-current		278	5,650
Net cash provided by (used in) investing activities		221,344	( 353,828 )
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>			
Cash dividends paid	6(13)	( 376,904 )	( 376,904 )
Net increase (decrease) in cash and cash equivalents		456,124	( 89,674 )
Cash and cash equivalents at beginning of year	6(1)	113,705	203,379
Cash and cash equivalents at end of year	6(1)	\$ 569,829	\$ 113,705

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

## 【Attachment VIII Independent Auditor's Report (II)】

### REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR14000399

To the Board of Directors and Shareholders of Taiwan Fu Hsing Industrial Co., Ltd.

We have audited the accompanying consolidated balance sheets of Taiwan Fu Hsing Industrial Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$360,164 thousand and NT\$310,194 thousand, both constituting 5% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and total operating revenues of NT\$349,607 thousand and NT\$315,118 thousand, both constituting 4% of the consolidated total operating revenues for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Taiwan Fu Hsing Industrial Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Taiwan Fu Hsing Industrial Co., Ltd. and its subsidiaries as of and for the years ended December 31, 2015 and 2014, and have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 21, 2016

【 Attachment IX CONSOLIDATED BALANCE SHEETS 】  
TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	2015	2014
<b>Current assets</b>				
1100	Cash and cash equivalents	6(1)	\$ 1,628,441	\$ 1,000,962
1110	Financial assets at fair value through profit or loss - current	6(2)	483,385	-
1150	Notes receivable, net		26,718	24,415
1170	Accounts receivable, net	6(3)	1,600,026	1,575,916
130X	Inventory	6(4)	810,716	830,318
1476	Other current financial assets	6(5)	29,773	42,503
1479	Other current assets		72,164	83,782
11XX	<b>Total current assets</b>		<u>4,651,223</u>	<u>3,557,896</u>
<b>Non-current assets</b>				
1523	Available-for-sale financial assets - non-current	6(6)	330,816	333,081
1543	Financial assets carried at cost - non-current	6(7)	87,617	110,057
1550	Investments accounted for under equity method	6(8)	136,518	753,433
1600	Property, plant and equipment	6(9)	1,841,250	1,765,981
1780	Intangible assets	6(10)	124,252	175,948
1840	Deferred income tax assets	6(24)	66,286	70,117
1980	Other non-current financial assets	8	32,624	37,223
1985	Long-term prepaid rents	6(11)	44,901	46,419
1990	Other non-current assets	6(12)	36,944	42,889
15XX	<b>Total non-current assets</b>		<u>2,701,208</u>	<u>3,335,148</u>
1XXX	<b>Total assets</b>		<u>\$ 7,352,431</u>	<u>\$ 6,893,044</u>

(Continued)

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

See report of independent accountants dated March 21, 2016.

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

【 Attachment IX CONSOLIDATED BALANCE SHEETS 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	2015	2014
<b>Current liabilities</b>			
2100	Short-term borrowings 6(13)	\$ -	\$ 93,649
2120	Financial liabilities at fair value through profit or loss - current 6(2)	562	36,041
2150	Notes payable	286,421	249,739
2170	Accounts payable	830,126	847,741
2200	Other payables 6(14)	516,416	403,652
2220	Other payables - related parties 7(1)	25,861	26,297
2230	Current income tax liabilities	155,242	88,926
2399	Other current liabilities	28,424	22,935
21XX	<b>Total current liabilities</b>	<u>1,843,052</u>	<u>1,768,980</u>
<b>Non-current liabilities</b>			
2570	Deferred income tax liabilities 6(24)	109,876	142,655
2640	Accrued pension liabilities 6(15)	275,839	282,308
25XX	<b>Total non-current liabilities</b>	<u>385,715</u>	<u>424,963</u>
2XXX	<b>Total liabilities</b>	<u>2,228,767</u>	<u>2,193,943</u>
<b>Equity attributable to owners of parent</b>			
<b>Share capital</b> 6(16)			
3110	Common stock	1,884,521	1,884,521
<b>Capital surplus</b> 6(17)			
3200	Capital surplus	567,114	567,114
<b>Retained earnings</b> 6(18)(24)			
3310	Legal reserve	749,806	699,015
3320	Special reserve	48,991	48,991
3350	Unappropriated retained earnings	1,464,803	1,110,266
<b>Other equity interest</b> 6(19)			
3400	Other equity interest	287,202	281,811
31XX	<b>Equity attributable to owners of the parent</b>	<u>5,002,437</u>	<u>4,591,718</u>
36XX	<b>Non-controlling interest</b>	<u>121,227</u>	<u>107,383</u>
3XXX	<b>Total equity</b>	<u>5,123,664</u>	<u>4,699,101</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b> 9			
<b>Significant events after the balance sheet date</b> 11			
3X2X	<b>Total liabilities and equity</b>	<u>\$ 7,352,431</u>	<u>\$ 6,893,044</u>

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

See report of independent accountants dated March 21, 2016.

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

**【 Attachment X CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME 】**  
**TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
(Expressed in thousands of New Taiwan dollars)

Items	Notes	2015	2014
4000		\$ 7,986,554	\$ 7,074,752
<b>Operating revenue</b>			
5000	6(4)(22)(23)	( 6,175,230)	( 5,718,366)
<b>Operating costs</b>			
5900		1,811,324	1,356,386
<b>Gross profit</b>			
	6(22)(23) and 7(1)		
<b>Operating expenses</b>			
6100		( 394,538)	( 341,462)
Selling expenses			
6200		( 372,787)	( 314,055)
General and administrative expenses			
6300		( 192,504)	( 201,436)
Research and development expenses			
6000		( 959,829)	( 856,953)
<b>Total operating expenses</b>			
6900		851,495	499,433
<b>Operating profit</b>			
<b>Non-operating income and expenses</b>			
7010	6(20)	66,313	56,187
Other income			
7020	6(21)	120,729	63,251
Other gains and losses			
7050		( 1,099)	( 3,019)
Finance costs			
7060	6(8)	39,041	55,571
Share of profit/(loss) of associates and joint ventures accounted for under equity method			
7000		224,984	171,990
<b>Total non-operating income and expenses</b>			
7900		1,076,479	671,423
<b>Profit before income tax</b>			
7950	6(24)	( 259,715)	( 144,705)
Income tax expense			
8200		\$ 816,764	\$ 526,718
<b>Profit for the year</b>			

(Continued)

【 Attachment X CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars)

Items	Notes	2015	2014
<b>Other comprehensive income</b>			
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
8311	Other comprehensive loss, before tax, actuarial loss on defined benefit plans	6(15)	
		(\$ 17,590)	(\$ 17,989)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	
		2,990	3,058
8310	<b>Components of other comprehensive loss that will not be reclassified to profit or loss</b>		
		( 14,600)	( 14,931)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Financial statements translation differences of foreign operations	6(19)	
		7,536	102,017
8362	Unrealized (loss) gain on valuation of available-for-sale financial assets	6(6)(19)	
		( 2,265)	4,154
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method	6(19)	
		-	( 16,328)
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>		
		5,271	89,843
8300	<b>Total other comprehensive (loss) income for the year</b>		
		( \$ 9,329)	\$ 74,912
8500	<b>Total comprehensive income for the year</b>		
		\$ 807,435	\$ 601,630
<b>Profit attributable to:</b>			
8610	Owners of the parent		
		\$ 796,103	\$ 507,914
8620	Non-controlling interest		
		20,661	18,804
		\$ 816,764	\$ 526,718
<b>Comprehensive income attributable to:</b>			
8710	Owners of the parent		
		\$ 787,623	\$ 585,393
8720	Non-controlling interest		
		19,812	16,237
		\$ 807,435	\$ 601,630
<b>Earnings per share (in dollars)</b>			
9750	<b>Basic earnings per share</b>	6(25)	
		\$ 4.22	\$ 2.70
9850	<b>Diluted earnings per share</b>		
		\$ 4.18	\$ 2.68

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

See report of independent accountants dated March 21, 2016.

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei



【 Attachment XI CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
 (Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent									
	Common stock	Capital surplus-share premium	Retained earnings			Other equity interest		Total	Non-controlling interest	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain (loss) on available-for-sale financial assets			
<u>2014</u>										
Balance at January 1, 2014	\$ 1,884,521	\$ 567,114	\$ 640,915	\$ 48,991	\$ 1,049,431	\$ 46,099	\$ 146,158	\$ 4,383,229	\$ 35,312	\$ 4,418,541
Distribution of 2013 earnings:										
Legal reserve	-	-	58,100	-	( 58,100 )	-	-	-	-	-
Cash dividends	6(18)	-	-	-	( 376,904 )	-	-	( 376,904 )	-	( 376,904 )
Net income for 2014	-	-	-	-	507,914	-	-	507,914	18,804	526,718
Other comprehensive income for 2014	6(6)(15)(19)	-	-	-	( 12,075 )	85,400	4,154	77,479	( 2,567 )	74,912
Effect of non-controlling interest from acquisition of subsidiaries	6(28)	-	-	-	-	-	-	-	67,604	67,604
Cash dividends distributed to non-controlling interest	-	-	-	-	-	-	-	-	( 11,770 )	( 11,770 )
Balance at December 31, 2014	<u>\$ 1,884,521</u>	<u>\$ 567,114</u>	<u>\$ 699,015</u>	<u>\$ 48,991</u>	<u>\$ 1,110,266</u>	<u>\$ 131,499</u>	<u>\$ 150,312</u>	<u>\$ 4,591,718</u>	<u>\$ 107,383</u>	<u>\$ 4,699,101</u>
<u>2015</u>										
Balance at January 1, 2015	\$ 1,884,521	\$ 567,114	\$ 699,015	\$ 48,991	\$ 1,110,266	\$ 131,499	\$ 150,312	\$ 4,591,718	\$ 107,383	\$ 4,699,101
Distribution of 2014 earnings:										
Legal reserve	-	-	50,791	-	( 50,791 )	-	-	-	-	-
Cash dividends	6(18)	-	-	-	( 376,904 )	-	-	( 376,904 )	-	( 376,904 )
Net income for 2015	-	-	-	-	796,103	-	-	796,103	20,661	816,764
Other comprehensive loss for 2015	6(6)(15)(19)	-	-	-	( 13,871 )	7,656	( 2,265 )	( 8,480 )	( 849 )	( 9,329 )
Cash dividends distributed to non-controlling interest	-	-	-	-	-	-	-	-	( 5,968 )	( 5,968 )
Balance at December 31, 2015	<u>\$ 1,884,521</u>	<u>\$ 567,114</u>	<u>\$ 749,806</u>	<u>\$ 48,991</u>	<u>\$ 1,464,803</u>	<u>\$ 139,155</u>	<u>\$ 148,047</u>	<u>\$ 5,002,437</u>	<u>\$ 121,227</u>	<u>\$ 5,123,664</u>

The accompanying notes are an integral part of these consolidated financial statements.  
 See report of independent accountants dated March 21, 2016.

President: CHEN, Chien-Kun

Chairman: LIN, Jui-Chang

Accounting Officer: LI, Kuo-Wei

【 Attachment XII CONSOLIDATED STATEMENTS OF CASH FLOWS 】  
TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Consolidated profit before tax for the year		\$ 1,076,479	\$ 671,423
Adjustments to reconcile net income to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(22)	151,346	140,245
Amortization	6(22)	35,373	34,187
(Reversal of provision) provision for bad debts	6(3) and 7(1)	( 2,394 )	3,650
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(21)	( 23,809 )	45,821
Adjustment due to change of investees' equity under the equity method		( 39,041 )	( 55,571 )
Loss (gain) on disposal of property, plant and equipment	6(21)	1,766	( 521 )
Gain on disposal of investments	6(2)(6)(21)	( 45,222 )	( 55,734 )
Impairment loss on non-financial assets	6(10)(21)	45,233	-
Interest expense		1,099	3,019
Interest income	6(20)	( 8,104 )	( 11,527 )
Dividend income	6(20)	( 35,657 )	( 22,985 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 494,439 )	268,379
Notes receivable		( 2,303 )	166
Accounts receivable		( 22,845 )	( 353,803 )
Accounts receivable - related parties		-	37,211
Inventories		16,912	34,168
Other financial assets – current		15,613	( 9,749 )
Other current assets		1,786	( 13,243 )
Changes in operating liabilities			
Notes payable		36,682	19,963
Accounts payable		( 23,512 )	135,674
Other payables		113,668	54,184
Other current liabilities		5,594	8,272
Net defined benefit liability, non-current		( 24,020 )	( 14,599 )
Cash inflow generated from operations		780,205	918,630
Interest received		8,138	11,557
Dividends received		484,712	53,187
Interest paid		( 1,749 )	( 2,758 )
Income tax paid		( 212,670 )	( 98,895 )
Net cash flows from operating activities		<u>1,058,636</u>	<u>881,721</u>

(Continued)

【 Attachment XII CONSOLIDATED STATEMENTS OF CASH FLOWS 】  
TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in other financial assets – current		( \$ 2,906 )	( \$ 7,441 )
Proceeds from disposal of financial assets carried at cost		67,308	79,838
Proceeds from disposal of investments in bonds without active market - non-current		-	59,541
Net cash outflow for acquisition of subsidiaries	6(28)	-	( 50,708 )
Return of share capital from long-term equity investment accounted for under the equity method		223,926	-
Acquisition of property, plant and equipment	6(9)(28)	( 183,849 )	( 408,027 )
Increase in prepaid equipment		( 40,818 )	( 54,607 )
Proceeds from disposal of property, plant and equipment	6(9)(21)	1,639	7,565
Acquisition of intangible assets	6(10)	( 5,994 )	( 3,068 )
Decrease (increase) in other financial assets – non-current		4,327	( 4,259 )
Increase in other non-current assets		( 16,332 )	( 8,674 )
Net cash flows from (used in) investing activities		<u>47,301</u>	<u>( 389,840 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings		-	228,648
Decrease in short-term borrowings		( 92,720 )	( 228,320 )
Cash dividends paid	6(18)	( 376,904 )	( 376,904 )
Cash dividends distributed to non-controlling interest		( 5,968 )	( 11,770 )
Net cash flows used in financing activities		<u>( 475,592 )</u>	<u>( 388,346 )</u>
Effect of exchange rate changes on cash and cash equivalents		( 2,866 )	18,698
Net increase in cash and cash equivalents		627,479	122,233
Cash and cash equivalents at beginning of year	6(1)	<u>1,000,962</u>	<u>878,729</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,628,441</u>	<u>\$ 1,000,962</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 21, 2016..

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

## 【Attachment XIII Earnings Distribution Table】

Taiwan Fu Hsing Industrial Co., Ltd.  
2015 Earnings Distribution Table

Unit: NT\$1

Beginning retained earnings	682,567,690
2015 net profit after tax	796,102,900
10% legal reserve	(79,610,290)
2015 other income/loss	(13,868,725)
Distributable net profit	1,385,191,575
Distributable items:	
Cash dividend to shareholders (\$2.8/share)	(527,666,076)
Ending un-appropriated earnings	857,525,499

Note:

1. The year's earnings should be distributed firstly from the 2015 net profits after tax.
2. According to the regulatory requirements in the Correspondence Jin-Guan-Zheng-Fa-Zi No. 1010012865, because the company chose to adopt the I.F.R.S. No.1 Exemption, a special reserve of \$48,991,656 was appropriated based on retained earnings transferred from accumulative equity adjustments. The special reserve in 2015 was not reversed.
3. The amount of cash dividend distribution is calculated based on the total outstanding shares of 188,452,170 on Dec. 31<sup>st</sup>, 2015.

Chairman: LIN, Jui-Chang

Manager: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

## 【 Attachment XIV Amended Articles Table of Articles of Incorporation 】

Amended articles	Current articles
<p>Article 18:            The Company shall have <u>five to seven</u> directors and <u>two to three</u> supervisors in the Board of Directors, who will be elected from among the persons with disposing capacity by the Board of Shareholders. <u>There should be at least two independent directors and the total number of independent directors should not be less than one-fifth of the total number of the board seats. The company adopts candidate nomination system to elect the company's independent directors. During the Meeting of Shareholders, the shareholders shall elect the independent directors from among the nominees listed in the roster of the independent director candidates. Other issues regarding the company's independent director's professional qualification, share-holding percentage, concurrent posts restriction, independency qualification, nomination manner, election manner and any others shall be handled in conformity with the related regulations made by the supervising authority.</u></p> <p>The total number of registered shares of the Company held by all directors and supervisors shall be subject to the regulations of the securities supervisory body.</p> <p><u>The election of the company's directors shall be handled in accordance with Article 198 of the Company Act. The election of independent directors and non-independent directors shall be held together; provided, however, the number of independent directors and non-independent directors elected shall be calculated separately. Candidates receiving more voting rights shall be elected as the independent directors and non-independent directors.</u></p>	<p>Article 18:            The Company shall have <u>five</u> directors and <u>two</u> supervisors in the Board of Directors, who will be elected from among the persons with disposing capacity by the Board of Shareholders. The term of office for director and supervisor is <u>three</u> years, which may be re-elected. <u>If election is not completed when the term of office expires, the term may be extended till directors- and supervisors-elect take office. However, the directors and supervisors are naturally dismissed when their term expires if re-election does not take place within the time frame prescribed by the authority concerned.</u> The total number of registered shares of the Company held by all directors and supervisors shall be subject to the regulations of the securities supervisory body.</p>

<p>Article 18-1  <u>The set-up of the company's independent directors shall start after the completion of the term of office of current directors and supervisors in 2017 and become applicable at the re-election of director and supervisors.</u></p>	<p>None.</p>
<p>Article 26-1  <u>The company shall allocate and distribute not less than five percent of the current year's profit as employee benefits and not higher than five percent of the current year's profit as directors and supervisor's remunerations. However, the company's accumulated losses shall have been covered, if there is any.</u></p> <p><u>Employee's benefits may be distributed in in the form of cash or shares. Qualification requirements of employees that are entitled to receive shares or cash may include the employees of subsidiaries of the company meeting specific requirements, which are set out by the company's Chairman.</u></p> <p><u>The afore-mentioned current year's profit refers to the net income before tax of the current fiscal year before distributing employee benefits and directors and supervisors' remunerations.</u></p> <p><u>The distribution of employees' benefit and directors and supervisors' remuneration shall be implemented after being resolved and approved by more than fifty percent of the presenting directors during the Board of Directors' Meeting with more than two-third of directors presence and being reported to the Shareholders' Meeting.</u></p>	<p>None</p>

Article 27

Each year, if there is surplus after closing, the Company shall, after paying income tax and covering all losses till then, firstly set aside 10 percent of the surplus profits as legal reserve and set aside or reverse special reserve under the laws or the prescriptions of the competent authority. And there is still any surplus, the Board of Directors shall make an earning distribution proposal and submit to the Shareholders' Meeting for resolution and then implementation.

If the afore-mentioned legal reserve has amounted to the total authorized capital, the provision may not apply.

The company's dividend policy is made along with the consideration of the company's future development plan, investment situation, capital requirements, domestic and international competition situation, and shareholders' rights. Each year, the company would set aside not lower than thirty percent of earnings as shareholders' dividends. Such dividends may be distributed in the form of cash or stock, only that the cash dividend should not be less than fifty percent of the total distributable dividends.

Article 27

The Company is in an industry where situations are changeable and is in the stage of its corporate life cycle at stable growth. The Company adopts the policy of surplus dividends in consideration of funding needs in future and long-term financial planning and to meet the shareholders' needs for cash inflow. Each year, if there is surplus after closing, the Company shall, after paying income tax and covering all losses till then, set aside 10 percent of the surplus profits as legal reserve, except when such legal reserve amounts to the total capital, and set aside or reverse special reserve under the laws or the prescriptions of the competent authority. The remainder surplus profits, if any, may be distributed. If there is further surplus, the Board of Directors shall proposes a distribution for approval by the shareholders' meeting, provided that of such distribution, the remuneration for directors and supervisors shall not be below one percent and the employee bonus shall not be below three percent. The Company's bonus for shareholders and bonus for employees may be distributed in cash or with stocks; of the dividends of the same year, the bonus distributed in cash shall not be below ten percent.

The recipients of employee bonus distributed with stocks referred to in the preceding paragraph may include certain employees of the subsidiary companies under the condition set out by the President.

### III. Appendix

#### Appendix I Articles of Incorporation (before amendment)

##### Taiwan Fu Hsing Industrial Co., Ltd. Articles of Incorporation

#### Chapter 1 General Principles

Article 1: The Company is incorporated in accordance with the Company Act and shall have the name of Taiwan Fu Hsing Industrial Co., Ltd.

Article 2: The Company shall conduct business in the following areas:

1. CA04010 Metal Surface Treating
2. CA02070 Lock Manufacturing
3. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified
4. CD01030 Automobiles and Parts Manufacturing
5. CD01040 Motor Vehicles and Parts Manufacturing
6. F214030 Retail Sale of Motor Vehicle Parts and Supplies
7. CQ01010 Die Manufacturing
8. F206030 Retail Sale of Die
9. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
10. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
11. CA02080 Metal Forging Industry
12. CA01090 Aluminum Casting Manufacturing
13. CA01990 Other Non-Ferrous Metal Basics Industries
14. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company has its head-office in Kaohsiung City. Subject to the resolution of the Board of Directors, the Company may, if necessary, set up subsidiaries in any other places.

Article 3-1: The Company may make any investment in other businesses in a total amount not restricted by the Company Act, provided that any long-term equity investment shall be made with the resolution of the Board of Directors.

Article 3-2: The Company may make guarantees to other companies to meet business needs.

Article 4: Aborted

#### Chapter 2 Shares

Article 5: The total capital of the Company is two billion four hundred twenty four million New Taiwan Dollars divided into two hundred forty two



million shares, at ten New Taiwan Dollars per share, issued in installments by the Board of Directors under authorization. Of the total capital, one hundred million dollars, divided into ten million shares, at ten dollars per share, is reserved for issuance of stock warrants, preferred shares with warrants or equity warrant bonds, and may be issued in installments by resolution of the Board of Directors.

Article 5-1: The Company may, at the request by Taiwan Depository & Clearing Corporation, change to issue all securities of greater par value to meet the requirement of stock process.

Article 6: Shares certificates of the Company shall be in registered form, affixed with signatures or seals of three or more directors, and shall be issued after certification by the laws. The Company may elect not to have share certificate printed on the shares issued.

Shares issued by the previous passage shall be registered with the institution for securities depository.

Article 7: The Company shall register the names and addresses of its shareholders in the list of shareholders and keep their seal specimens at the Company for record. Share dividend collection or exercise of other rights shall all be processed with such seal, which, if damaged, lost or changed, shall be processed by the “Regulations Governing the Administration of Shareholder Services of Public Companies” set out by the authority concerned.

Article 8: Application for transfer or pledge of shares shall be filed by the transfer and the transferee, or the pledger and pledgee, both signing their names, with the Company to change account names or register the rights pledged. Where a shareholder obtains the stock via inheritance, gift or other legal reasons, shall further attach legal documents. No transfer, inheritance or gift of the shares may be asserted against the Company without having been recorded in the shareholders’ register, with the name of the receiver put and the Company’s seal affixed on the stocks.

Article 9: Where a stock certificate is lost, the applicant shall notify the Company of the same and apply, within five days, to the courts under the Code of Civil Procedure for public announcement of the event. When the court ruling of the stock certificates being void is made, the applicant shall apply to the Company for issuance of replacement stocks by attaching documents evidencing such court judgment.

The Company may commission a stock transfer agency to process the

registration, change, transfer, pledge and declaration of loss of the shareholders and share certificates referred to in the previous passage.

Article 10: The Company may charge for the cost as appropriate on the transfer of stocks or replacement issuance for a loss, or reissuance for reason of consolidation, division, destruction, etc.

Article 11: All transfers of the shares of the Company will be suspended within sixty days prior to the meeting date of the general shareholders meeting, thirty days prior to the meeting date of the special shareholders meeting, or five days prior to the date of distribution of dividend, bonus or other benefits

### Chapter 3 Shareholders' Meetings

Article 12: Shareholders' meetings shall be of two types, general meetings and special meetings. General meetings shall be convened at least once a year, within six months from the end of each fiscal year. Special meetings shall be convened in accordance with the law, whenever necessary.

Article 13: Shareholders may designate a proxy to attend a shareholders' meeting with a power of attorney printed and released by the Company, signed and affixed with the seal specimen kept at the Company by the shareholders in accordance with "Regulations regarding the use of proxy in shareholders' meetings of public firms".

Article 14: The shareholders' meeting is presided by the president of the Board of Directors or proceeds by Article 208 of the Company Act in the case that the president is on leave or is absent for any reason.

Article 15: Except those shares being restricted or excluded under the Company Act, each share of the Company has one voting right.

Article 16: Except otherwise provided by relevant laws, a resolution of the shareholders' meeting shall be adopted by the majority of the votes represented by the attending shareholders who hold the majority of the Company's issued shares.

Article 17: The resolution adopted by the shareholders meeting shall be recorded as minutes, signed by or affixed with the seal of the chairperson and distributed to shareholders within twenty (20) days after the meetings.

The preparation and distribution of the meeting's minutes referred to in the preceding paragraph may be made electronically.

The distribution of the meeting's minutes referred to in the first paragraph may be made by public pronouncement.

#### Chapter 4 Directors and supervisors

- Article 18: The Company shall have five directors and two supervisors in the Board of Directors, who will be elected from among the persons with disposing capacity by the Board of Shareholders. The term of office for director and supervisor is three years, which may be re-elected. If election is not completed when the term of office expires, the term may be extended till directors- and supervisors-elect take office. However, the directors and supervisors are naturally dismissed when their term expires if re-election does not take place within the time frame prescribed by the authority concerned. The total number of registered shares of the Company held by all directors and supervisors shall be subject to the regulations of the securities supervisory body.
- Article 19: When the number of vacancies in the Board of Directors equals to one-third of the total number of directors, or when all the supervisors are dismissed, the Board of Directors shall call, within sixty days, a special meeting of shareholders to elect succeeding directors or supervisors to fill the vacancies. The term of office of the directors- or supervisors-elect shall be limited to the original term.
- Article 20: The Board of Directors shall be formed by directors. The President of the Company shall be elected from among the directors by a majority vote at the meeting attended by two-third of the directors to execute all the Company's affairs by the laws, Articles of Incorporation and resolutions of the shareholders' meeting and the Board of Directors.
- Article 20-1: The meeting of Board of Directors shall be convened by given notice in writing and by mail, by e-mail or via fax to the directors and the supervisors seven days in advance, or, in case of urgency, may be convened at any time.
- Article 21: The Board of Directors decides in the guidance for the Company's operation and other major matters. The very first meeting of Board of Directors in its term shall be convened and presided by the director who had the most votes; any other meeting of Board of Directors shall be convened and presided by the president of the

Board, who, when unable to exercise his duties, will appoint a director to convene and preside a meeting; if such appointment is not made, one is elected from among the directors to take the place.

Article 22: Unless otherwise provided by relevant laws, a resolution of the Board of Directors shall be made with the approval by a majority at the meeting attended by more than half of the directors. When a director is unable to attend a meeting, he may produce the power of attorney printed and issued by the Company, stating the scope of authorization regarding the reason of convention to appoint one attending director on his behalf, provided that a director shall be on behalf of only one person.

A resolution shall be recorded in the minutes of meeting, signed by the President or affixed with his seal to be permanently preserved during the existence of the Company.

Article 23: Supervisors perform their duties by the laws and may attend the meeting of Board of Directors without voting right.

Article 23-1: The Board of Directors is authorized to decide the remuneration for directors and supervisors based on the extent to which they are involved in the Company's operation and the value of their contribution, to be paid for by reference of those common in similar industries.

## Chapter 5 Management

Article 24: The Company may have managers, whose appointment, removal, and remuneration shall be made subject to the provisions in Article 29 of the Company Act.

## Chapter 6 Accounting and distribution of surplus

Article 25: The fiscal year of the Company is a calendar year; the end of each year is the closing period. After the end of each fiscal year, the Board of Directors shall prepare by the law the following documents and have the same audited by the supervisors thirty days prior to the shareholders' meeting before submitting to the shareholders' meeting for acknowledgment.

1. business report;
2. Financial statements;

3. Proposal for allocation of surplus profits or making up loss.

Article 26: Aborted.

Article 27: The Company is in an industry where situations are changeable and is in the stage of its corporate life cycle at stable growth. The Company adopts the policy of surplus dividends in consideration of funding needs in future and long-term financial planning and to meet the shareholders' needs for cash inflow. Each year, if there is surplus after closing, the Company shall, after paying income tax and covering all losses till then, set aside 10 percent of the surplus profits as legal reserve, except when such legal reserve amounts to the total capital, and set aside or reverse special reserve under the laws or the prescriptions of the competent authority. The remainder surplus profits, if any, may be distributed. If there is further surplus, the Board of Directors shall propose a distribution for approval by the shareholders' meeting, provided that of such distribution, the remuneration for directors and supervisors shall not be below one percent and the employee bonus shall not be below three percent. The Company's bonus for shareholders and bonus for employees may be distributed in cash or with stocks; of the dividends of the same year, the bonus distributed in cash shall not be below ten percent.

The recipients of employee bonus distributed with stocks referred to in the preceding paragraph may include certain employees of the subsidiary companies under the condition set out by the President.

Article 28: Aborted.

## Chapter 7 Supplementary Regulations

Article 29: Matters not provided in these Articles of Incorporation shall be in accordance with the Company Act.

Article 30: The Company's organic regulations and procedures are set out separately by the resolution of the Board of Directors.

Article 31: These Articles of Incorporation were enacted on October 20, 1957; First amendment on February 9, 1964; Second amendment on December 20, 1970; Third amendment on April 20, 1975; Fourth amendment on April 26, 1976; Fifth amendment on January 17, 1981; Sixth amendment on March 1, 1981; Seventh amendment on October 8, 1983; Eighth amendment on April 6, 1984; Ninth

amendment on June 23, 1984; 10<sup>th</sup> amendment on April 6, 1986; 11<sup>th</sup> amendment on June 3, 1986; 12<sup>th</sup> amendment on July 24, 1989; 13<sup>th</sup> amendment on May 10, 1990; 14<sup>th</sup> amendment on June 25, 1991; 15<sup>th</sup> amendment on December 30, 1991; 16<sup>th</sup> amendment on June 16, 1992; 17<sup>th</sup> amendment on December 17, 1992; 18<sup>th</sup> amendment on June 17, 1993; 19<sup>th</sup> amendment on April 27, 1994; 20<sup>th</sup> amendment on October 26, 1994; 21<sup>st</sup> amendment on April 22, 1995; 22<sup>nd</sup> amendment on May 22, 1996; 23<sup>rd</sup> amendment on April 19, 1997; 24<sup>th</sup> amendment on April 16, 1999; 25<sup>th</sup> amendment on May 19, 2000; 26<sup>th</sup> amendment on May 22, 2001; 27<sup>th</sup> amendment on May 31, 2002; 28<sup>th</sup> amendment on May 31, 2005; 29<sup>th</sup> amendment on May 30, 2006; 30<sup>th</sup> amendment on May 30, 2008; 31<sup>st</sup> amendment on May 27, 2009; 32<sup>nd</sup> amendment on May 27, 2010; 33<sup>rd</sup> amendment on June 15, 2011; 34<sup>th</sup> amendment on June 15, 2012; 35<sup>th</sup> amendment on June 17, 2015. .

Taiwan Fu Hsing Industrial Co., Ltd.

LIN, Jui-Chang  
Chairman

Appendix 2 Rules and Procedures of Shareholders Meeting (before amendment)

Taiwan Fu Hsing Industrial Co., Ltd.

Rules and Procedures of Shareholders Meeting

Article 1 (Basis)

In order to establish a sound governance system of the Company's shareholders' meeting, fulfill monitoring and reinforce managerial function, these rules are set forth in accordance with Article 5 of the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" for observance.

Unless otherwise provided by laws or articles, the Company's shareholders' meeting shall be conducted in accordance with these rules and procedures.

Article 2 (Convention and notice of Shareholders' Meeting)

Unless otherwise provided by relevant laws, the Company's Shareholders' Meeting shall be convened by the Board of Directors.

The Company shall prepare, in electronic form, a notice of Shareholders' Meeting, power of attorney form, relevant approvals, agenda, reasons and explanations of issues such as election or dismissal of directors and supervisors and post on the website of open data 30 days prior to a general meeting or 15 days prior to a special meeting. The Company shall also post the manual of procedures of Shareholders' Meeting and supplementary materials on the meeting in electronic form on the same website 21 days prior to a general meeting or 15 days prior to a special meeting. Said manual and supplementary materials shall be made available 15 days prior to a Shareholders' Meeting to shareholders at request at any time and be displayed at the Company and its stock agency and handed out at the venue of the meeting.

Notices and announcements shall expressly contain the reason of convention; a notice may be made electronically with the consent from the recipients.

Election or dismissal of directors and supervisors, modifications to the articles of incorporation, corporate disbandment, merger, division or the matters specified in Paragraph 1, Article 185 of the

Company Act and Article 16-1 and Article 43-6 of the Securities and Exchange Act shall be itemized in the reasons of convention and may not be proposed as ad hoc motions.

Shareholders holding one percent or more of the total issued shares may propose in writing to the Company a proposal for discussion at a general meeting, provided that only one matter shall be allowed in each single proposal.

The Board of Directors may dismiss any proposal by the shareholder(s) that is in any of the cases provided in Paragraph 4, Article 172-1 of the Company Act.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten days.

The number of words of a proposal submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting and take part in the discussion of such proposal.

The company shall, prior to the date of giving the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and list in the notice of shareholders' meeting the proposals conforming to the requirements set out in this Article. With regard to the shareholder proposals that are dismissed, the cause of such dismissal and explanation shall be presented by the Board of Directors at the shareholders' meeting.

### Article 3 (Proxy)

A shareholder may appoint a proxy to attend a general meeting on his behalf by producing a power of attorney prepared by the



Company expressly stating the scope of power authorized to the proxy.

A shareholder may produce only one power of attorney and appoint only one proxy for each general meeting, and shall serve such power of attorney to the Company no later than five days prior to the meeting date. In case the Company receives two or more power of attorney forms from one shareholder, the first one arriving at the Company shall prevail unless it is revoked by an explicit statement. After the service of his power of attorney of a proxy to the Company, in case the shareholder intends to attend the shareholders' meeting in person or to exercise his voting right in written or electronic form, a proxy rescission notice shall be filed with the Company at least two days prior to the date of the shareholders' meeting; otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 4 (Place and time of the meeting)

The Shareholders' Meeting shall be held where the Company is or at any other appropriate place that is convenient for the shareholders to attend. The Meeting shall commence not earlier than 9:00 a.m. no later than 3:00 p.m.

Article 5 (Preparation for sign-in)

The Company shall expressly specify on the notice of meeting the sign-in time and place and other important matters for shareholders. The sign-in time referred to in the preceding paragraph shall open at least thirty minutes prior to the commencement of the meeting. The place of sign-in shall be marked clearly and have adequate number of competent persons to receive the shareholders.

A shareholder in person or his proxy (hereinafter called the "Shareholder") shall attend the Shareholders' Meeting by producing his attendance card, sign-in card or other certificate of attendance. A solicitor of power of attorney shall also carry his I.D. document for checking.

The Company shall have sign-in book for the attending shareholders to sign on, or, otherwise, they will turn in their sign-in cards instead.

The Company shall hand the agenda handbook, annual report, attendance certificate, speech notes, resolution ballots and other meeting materials to the attending shareholders, and, additionally, voting ballots if election of directors and supervisors is to be held.

Where the government or a corporation is a shareholder, more than one person as the proxy may attend the Shareholders' Meeting. Where a corporation attends the Meeting on behalf, only one person may attend.

Article 6 (Chairman of Shareholders' Meeting and other attendance)

Where a Shareholders' Meeting is convened by the Board of Directors, the meeting is presided by the President of the Board, or, when the President is on leave or unable to perform his duty for any reason, by the Deputy President, or, when there is no Deputy President or the Deputy President is on leave or unable to perform his duty for any reason, by an executive director designated by the President, or, if there are no executive directors, any person designated by the President, or, if the President designates none, by anyone elected from among the executive directors or the directors.

Where an executive director or a director presides the Meeting as provided in the preceding paragraph, he shall have taken the office for more than six months and be comprehensive of the Company's financial and business status. The same applies when the Meeting is presided by a person who represents a corporate director.

It is advisable that a Shareholders' Meeting convened by the Board of Directors is attended by more than half of the total number of the directors. A Shareholders' Meeting convened by any other person outside the Board of Directors that has the right to convene is presided by such person; when the Meeting is convened by two or more such persons, it shall be presided by one person elected from among these persons.

The Company may designate attorneys at law, accounts or related persons to attend the Shareholders' meeting.

Article 7 (Audio/video recording of the session)

The Company shall make uninterrupted audio and video recording of the process of shareholders signing in, the complete meeting

session and the process of voting and ballot counting, commencing from the time of shareholders signing in.

The recording materials referred to in the preceding paragraph shall be preserved for at least one year, or, if a legal proceeding is filed by a shareholder under Article 189 of the Company Act, till such legal proceeding ends.

Article 8 (Number of attendance)

The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the signatures on the sign-in book or the attendance cards submitted plus the number of shares exercising the voting right in writing or electronically. The chairman of the Meeting shall pronounce the commencement of the meeting when it is time scheduled for meeting, but may pronounce procrastination of the commencement up to twice, if the Meeting is not attended by the shareholders representing more than half of the issued shares; and such procrastination all together shall not exceed one hour.

When the Meeting is not attended by the shareholders representing more than one third of the issued shares after procrastination twice, the chairman will pronounce a failed convention.

When a lack of a quorum exists after procrastination for twice referred to in the preceding paragraph, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present and a notice of such tentative resolution shall be given to each of the shareholders, and reconvene a Shareholders' meeting within one month, pursuant to Article 175 of the Company Act. If bearer share certificates have been issued, such tentative resolution shall also be publicly announced.

If the shares represented by the shareholders present reach a majority of all the issued shares while the Meeting is not ended, the chairman may re-bring the tentative resolutions up for voting at the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9 (meeting process)

The agenda of a Shareholders' Meeting shall be set by the Board of Directors and may not be changed without a resolution of the Meeting, if the meeting is convened by the Board of Directors.

Where a Shareholders' Meeting is convened by any person outside the Board of Directors with the right to convene, the provisions of the preceding paragraph apply *mutatis mutandis*.

Unless otherwise resolved at the Meeting, the chairman may not announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. In the event that the chairman adjourns the Meeting in violation of these Rules and Procedures, the other members of Board of Directors shall promptly assist by attending the Meeting and elect, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

The proposed resolutions should have sufficient description and discussion, and the chairman may announce to end the discussion of any resolution and go into voting if he deems it appropriate.

Article 10 (Shareholders' speech)

When a shareholder wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's account number (or the number of Attendance card) and the name of the shareholder for the chairman to decide the sequence of speech.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than twice (each time not exceeding three minutes). The chairman may stop a shareholder's speech if it violates the above provision or exceeds the scope of the discussion item.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder may interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

After the speech of a shareholder, the chairman may respond himself or appoint an appropriate person to respond.

Article 11 (Voting right; Conflict of interest)

Voting at the Shareholders' meeting is according to count of shares.

In resolutions of the Meeting, the number of shares of the shareholders without voting right shall not be counted in the total number of issued shares.

In respect of an item at the Meeting, if a shareholder being stakeholder such that he might be against the interest of the Company, he may not take part in the voting, nor may he exercise the voting right on behalf any other shareholder.

The number of shares being denied of voting right referred to in the preceding paragraph shall not be counted in the number of voting rights by the attending shareholders.

Except for trust enterprises or shareholders' service agencies approved by competent authorities, when a person who acts as the proxy for two or more shareholders, the number of votes represented by him shall not exceed three percent of the total number of votes of the issued shares and, if in excess, the portion of excessive votes represented by such proxy shall not be counted.

Article 12 (Voting method)

Unless restricted or without voting right prescribed in Paragraph 2, Article 179 of the Company Act, each share of the shareholder has a voting right.

The voting power at a shareholders' meeting of the Company may be exercised in writing or by way of electronic transmission (pursuant to the Exception of Paragraph 1, Article 177-1 of the Company Act regarding a company required to adopt the electronic transmission as one of the methods for exercising the voting power:

at a shareholders' meeting, the Company shall adopt electronic method and may adopt also method in writing as the methods for exercising the voting power). When voting power is to be exercise in writing or electronically, such methods of exercise shall be expressly specified in the notice of a shareholders' meeting. A shareholder, who exercises his voting power in writing or electronically is deemed to attend the Meeting in person, but deemed to waive high right in respect of special motions and amendments to previous discussion items at the same Meeting. It is therefore advisable that the Company avoids bringing up special motions and amendments to previous discussion items

A shareholder who is to exercise his voting power in writing or electronically referred to in the preceding paragraph shall serve his intention in writing to the Company two days prior to the Shareholders' meeting. In case the Company receives two or more such intentions from one shareholder, the first one arriving at the Company shall prevail unless it is revoked by an explicit statement.

In case a shareholder wishes to attend the Shareholders' meeting in person after he has exercised his voting power in writing or electronically, he shall revoke his intention to exercise the voting power referred to in the preceding paragraph by the same method two days prior to the Shareholders' meeting; if he fails to revoke within the time given, his voting power exercised in writing or electronically shall prevail. In case a shareholder both exercise his voting power in writing or electronically and designates a proxy by producing power of attorney to attend the Shareholders' meeting, the voting power exercised by such proxy shall prevail.

Except otherwise provided by the Company Act or the Company's Articles of Incorporation, a resolution shall be passed by a majority of the votes represented by the attending shareholders. In voting, the chairman or his designated person shall announce the total number of voting rights of the attending shareholders before they cast their ballots. The number of the votes in favor of, or against, that resolution shall be inputted in the website of open data on the same day of the Meeting.

A discussion item is deemed passed when none of attending shareholders expressed otherwise after the chairman enquired the entire body of attendance, and has the equal effect to one decided by voting. But, if there is any voice against such resolution, a voting by the method prescribed in the preceding paragraph shall be adopted.

If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for the amendment or the substitute such discussion together with the original discussion item. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

At a shareholders' meeting, the voting or ballot counting at an election shall be made in a public place within the venue of the meeting; the voting results, including the statistics of rights, shall be announced on the spot after the counting is complete, and taken into records.

#### Article 13 (Election)

Election of directors and supervisors, if any, at the Shareholders' meeting shall be held by the Company's regulations on relevant election and appointment; the election results, including the list of the directors- and supervisors-elect and the numbers of their gained voting rights, shall be announced on the spot.

The ballots cast in election referred to in the preceding paragraph shall be sealed in envelopes, signed by the checking persons, and preserved for at least one year, or, if a legal proceeding is filed under Article 189 of the Company Act, till such legal proceeding ends.

#### Article 14 (Meeting minutes and signatures)

The resolutions of the shareholders' meeting shall be recorded in the meeting minutes. Meeting minutes shall be signed or chopped by the chairman of the meeting and distributed to all shareholders within twenty days after the meeting. They may be prepared and distributed electronically.

The distribution referred to in the preceding paragraph may be performed by the Company by publishing on the website of open data.

The meeting minutes shall accurately record the place, day, month and year of the meeting; the name of the chairman; the voting method, outlines of discussion process and the results thereof, and shall be preserved permanently throughout the existence of the Company.

Article 15 (Public notices)

The Company shall prepare, in the specified format, the statistic tables of the number of shares obtained by solicitors and that of proxies, and show the tables clearly in the venue of the shareholders' meeting on the meeting day.

The Company shall upload to the website of open data, within the time specified, the contents of the resolutions of the shareholders' meeting, if any, that contain important messages prescribed by the laws and Taiwan Stock Exchange Corporation.

Article 16 (Meeting order)

The staff members holding the shareholders' meeting shall wear a badge or armband.

The chairman may conduct the security guard to assist in keeping order of the meeting place.

Where microphones are provided in the meeting place, the chairman may refrain any shareholder that speaks by using other devices from speaking.

Shareholders who violate the rules of the meeting and refuse to obey the chairman's correction, and still obstructs the session after having been inhibited, the chairman may order the security guards to remove them from the venue.

Article 17 (Intermission)

During the meeting, the chairman may, at his discretion, announce time for intermission.

In case of incident of force majeure, the chairman may decide to temporarily suspend the meeting and announce, depending on the situation, when the meeting will resume. If the venue will not be



used again prior to the end of the prescheduled agenda (including special motions), the shareholders' meeting may resolve in another venue to resume the meeting.

The shareholders' meeting may resolve within five days to suspend or to resume the meeting according to Article 182 of the Company Act.

Article 18 These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

### Appendix III Shareholding status of directors and supervisors

Date Drawn on: Apr. 20, 2015

Title	Name	Past Beginning Date	Term of Office	Shareholding at Date Elected		Shareholding at Book Closure Date	
				Shares	%	Shares	%
Chairman	LIN, Jui-Chang	Jun.18, 2014	3 years	1,624,978	0.86%	1,624,978	0.86%
Director	CHEN, Chien-Kun	Jun.18, 2014	3 years	675,132	0.36%	675,132	0.36%
Director	CHU, Jung-Ho (Representative of Hong He Investment Co., Ltd.)	Jun.18, 2014	3 years	1,827,000	0.97%	1,827,000	0.97%
Director	LIU, Ju-Shan (Representative of Fu Zhi Investment Development Co., Ltd.)	Jun.18, 2014	3 years	10,091,307	5.35%	10,091,307	5.35%
Director	Michael A.Hoer (Representative of Fu Zhi Investment Development Co., Ltd.)	Jun.18, 2014	3 years	10,091,307	5.35%	10,091,307	5.35%
<b>Total</b>				14,218,417	7.54%	14,218,417	7.54%
Supervisor	LIN, Wen-Hsing (Representative of Fu Yuan Investment Co., Ltd.)	Jun.18, 2014	3 years	2,697,185	1.43%	2,697,185	1.43%
Supervisor	HUANG, Fu-Ti (Representative of Fu Yuan Investment Co., Ltd.)	Jun.18, 2014	3 years	2,697,185	1.43%	2,697,185	1.43%
<b>Total</b>				2,697,185	1.43%	2,697,185	1.43%

Note:

Statutory minimum numbers of shares should be held by all directors:  
(7.5% of the issued shares, minimum 14,133,913 shares)

Statutory minimum numbers of shares should be held by all supervisors:  
(0.75% of the issued shares, minimum 1,413,391 shares)