

Security Code: 9924



Taiwan Fu Hsing Industrial Co., Ltd.

2017
Meeting of Shareholders
Handbook

Date & Time: 9:00am June 19th, 2017 (Monday)

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

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Taiwan Fu Hsing Industrial Co., Ltd.
Meeting Agenda of the 2017 Shareholders' Meeting

Date & Time: 9:00am, June 19th, 2017 (Monday)

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. Management presentation
 - A. 2016 Operation Report
 - B. Supervisor's review report on the 2016 Financial Statements
 - C. Report of emoluments paid to employees and directors/supervisors in 2016
 - D. Report of process regarding proposals submitted by shareholders
5. Matters for acknowledgement
 - A. To acknowledge 2016 Financial Statements
 - B. To acknowledge 2016 Earnings Distribution Proposal
6. Matters for discussion
 - A. To amend some articles in the "Regulations Governing the Acquisition and Disposal of Assets"
 - B. To amend some articles in the "Regulations Governing Derivatives Transactions"
 - C. To amend some articles in the "Work Procedures for Loaning of Funds to Others"
 - D. To amend some articles in the "Work Procedures for Making of Endorsements/Guarantees"
7. Matters for elections
 - Proposal to complete re-elect directors and supervisors

8. Other matters

Proposal to relieve newly elected directors from non-competition restrictions

9. Extempore motions

10. Adjournment

4.Management Presentation

Report 1

Summary: The 2016 Business Report

Explanation: Please see Attachment I for 2016 Operation Report, pp. [12-18]

Report 2

Summary: Supervisor's review on the 2016 financial statements

Explanation: Please see Attachment II for the review report, pp. [19]

Report 3

Summary: Report of emoluments paid to employees and directors/supervisors in 2016

Explanation:

- 1.According to Article 26-1 of the Article of Incorporation and the company's operational strategy
- 2.The company plans to make a provision of NT\$90,758,295 as remuneration paid to employees and NT\$15,000,000 as remunerations paid to directors and supervisors.

Report 4

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. 12th, 2017 to Apr. 21st, 2017. During the aforementioned period, the company did not receive any proposals from any shareholders.

5.Matters for Acknowledgement

Proposal 1 (Proposed by the Board of Directors)

Proposal: To acknowledge 2016 Financial Statements。

Explanation:

- 1.The company's 2016 Financial Reports were audited by independent auditors, WANG Kuo-Hua and LIAO A-Shen, of the PwC Taiwan and were given audit report of Modified Unqualified Opinion. The 2016 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. [19-44].

Resolution:

Proposal 2 (proposed by the Board of Directors)

Proposal: To acknowledge 2016 Earnings Distribution

Explanation:

- 1.The Board of Directors has resolved to distribute cash dividend of NT\$2.80 per share from the company's 2016 earnings.
- 2.Please refer to Earnings Distribution Table in Attachment XIII, pp. [45].
- 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:

6.Matters for Discussion

Proposal 1 (proposed by the Board of Directors)

Proposal: To amend some articles in the “Regulations Governing the Acquisition and Disposal of Assets”

Explanations:

- 1.According to the Correspondence Jin-Guan-Zheng-Fa-Zi No.1060001296 dated on Feb. 9, 2017 and the company’s operational requirements, it is planned to amend partial clauses listed in the company’s “Articles of Incorporation”.
- 2.Please refer to Attachment for the amendment table on pp [46].

Resolution:

Proposal 2 (proposed by the Board of Directors)

Proposal: To amend some articles in the “Regulations Governing Derivatives Transactions”

Explanations:

- 1.According to the company’s operational requirements, it is planned to amend partial clauses listed in the company’s “Regulations Governing Derivatives Transactions”.
- 2.Please refer to Attachment for the amendment table on pp [46].

Resolution:

Proposal 3 (proposed by the Board of Directors)

Proposal: To amend some articles in the “Work Procedures for Loaning of Funds to Others”

Explanations:

- 1.According to the company’s operational requirements, it is planned to amend partial clauses listed in the company’s “Work Procedures for Loaning of Funds to Others”
- 2.Please refer to Attachment for the amendment table on pp [53].

Resolution:

Proposal 4 (proposed by the Board of Directors)

Proposal: To amend some articles in the “Work Procedures for Making of Endorsements/Guarantees”

Explanations:

1. According to the company's operational requirements, it is planned to amend partial clauses listed in the company's "Work Procedures for Making of Endorsements/Guarantees"

2. Please refer to Attachment for the amendment table on pp [55].

Resolution:

7. Matters for Election

(Proposed by the Board of Directors)

Proposal: To complete re-elect directors and supervisors

Explanations:

1. The term of office of current directors and supervisors will expire on June 17th, 2017, therefore, it is planned to execute a complete re-election during the company's 2017 Shareholders' Meeting and extend current directors and supervisors' term of office until the newly elected directors and supervisors inaugurate.

2. According to the company's "Articles of Incorporation, the company should election 5-7 directors and 2-3 supervisors, in which included at least 2 independent directors and not less than one fifth of all the directors seats. The company adopts candidate nomination system to elect independent directors in accordance with Article 192-1 of the Company Act. During this election, the company should election 7 directors (including 2 independent directors) and 3 supervisors.

3. Term of office of newly elected directors and supervisors is 3 years and that becomes effective right after the election. The term of office starts from June 19th, 2017 to June 18th, 2020.

4. During the 3rd Meeting of the Board of Directors that was held on May 8th, 2017, the board of directors have invested and proved the list of candidates as the company's independent directors as below:

Candidate Name	Education Background	Experiences	Shareholding
Chen, Yung-Chun	Department of Accounting, Soochow University	1.Vice President of the Financial Management Division in Min Aik Technology Co., Ltd. 2.VP of the Financial Dept. in Kang Lian Enterprise Co., Ltd. 3.CFO in Dimerco's associated company	0
Chang, Ling-Ling	Department of Accounting, Soochow University	Director of Georgia Joint Accounting Firm and also a certified public accountant	0

Resolution:

8.Other matters

(Proposed by the Board of Directors)

Proposal: To relief newly elected directors from non-competition restrictions

Explanations:

1. In Article 209 of the Company Act, it states that “A director, who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval”.
2. In order to draw support from the company's directors and their representatives with their expertise and related experiences, the company plans to remove the non-competition restrictions on company's directors and their representing natural person to serve in other company that has related business within the company's

business scope listed on the company's "Articles of Incorporation" in accordance with Article 209 of the Company Act.

3. Hence, in the circumstance that such relief will not affect the company's normal operation and should not bring any harm to the company's profits, the company plans to propose to relief newly elected directors from non-competition restrictions in the company's Shareholders' Meeting

Resolution:

9.Extempore Motions

10.Adjournment

II. Attachments

【Attachment I 2016 Operation Report】

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

Thanks to the recovering economy in the U.S., our main market, effects resulting from continuous cultivating new products and customers, and relatively stable currency and material costs, both our 2016 revenues and profits continued to write new high record and the operation of Fu Hsing does live up to all our shareholders' expectations. I hereby pay special thank to all's support and recognition in Fu Hsing and also appreciate our employees' efforts and corporation. Because of you, we are able to create another splendid page in Fu Hsing history. I hereby expect all can continue to support and provide suggestions, so that Fu Hsing can keep walking forward steadily and standing firmly in the door control and hardware industry. In the past year, our achievement also included:

- 67 patents received from various nations.
- Awarded by the Ministry of Education in “2016 Sport Corporation”
- Awarded by the Health Promotion Administration in “Healthy Workplace” for continuous three years.

The Company's 2016 operation results are stated as the following:

(1) Review of Business Plan Implementation

Unit: NTD1,000

List	2016	2015	Increase (Decrease)	Increase (Decrease) by %
Revenues (Net)	\$8,398,732	\$7,986,544	\$412,188	5%
Operating Profit	1,106,794	851,495	255,299	30%
NIBT (Net Income Before Tax)	1,160,596	1,076,479	84,117	8%
NIAT (Net Income After Tax)	819,739	796,103	23,636	3%

(2) Review of Budget Implementation

Not available. Fu Hsing did not disclose Financial Forecast for the year of 2016.

(3) Analysis of Receipt, Expenditure, and Profitability

List		2016	2015
Financial Structure	Debt to Total Asset (%)	30.82	30.31
	Long Fund to Fixed Assets, Plants, and Facilities (%)	328.14	299.22
Business Solvency	Current Ratio (%)	262.70	252.37
	Quick Ratio (%)	218.08	205.16
	Interest Protection Multiples	1,852.03	980.51
Profitability	Return on Assets (%)	10.99	11.19
	Return on Equity (%)	15.81	16.21
	NIBT to Paid In Capital (%)	61.59	57.12
	Net Profit Ratio (%)	9.76	9.97
	Earnings Per Share (dollar)	4.35	4.22

(4) Research & Development Works

The development of new products and technology has always been one important operational direction for Fu Hsing. In 2016, besides continuously promoting our R&D speed, we also aggressively evaluation all the different kinds of electronic technology in order to construct a more comprehensive and diversified electronic lock product line. Besides developing door locks that is compatible with family intelligent platform, we also extend horizontally to further integrate our products with computer software and mobile phone app, trying to connect door control system with the most updated communication technology. In the light of existing key pad type and touch screen type electronic door lock product, we also further

improve with new appearance design and better electronic functions. It is hoped that during the process to integrate new/old products and soft-/hard-ware, Fu Hsing is able to continue accumulating its ability in cross-industrial development and keep opening up the gap with latecomers.

Besides the development of electronic locks, we still maintain the pace in developing traditional door lock products. In 2016, Fu Hsing, as one of the member, actively participated in activities held by the Builders Hardware Manufacturers Association (BHMA) in the U.S. and continued to keep an eye on the changes of U.S. regulations in order to develop products, such as knob that meets ADA COMPLIANT, 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.The new plant in Benjhou Industrial Park

In order to control the key manufacturing process involving the zinc alloy die-casting parts and, meanwhile, to promote overall self-produce rate, we started to build a new plant on a ground base that measures around 2,300 pings in Kangshan Benjhou Industrial Park in the end of first quarter in 2017. The construction of this plant is projected to complete in 18 months of time. In its architectural concept, we especially introduce in the notion of green building with the expectation to achieve the effects of low pollution and low energy consumption.

2.Continue to invest in the R&D for electronic locks

The acceptance of electronic locks has been increased over the

past few years. All suppliers in the market put in capital to grasp the market opportunity. Taiwan Fu Hsing, as a major door lock manufacturer in the world, will rely on our accumulated mechanic lock technology for decades to continue the integration of various door control technology and promote the cross-industry's developing power in order to launch more diversified electronic locks to meet with the fast-changing market needs leading by the intelligent family system and electronic door control system.

3.To cultivate high end door closer market

Fu Hsing's door closer products provided by the door closer division has stable quality and received wide acceptance among domestic and international customers. In addition, Fu Hsing now is also following the planned schedule to develop electronic door closers.

However, we are not satisfied. We are also planning to allocate a certain amount of resources to strategically cooperate with EU based customers to invent and produce high end door closer type products. This move, besides promoting our technology, also satisfies customers' needs in high end products.

4.Devote to public welfare, environmental protection and social responsibility

Upholding the operational idea of taken from society and give back for society, Fu Hsing, while is working to create better profits, never forgets to devote to public welfare and environmental protection. For example, Taiwan Fu Hsing Cultural and Educational Foundation for years sponsors tuition for poor students in Kangshan area to continue their education or sponsors tennis players to pursue their dreams. Also the company holds beach-cleaning activity and tree-planting activity. All are our realization to give back to the society.

5.To create IP map to protect customer and our rights

Fu Hsing encourages innovation behaviors. Every year, we put in quite an investment to apply for new patent, maintain existing patent right, trade mark and all other intelligent property related rights. Therefore, we have accumulated a great quantity of IPs. In the coming year, Fu Hsing plans to complete trade mark map by summarizing our business areas and nations that we have already obtained trade mark. In addition, with the support from our business unit, we are also evaluating potential markets in the world and awaiting the opportunity to apply for trade mark in order to eliminate possible marketing barriers in the future.

From the beginning of 2017 till now, New Taiwan Dollar has already appreciated over 6%. For an export-oriented company like Fu Hsing, indeed the strong NT dollar creates quite a pressure in operation. In addition, the international bulk metal price also soared starting from the beginning of 2017, this is also a big challenge to operation cost. The IMF estimated the global economic growth rate in 2017 to be around 3.4%, which only slightly grow about 0.2% comparing to 2016. Besides, other international affairs such as the Great Britain officially started the Brexit process, the conservative power in some EU countries including France raises, and the political related tensions in areas such as Middle East and North Korea arise. All these tell us that 2017 will be a challenging year. But Fu Hsing will still rely on its steadily and dependable principle to make all operational decisions with cautious to make every move. Still, we hope Fu Hsing can continue to create further success base on current solid performance and will not fall short of our shareholders' expectations.

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 WANG Kuo-Hua and LIAO A-Shen of the PwC Taiwan and submitted by the Board of Directors for the year ending 2016, 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 27th, 2017

【Attachment III Independent Auditor’s Report (I)】

Independent Auditor’s Report

(2016)Cai-shen-bao-zi 15003490

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

Audit Opinion

We have audited the attached financial statements of Taiwan Fu Hsing Industrial Co., Ltd.(hereinafter – the “Company”) which comprise the balance sheet as of 31 December 2016, statement of financial results, statement of changes in equity and statement of cash flows for 2016, and notes to the individual financial statements (including summaries of important accounting policies).

In our opinion, the above individual financial statements were compiled in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” in all material aspects and were presented fairly to express the individual company’s financial position as of Dec. 31, 2015 and Dec. 31, 2016, as well as individual company’s financial performance and cash flows in the period from Jan. 1 to Dec. 31st, 2015 and 2016.

Basis of Audit Opinion

We conducted our audits in accordance with “Regulations governing auditing and attestation of Financial Statements by Certified Public Accountants” and the generally accepted auditing standards of R.O.C. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Individual Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believed the audit evidences that 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 Fu Hsing Company's 2016 individual financial statements of the current period. Those matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on those matters.

Cut-off on sales recognition

Explanation

Please refer to individual financial report note 4 for sales recognition polity (25).

Fu Hsing Company does mainly export business and the Company shall recognize sales when merchandise's ownership related significant risks and profits have been transferred to its customers according to the Company's sales order, contract or other transaction relation agreements. However, sometimes the timing to recognize sales may involve non-computerized sales condition confirmation and double-checking, so as to cause sales recognition cut offs when the closing period of current fiscal year comes. Therefore, we listed the sales recognition cut-off matter as one of the most significant matters in this fiscal year.

How our audit addressed the matter

We perform the following audit procedures on the above key audit matter.

1. understanding, evaluating, and testing Fu Hsing Company's internal control procedures design and execution on this sales recognition matter.
2. Carrying out cut-off test on sales recognition during the period right before and after the closing of current period's financial statements, verifying sales recognition related evidence and document, and assuring the adequacy of the sales recognition timing according to the transaction conditions.

Allowance for Inventory Valuation Loss

Explanation

For a summary of the significant accounting policies on inventory valuation, refer to Note 4 to the individual financial statements (11). Refer to Note 5 to the individual financial statements for accounting estimates and the uncertainties in relation to such estimates. Refer to Note 6 (4) to the individual financial statements for accounts of inventory.

Fu Hsing Company calculate the cost of inventory based on cost or net realizable value, whichever is lower. Because Fu Hsing Company's inventories contains a diversity of product items and the evaluation on the net realizable value may involve subjective judgment. The estimations may be causing uncertainty. Therefore, we listed the allowance for inventory valuation loss as one of the most significant matters in current year's audit.

How our audit addressed the matter

We perform the following audit procedures on the above key audit matter.

1. evaluating whether the Company's allowance policy and process in relation to inventory valuation loss is reasonable based on our understanding on the operation of Fu Hsing Company and the industry's characteristics. The evaluation included inventory closeout level, determinations on the reasonableness of obsolete and aged inventories, and the consistency of the adopted accounting method.
2. Verifying whether the presentation of the inventory loss evaluation on the financial statements is consistent with the Company's policy, randomly sampling inventory number to verify the level of inventory closeout, so as to evaluate the adequacy of the allowance for inventory valuation loss.

Other Matters - The report of other independent accountants

We did not audit the financial statements of certain investments under equity method. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amount included in the financial statements relative to these investments, is based solely on the audit reports of other independent auditors. Total investment

amount of these investments under equity method amounted to NT\$139,408 thousand and NT\$202,652 thousand respectively during the period of Jan. 1 to Dec. 31, in 2016 and 2015, representing 2% and 5% of the total assets. Investments accounted for under equity method amounted to NT\$27,230 and (10,517) thousand, constituting 4% and (1%) of the total profits respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are WANG, Kuo-Hua and LIAO, A-Shen of the PwC Taiwan.

Certified by former Securities and Futures Commission, Ministry of Finance:

(87) Tai-cai-zheng(6) 68790

Certified by former Financial Supervisory Commission, Executive Yuan:

Jin-guang-zheng-shen-zi 1010015969

March 27, 2017

【 Attachment IV Non-Consolidated Balance Sheets 】

TAIWAN FU HSING INDUSTRIAL CO. LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2016		December 31, 2015		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 882,344	13	\$ 569,829	9
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		72,001	1	443,306	7
1150	Notes receivable, net		21,227	-	18,113	-
1170	Accounts receivable, net	6(3)	1,050,167	16	994,276	15
1180	Accounts receivable - related	7(1)				
	parties		9,454	-	12,857	-
1210	Other receivables - related parties	7(1)	50,880	1	87,686	1
130X	Inventories, net	6(4)	287,360	4	266,780	4
1476	Other current financial assets		627	-	2,958	-
1479	Other current assets, others		40,060	1	35,196	1
11XX	Current Assets		<u>2,414,120</u>	<u>36</u>	<u>2,431,001</u>	<u>37</u>
Non-current assets						
1523	Available-for-sale financial assets	6(5)				
	- noncurrent		419,292	6	330,816	5
1543	Financial assets carried at cost -	6(6)				
	noncurrent		18,000	-	87,617	2
1550	Investments accounted for under	6(7)				
	equity method		2,802,771	42	2,695,550	41
1600	Property, plant and equipment, net	6(8)	902,872	14	913,528	14
1780	Intangible assets, net		858	-	1,151	-
1840	Deferred income tax assets	6(20)	34,367	1	52,855	1
1980	Other non-current financial assets	7 and 8	53,867	1	5,481	-
1990	Other non-current assets, others		1,540	-	4,915	-
15XX	Non-current assets		<u>4,233,567</u>	<u>64</u>	<u>4,091,913</u>	<u>63</u>
1XXX	Total assets		<u>\$ 6,647,687</u>	<u>100</u>	<u>\$ 6,522,914</u>	<u>100</u>

(Continued)

【 Attachment IV Non-Consolidated Balance Sheets 】

TAIWAN FU HSING INDUSTRIAL CO. LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2016		December 31, 2015		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2120	Financial liabilities at fair value through profit or loss - current	6(2)	\$ 100	-	\$ 562	-
2150	Notes payable		153,265	2	150,430	2
2170	Accounts payable		210,397	3	179,284	3
2180	Accounts payable - related parties	7(1)	475,427	7	406,849	6
2200	Other payables	6(9)	294,518	5	290,279	5
2220	Other payables - related parties	7(1)	27,742	-	26,266	-
2230	Current income tax liabilities		31,399	1	112,113	2
2399	Other current liabilities, others		10,335	-	7,996	-
21XX	Current Liabilities		<u>1,203,183</u>	<u>18</u>	<u>1,173,779</u>	<u>18</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(20)	165,780	3	106,759	1
2640	Accrued pension liabilities	6(10)	146,064	2	239,939	4
25XX	Non-current liabilities		<u>311,844</u>	<u>5</u>	<u>346,698</u>	<u>5</u>
2XXX	Total Liabilities		<u>1,515,027</u>	<u>23</u>	<u>1,520,477</u>	<u>23</u>
Equity						
Share capital						
3110	Share capital - common stock	6(11)	1,884,521	28	1,884,521	29
Capital surplus						
3200	Capital surplus	6(12)	567,114	9	567,114	9
Retained earnings						
3310	Legal reserve	6(13)(20)	829,416	12	749,806	12
3320	Special reserve		48,991	1	48,991	1
3350	Unappropriated retained earnings		1,658,295	25	1,464,803	22
Other equity interest						
3400	Other equity interest	6(14)	144,323	2	287,202	4
3XXX	Total equity		<u>5,132,660</u>	<u>77</u>	<u>5,002,437</u>	<u>77</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 6,647,687</u>	<u>100</u>	<u>\$ 6,522,914</u>	<u>100</u>

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

【 Attachment VI Non-Consolidated Statement of Changes in Equity 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
 (Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings			Other equity interest		Total
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statement translation differences of foreign operations	Unrealized gain or loss on available-for-s ale financial assets	
<u>Year 2015</u>	6(13)								
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)
Profit for 2015		-	-	-	-	796,103	-	-	796,103
Other comprehensive income(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>
<u>2016</u>									
Balance at January 1, 2016		\$ 1,884,521	\$ 567,114	\$ 749,806	\$ 48,991	\$ 1,464,803	\$ 139,155	\$ 148,047	\$ 5,002,437
Distribution of 2015 earnings:									
Legal reserve		-	-	79,610	-	(79,610)	-	-	-
Cash dividends	6(13)	-	-	-	-	(527,666)	-	-	(527,666)
Profit for 2016		-	-	-	-	819,739	-	-	819,739
Other comprehensive income(loss) for 2016	6(5)(10)(14))	-	-	-	-	(18,971)	(160,738)	17,859	(161,850)
Balance at December 31, 2016		<u>\$ 1,884,521</u>	<u>\$ 567,114</u>	<u>\$ 829,416</u>	<u>\$ 48,991</u>	<u>\$ 1,658,295</u>	<u>(\$ 21,583)</u>	<u>\$ 165,906</u>	<u>\$ 5,132,660</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 Cash Flow Statement 】

TAIWAN FU HSING INDUSTRIAL CO. LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
 (Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 992,537	\$ 954,282
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(18)	50,565	41,604
Amortization	6(18)	2,506	2,941
Reversal of allowance for bad debts	6(3) and 7(1)	(1,464)	(2,369)
Net (loss) gain on financial assets at fair value through profit or loss	6(2)(17)	(2,800)	4,553
Adjustment due to change of investees' equity under the equity method		(510,492)	(462,036)
Interest income	6(16)	(6,912)	(1,306)
Dividend income	6(16)	(29,090)	(35,657)
Interest expense		24	21
Loss on disposal of property, plant and equipment	6(17)	71	405
Income on disposal of investments	6(17)	(855)	(45,103)
Impairment loss	6(7)(17)	70,983	45,232
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		374,498	(456,327)
Notes receivable		(3,114)	(2,284)
Accounts receivable		(54,427)	59,843
Accounts receivable - related parties		3,403	14,004
Other receivables - related parties		36,806	(40,581)
Inventories, net		(20,580)	(3,507)
Other financial assets - current		2,726	15,391
Other current assets		(5,864)	1,596
Changes in operating liabilities			
Notes payable		2,835	23,901
Accounts payable		31,113	(16,277)
Accounts payable - related parties		68,578	(4,294)
Other payables		3,327	47,783
Other payables - related parties		1,476	(31)
Other current liabilities		2,339	466
Accrued pension liabilities		(111,744)	(22,533)
Cash inflow generated from operations		896,445	119,717
Interest received		6,517	1,427
Dividend received		155,319	618,165
Interest paid		(24)	(21)
Income tax paid		(172,967)	(127,604)
Net cash flows from operating activities		885,290	611,684

(Continued)

【 Attachment VII Non-Consolidated Cash Flow Statement 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
 (Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2016	2015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets carried at cost		\$ -	\$ 67,308
Increase in investment accounted for under the equity method		(5,320)	-
Return of share capital from long-term equity investment accounted for under the equity method		46,501	223,926
Acquisition of property, plant and equipment	6(22)	(14,663)	(62,827)
Proceeds from disposal of property, plant and equipment		2,553	101
Increase in prepaid equipment		(23,582)	(4,915)
Acquisition of intangible assets		(2,212)	(2,527)
(Increase)decrease in other financial assets – non-current		(48,386)	278
Net cash flows (used in) from investing activities		(45,109)	221,344
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>			
Cash dividends paid	6(13)	(527,666)	(376,904)
Net cash flows used in financing activity		(527,666)	(376,904)
Net increase in cash and cash equivalents		312,515	456,124
Cash and cash equivalents at beginning of year	6(1)	569,829	113,705
Cash and cash equivalents at end of year	6(1)	\$ 882,344	\$ 569,829

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)】

Independent Auditor’s Report

Independent Auditor’s Report

(2016)Cai-shen-bao-zi 16003868

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

Audit Opinion

We have audited the attached financial statements of Taiwan Fu Hsing Industrial Co., Ltd. and its subsidiaries (hereinafter – the “Group”) which comprise the balance sheet as of 31 December 2016, statement of financial results, statement of changes in equity and statement of cash flows for 2016, and notes to the consolidated financial statements (including summaries of important accounting policies).

In our opinion, the above consolidated financial statements were compiled in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” in all material aspects and were presented fairly to express the individual company’s financial position as of Dec. 31, 2015 and Dec. 31, 2016, as well as consolidated company’s financial performance and cash flows in the period from Jan. 1 to Dec. 31st, 2015 and 2016.

Basis of Audit Opinion

We conducted our audits in accordance with “Regulations governing auditing and attestation of Financial Statements by Certified Public Accountants” and the generally accepted auditing standards of R.O.C. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believed the audit evidences that 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 Fu Hsing Group's 2016 consolidated financial statements of the current period. Those matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on those matters.

Cut-off on sales recognition

Explanation

Please refer to consolidated financial report note 4 for sales recognition policy (29).

Fu Hsing Group does mainly export business and the Group shall recognize sales when merchandise's ownership related significant risks and profits have been transferred to its customers according to the Group's sales order, contract or other transaction relation agreements. However, sometimes the timing to recognize sales may involve non-computerized sales condition confirmation and double-checking, so as to cause sales recognition cut offs when the closing period of current fiscal year comes. Therefore, we listed the sales recognition cut-off matter as one of the most significant matters in this fiscal year.

How our audit addressed the matter

We perform the following audit procedures on the above key audit matter.

1. understanding, evaluating, and testing Fu Hsing Group's internal control procedures design and execution on this sales recognition matter.
2. Carrying out cut-off test on sales recognition during the period right before and after the closing of current period's financial statements, verifying sales recognition related evidence and document, and assuring the adequacy of the sales recognition timing according to the transaction conditions.

Allowance for Inventory Valuation Loss

Explanation

For a summary of the significant accounting policies on inventory valuation, refer to Note 4 to the consolidated financial statements (12).

Refer to Note 5 to the consolidated financial statements for accounting estimates and the uncertainties in relation to such estimates. Refer to Note 6 (4) to the consolidated financial statements for accounts of inventory.

Fu Hsing Group calculate the cost of inventory based on cost or net realizable value, whichever is lower. Because Fu Hsing Group's inventories contains a diversity of product items and the evaluation on the net realizable value may involve subjective judgment. The estimations may be causing uncertainty. Therefore, we listed the allowance for inventory valuation loss as one of the most significant matters in current year's audit.

How our audit addressed the matter

We perform the following audit procedures on the above key audit matter.

1. evaluating whether the Group's allowance policy and process in relation to inventory valuation loss is reasonable based on our understanding on the operation of Fu Hsing Group and the industry's characteristics. The evaluation included inventory closeout level, determinations on the reasonableness of obsolete and aged inventories, and the consistency of the adopted accounting method.
2. Verifying whether the presentation of the inventory loss evaluation on the financial statements is consistent with the Group's policy, randomly sampling inventory number to verify the level of inventory closeout, so as to evaluate the adequacy of the allowance for inventory valuation loss.

Other Matters - The report of other independent accountants

We did not audit the financial statements of certain consolidated companies. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amount included in the financial statements relative to these consolidated subsidiaries, is based solely on the audit reports of other independent auditors. Total asset of these consolidated subsidiaries were both 5% of the total assets on Dec. 31, 2016 and Dec. 31, 2015. Sales from the consolidated subsidiaries constituted both 4% of the total profits in the

year of 2016 and 2015.

Other Matter - Individual Financial Statements

We have also audited the parent company only financial statements of Taiwan Fu Hsing Industrial Co., Ltd. as of and for the years ended December 31, 2016 and 2015 on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company and 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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fu Hsing Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Fu Hsing Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among

other matters, the planned scope and timing of the audit and significant audit findings(including any significant deficiencies in internal control that we identify during our audit).

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are WANG, Kuo-Hua and LIAO, A-Shen of the PwC Taiwan.

Certified by former Securities and Futures Commission, Ministry of Finance:

(87) Tai-cai-zheng(6) 68790

Certified by former Financial Supervisory Commission, Executive Yuan:

Jin-guang-zheng-shen-zi 1010015969

March 27, 2017

【 Attachment IX Consolidated Balance Sheets 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2016		December 31, 2015		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,315,324	31	\$ 1,628,441	22
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		112,151	2	483,385	7
1150	Notes receivable, net		34,568	-	26,718	-
1170	Accounts receivable, net	6(3)	1,665,716	22	1,600,026	22
130X	Inventories, net	6(4)	786,047	10	810,716	11
1476	Other current financial assets	6(5)	113,540	2	29,773	-
1479	Other current assets, others		92,756	1	72,164	1
11XX	Current Assets		<u>5,120,102</u>	<u>68</u>	<u>4,651,223</u>	<u>63</u>
Non-current assets						
1523	Available-for-sale financial assets	6(6)				
	- noncurrent		419,292	5	330,816	4
1543	Financial assets carried at cost -	6(7)				
	noncurrent		18,000	-	87,617	1
1550	Investments accounted for under	6(8)				
	equity method		80,719	1	136,518	2
1600	Property, plant and equipment, net	6(9)	1,715,994	23	1,841,250	25
1780	Intangible assets, net	6(10)	26,198	-	124,252	2
1840	Deferred income tax assets	6(24)	44,710	1	66,286	1
1980	Other non-current financial assets	8	85,529	1	32,624	-
1985	Long-term prepaid rents	6(11)	40,204	1	44,901	1
1990	Other non-current assets, others	6(12)	29,090	-	36,944	1
15XX	Non-current assets		<u>2,459,736</u>	<u>32</u>	<u>2,701,208</u>	<u>37</u>
1XXX	Total assets		<u>\$ 7,579,838</u>	<u>100</u>	<u>\$ 7,352,431</u>	<u>100</u>

(Continued)

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

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, 2016 AND 2015

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2016		December 31, 2015		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2120	Financial liabilities at fair value through profit or loss - current	6(2)	\$ 162	-	\$ 562	-
2150	Notes payable		271,527	4	286,421	4
2170	Accounts payable		925,694	12	830,126	11
2200	Other payables	6(13)	591,006	8	516,416	7
2220	Other payables - related parties	7(1)	27,477	-	25,861	-
2230	Current income tax liabilities		68,648	1	155,242	2
2399	Other current liabilities, others	6(14) and 8	64,540	1	28,424	1
21XX	Current Liabilities		<u>1,949,054</u>	<u>26</u>	<u>1,843,052</u>	<u>25</u>
Non-current liabilities						
2540	Long-term borrowings	6(14) and 8	32,250	-	-	-
2570	Deferred income tax liabilities	6(24)	168,706	2	109,876	1
2640	Accrued pension liabilities	6(15)	186,291	3	275,839	4
25XX	Non-current liabilities		<u>387,247</u>	<u>5</u>	<u>385,715</u>	<u>5</u>
2XXX	Total Liabilities		<u>2,336,301</u>	<u>31</u>	<u>2,228,767</u>	<u>30</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(16)	1,884,521	25	1,884,521	25
Capital surplus						
3200	Capital surplus	6(17)	567,114	7	567,114	8
Retained earnings						
3310	Legal reserve	6(18)(24)	829,416	11	749,806	10
3320	Special reserve		48,991	1	48,991	1
3350	Unappropriated retained earnings		1,658,295	22	1,464,803	20
Other equity interest						
3400	Other equity interest	6(19)	144,323	2	287,202	4
31XX	Equity attributable to owners of the parent		<u>5,132,660</u>	<u>68</u>	<u>5,002,437</u>	<u>68</u>
36XX	Non-controlling interest		<u>110,877</u>	<u>1</u>	<u>121,227</u>	<u>2</u>
3XXX	Total equity		<u>5,243,537</u>	<u>69</u>	<u>5,123,664</u>	<u>70</u>
Significant contingent liabilities and unrecognised contract commitments						
3X2X	Total liabilities and equity		<u>\$ 7,579,838</u>	<u>100</u>	<u>\$ 7,352,431</u>	<u>100</u>

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

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, 2016 AND 2015
 (Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	For the years ended December 31,			
		2016		2015	
		AMOUNT	%	AMOUNT	%
4000	Sales revenue	\$ 8,398,732	100	\$ 7,986,554	100
5000	Operating costs	(6,283,371)	(75)	(6,175,230)	(78)
5900	Net operating margin	<u>2,115,361</u>	<u>25</u>	<u>1,811,324</u>	<u>22</u>
	Operating expenses				
	6(22)(23) and 7(1)				
6100	Selling expenses	(408,930)	(5)	(394,538)	(5)
6200	General & administrative expenses	(396,980)	(5)	(372,787)	(5)
6300	Research and development expenses	(202,657)	(2)	(192,504)	(2)
6000	Total operating expenses	(1,008,567)	(12)	(959,829)	(12)
6900	Operating profit	<u>1,106,794</u>	<u>13</u>	<u>851,495</u>	<u>10</u>
	Non-operating income and expenses				
7010	Other income	67,279	1	66,313	1
7020	Other gains and losses	(47,223)	-	120,729	2
7050	Finance costs	(627)	-	(1,099)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	<u>34,373</u>	<u>-</u>	<u>39,041</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>53,802</u>	<u>1</u>	<u>224,984</u>	<u>3</u>
7900	Profit before income tax	1,160,596	14	1,076,479	13
7950	Income tax expense	(335,351)	(4)	(259,715)	(3)
8200	Profit for the year	<u>\$ 825,245</u>	<u>10</u>	<u>\$ 816,764</u>	<u>10</u>

(Continued)

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, 2016 AND 2015
 (Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	For the years ended December 31,			
		2016		2015	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(15)			
			(\$ 23,814)	-	(\$ 17,590)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)			
			4,049	-	2,990
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
			(19,765)	-	(14,600)
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations	6(19)			
			(161,471)	(2)	7,536
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(6)(19)			
			17,859	-	(2,265)
8360	Components of other comprehensive income that will be reclassified to profit or loss				
			(143,612)	(2)	5,271
8300	Total other comprehensive loss for the year				
			(\$ 163,377)	(2)	(\$ 9,329)
8500	Total comprehensive income for the year				
			\$ 661,868	8	\$ 807,435
Profit, attributable to:					
8610	Owners of the parent		\$ 819,739	10	\$ 796,103
8620	Non-controlling interest		5,506	-	20,661
			\$ 825,245	10	\$ 816,764
Comprehensive income attributable to:					
8710	Owners of the parent		\$ 657,889	8	\$ 787,623
8720	Non-controlling interest		3,979	-	19,812
			\$ 661,868	8	\$ 807,435
Basic earnings per share					
9750	Total basic earnings per share	6(25)			
			\$ 4.35		\$ 4.22
9850	Total diluted earnings per share				
			\$ 4.30		\$ 4.18

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

Unit: NT\$1,000

Notes	Equity attributable to owners of the parent									
	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings			Other equity interest		Total	Non-controlling interest	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statement translation differences of foreign operations	Unrealized gain or loss on available-for- sale financial assets			
<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 income (loss) for 2015	6(6)(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>
<u>2016</u>										
Balance at January 1, 2016	\$ 1,884,521	\$ 567,114	\$ 749,806	\$ 48,991	\$ 1,464,803	\$ 139,155	\$ 148,047	\$ 5,002,437	\$ 121,227	\$ 5,123,664
Distribution of 2015 earnings:										
Legal reserve	-	-	79,610	-	(79,610)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	(527,666)	-	-	(527,666)	-	(527,666)
Net income for 2016	-	-	-	-	819,739	-	-	819,739	5,506	825,245
Other comprehensive income (loss) for 2016	6(6)(19)	-	-	-	(18,971)	(160,738)	17,859	(161,850)	(1,527)	(163,377)
Cash dividends distributed to non-controlling interest	-	-	-	-	-	-	-	-	(14,329)	(14,329)
Balance at December 31, 2016	<u>\$ 1,884,521</u>	<u>\$ 567,114</u>	<u>\$ 829,416</u>	<u>\$ 48,991</u>	<u>\$ 1,658,295</u>	<u>(\$ 21,583)</u>	<u>\$ 165,906</u>	<u>\$ 5,132,660</u>	<u>\$ 110,877</u>	<u>\$ 5,243,537</u>

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

【 Attachment XII Consolidated Cash Flow Statement 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,160,596	\$ 1,076,479
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(22)	162,247	151,346
Amortization	6(22)	36,340	35,373
Reversal of provision for bad debts	6(3)	(1,245)	(2,394)
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(21)	(3,112)	(23,809)
Adjustment due to change of investees' equity under the equity method		(34,373)	(39,041)
Interest income	6(20)	(14,878)	(8,104)
Dividend income	6(20)	(29,090)	(35,657)
Interest expense		627	1,099
Loss on disposal of property, plant and equipment	6(21)	11,089	1,766
Gain on disposal of investments	6(21)	(918)	(45,222)
Impairment loss	6(10)(21)	83,806	45,233
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		374,865	(494,439)
Notes receivable		(7,850)	(2,303)
Accounts receivable		(92,467)	(22,845)
Inventories		(6,172)	16,912
Other financial assets — current		5,102	15,613
Other current assets		(35,775)	1,786
Changes in operating liabilities			
Notes payable		(14,894)	36,682
Accounts payable		153,823	(23,512)
Other payables		94,545	113,668
Other current liabilities		21,318	5,594
Net defined benefit liability, non-current		(113,362)	(24,020)
Cash inflow generated from operations		1,750,222	780,205
Interest received		14,473	8,138
Dividends received		72,398	484,712
Interest paid		(627)	(1,749)
Income tax paid		(359,870)	(212,670)
Net cash flows from operating activities		<u>1,476,596</u>	<u>1,058,636</u>

(Continued)

【Attachment XII Consolidated Cash Flow Statement】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2016	2015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in other financial assets – current		(\$ 94,141)	(\$ 2,906)
Proceeds from disposal of financial assets carried at cost		-	67,308
Return of share capital from long-term equity investments accounted for under the equity method		46,501	223,926
Acquisition of property, plant and equipment	6(27)	(68,925)	(183,849)
Increase in prepaid equipment		(28,302)	(40,818)
Proceeds from disposal of property, plant and equipment		4,323	1,639
Acquisition of intangible assets	6(10)	(2,762)	(5,994)
(Increase) decrease in other financial assets – non-current		(55,080)	4,327
Increase in other non-current assets		(3,198)	(16,332)
Net cash flows (used in) from investing activities		(201,584)	47,301
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		-	(92,720)
Proceeds from long-term debt		48,390	-
Cash dividends paid	6(18)	(527,666)	(376,904)
Cash dividends distributed to non-controlling interest		(14,329)	(5,968)
Net cash flows used in financing activities		(493,605)	(475,592)
Effect of exchange rate changes on cash and cash equivalents		(94,524)	(2,866)
Net increase in cash and cash equivalents		686,883	627,479
Cash and cash equivalents at beginning of year	6(1)	1,628,441	1,000,962
Cash and cash equivalents at end of year	6(1)	\$ 2,315,324	\$ 1,628,441

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

【Attachment XIII Earnings Distribution Table】

Taiwan Fu Hsing Industrial Co., Ltd.
2016 Earnings Distribution Table

Unit: NT\$1.00

Beginning retained earnings	857,525,499
2016 other income/loss	(18,971,332)
2016 net profit after tax	819,739,516
10% legal reserve	(81,973,952)
Distributable net profit	1,576,319,731
Distributable items:	
Cash dividend to shareholders (\$2.8/share)	(527,666,076)
Ending un-appropriated earnings	1,048,653,655

Note:

- 1.The year's earnings should be distributed firstly from the 2016 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 2016 was not reversed.
- 3.The amount of cash dividend distribution was calculated based on the total outstanding shares of 188,452,170 on Dec. 31st, 2016.

Chairman: LIN, Jui-Chang

Manager: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

【Attachment XIV Amendments table of the Regulations Governing the Acquisition and Disposal of Assets】

Amended articles	Current articles
<p><u>Article 7: Disposition Procedures</u></p> <p>The company while is acquiring or disposing of securities, shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction reaches the declaration standard that is regulated in this Regulation, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. For example, if the net worth per share has more than 20% pricing gap with the transaction price, the company must request a certified public accountant to handle in accordance with No.20 of the Statements of Auditing Standards and to provide an opinion regarding the cause of pricing gap and the reasonableness of the transaction price. <u>This requirement does not apply, however, to publicly quoted prices of securities that have an active market</u>, or special regulations where otherwise provided by the competent authority.</p> <p>(7-1~7-2, 7-4 omitted)</p>	<p><u>Article 7: Disposition Procedures</u></p> <p>The company while is acquiring or disposing of securities, shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction reaches the declaration standard that is regulated in this Regulation, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. For example, if the net worth per share has more than 20% pricing gap with the transaction price, the company must request a certified public accountant to handle in accordance with No.20 of the Statements of Auditing Standards and to provide an opinion regarding the cause of pricing gap and the reasonableness of the transaction price. This requirement does not apply to special regulations where otherwise provided by the competent authority</p> <p>(7-1~7-2, 7-4 omitted)</p>

7-5 Determination Procedures of the Transaction Terms

7-5-1. In acquiring or disposing of real property or equipment, the company must follow the published regulations with regard to the authorization authority to obtain approval from appropriate authorization superintendent before carrying out the project.

7-5-2. When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NTS\$300 million or more, the company may not proceed to enter into a transaction contract or make a payment until all the relating document along with a monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization have been approved by the board of directors and recognized by the supervisors. Nevertheless, in the trading of government bonds or bonds under repurchase and resale agreements, or subscription or buyback of domestic money market funds issued by domestic securities investment and trust business may exempt from the procedures to obtain approval from the Board of Directors and recognition from the company's supervisors beforehand.

7-5-3. In acquiring or disposing of real property or equipment where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.

With respect to the acquisition or disposal of business-use equipment between the company's subsidiaries, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and be ratified by the next board of directors meeting.

7-5-4. In acquiring or disposing of asset where there is regulated circumstance stated in the Article 185 of the Company Act, the company should submit to the Shareholders' Meeting for approval in advance.

7-5 Determination Procedures of the Transaction Terms

7-5-1. In acquiring or disposing of real property or equipment, the company must follow the published regulations with regard to the authorization authority to obtain approval from appropriate authorization superintendent before carrying out the project.

~~Only that~~ When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NTS\$300 million or more, the company may not proceed to enter into a transaction contract or make a payment until all the relating document along with a monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization have been approved by the board of directors and recognized by the supervisors. Nevertheless, in the trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds may exempt from the procedures to obtain approval from the Board of Directors and recognition from the company's supervisors beforehand. Besides, in acquiring or disposing of real property or equipment where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.

With respect to the acquisition or disposal of business-use equipment between the company's subsidiaries, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and be ratified by the next board of directors meeting.

7-5-2. In acquiring or disposing of asset where there is regulated circumstance stated in the Article 185 of the Company Act, the company should submit to the Shareholders' Meeting for approval in advance.

<p><u>Article 8: Public announcement and regulatory filing procedures</u></p> <p>Under any of the following circumstances, the company when is acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>8-1 Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>buyback</u> of domestic money market funds <u>issued by domestic securities investment and trust businesses</u>.</p> <p>8-2 Merger, demerger, acquisition, or transfer of shares.</p> <p>8-3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>8-4 Where an asset transaction other than any of those referred to in the preceding three sub-paragraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>8-4-1. Trading of government bonds.</p> <p>8-4-2. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of <u>corporate bonds with fund raising purpose and non-equity related financial bonds</u>, or <u>subscription of securities by a securities firm that is served as recommended broker in the Gre Tai Securities Market for promoting its underwriting business in accordance with related regulations of the TPEx</u>.</p> <p>8-4-3. Trading of bonds under repurchase/resale agreements, or subscription or <u>buy back</u> of domestic money market funds issued by domestic <u>securities investment and trust business</u>.</p> <p>8-4-4. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counter-party is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>8-4-5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>(8-5 omitted)</p>	<p><u>Article 8: Public announcement and regulatory filing procedures</u></p> <p>Under any of the following circumstances, the company when is acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>8-1 Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>8-2 Merger, demerger, acquisition, or transfer of shares.</p> <p>8-3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>8-4 Where an asset transaction other than any of those referred to in the preceding three sub-paragraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>8-4-1. Trading of government bonds.</p> <p>8-4-2. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</p> <p>8-4-3. Trading of bonds under repurchase/resale agreements, or subscription or <u>redemption</u> of domestic money market funds.</p> <p>8-4-4. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counter-party is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>8-4-5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>(8-5 omitted)</p>
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Article 9: Asset appraisal procedure

In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NTS\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser that is objective, fair, and not having a substantive relationship with both transaction parties and shall further comply with the following provisions. Only that When the company acquires or disposes of assets through court auction procedures, the evident documentation issued by the court may be substituted for the appraisal report or accountant's opinion.

9-2 If the discrepancy between the appraisal results a professional appraisers is 20 percent or more of the transaction amount, the company shall request its accountant to handle with No.20 of the Standards of Auditing and issue a specific opinion on the cause of discrepancy and the reasonableness of the transaction price.

9-3. Where the transaction amount is NTS\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. If the discrepancy between the appraisal results from two or more professional appraisers is 10 percent or more of the transaction amount, the company shall request its accountant to handle with No.20 of the Standards of Auditing and issue a specific opinion on the cause of discrepancy and the reasonableness of the transaction price.

9-6. Where a limited price or specified price is used as a reference basis for the transaction price, the company shall obtain an appraisal or accountant's opinion within two weeks of the occurrence starting from the date of transaction and rectify the public announcement showing the original transaction price and the results of appraisal, if the company has proper reason for not providing an professional appraisal or accountant's opinion under the circumstances stated in 9-2 and 9-3 at once. Under the circumstances stated in 9-2 and 9-3, the company shall also file with the authority after bulletining the cause of discrepancy and accountant's opinion.

(9-1, 9-4, 9-5 omitted)

Article 9: Asset appraisal procedure

In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NTS\$300 million or more, the company, unless transacting with a government institution, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser that is objective, fair, and not having a substantive relationship with both transaction parties and shall further comply with the following provisions. Only that When the company acquires or disposes of assets through court auction procedures, the evident documentation issued by the court may be substituted for the appraisal report or ~~certified~~ accountant's opinion.

9-2 If the discrepancy between the appraisal results a professional appraisers is 20 percent or more of the transaction amount, the company shall request its ~~certified~~ accountant to handle with No.20 of the Standards of Auditing and issue a specific opinion on the cause of discrepancy and the reasonableness of the transaction price.

9-3. Where the transaction amount is NTS\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. If the discrepancy between the appraisal results from two or more professional appraisers is 10 percent or more of the transaction amount, the company shall request its ~~certified~~ accountant to handle with No.20 of the Standards of Auditing and issue a specific opinion on the cause of discrepancy and the reasonableness of the transaction price.

9-6. Where a limited price or specified price is used as a reference basis for the transaction price, the company shall obtain an appraisal or accountant's opinion within two weeks of the occurrence starting from the date of transaction and rectify the public announcement showing the original transaction price and the results of appraisal, if the company has proper reason for not providing an professional appraisal or accountant's opinion under the circumstances stated in 9-2 and 9-3 at once. Under the circumstances stated in 9-2 and 9-3, the company shall also file with the authority after bulletining the cause of discrepancy and ~~certified~~ accountant's opinion.

(9-1, 9-4, 9-5 omitted)

Article 10. Others

10-1. When the company acquires real property from a related party, besides a joint construction contract, the company should also collect and file a monthly cash flow forecasts for the future year, evaluation of the necessity of the transaction and evaluation of the reasonableness of the funds utilization, the real estate's cost calculation related information, and the review opinion from accountant in accordance with related regulations. In addition, if the company's asset acquirement or disposal reaches the must filing standard that is regulated in this Procedure and the transaction counter-party is a substantive related party, the company should disclose the content in the notes of its financial statements and report in the Shareholders' Meeting.

(10-2 omitted)

Article 10. Others

10-1. When the company acquires real property from a related party, besides a joint construction contract, the company should also collect and file a monthly cash flow forecasts for the future year, evaluation of the necessity of the transaction and evaluation of the reasonableness of the funds utilization, the real estate's cost calculation related information, and the review opinion from ~~certified~~ ^{certified} accountant in accordance with related regulations. In addition, if the company's asset acquirement or disposal reaches the must filing standard that is regulated in this Procedure and the transaction counter-party is a substantive related party, the company should disclose the content in the notes of its financial statements and report in the Shareholders' Meeting.

(10-2 omitted)

Article 13. Procedures to handle Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

1. Evaluation and Work Procedures

(1) when the company conducts a merger, de-merger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, and securities underwriter to make plans for a scheduled timetable for statutory procedures that should be executed by a project team later on and requested a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.

Professional's opinion on the reasonableness of the merger may not be required where the company merges its subsidiary that the company directly or indirectly holds 100% of the issued shares or of the paid in capital, or where the merger is executed between the company's 100% owned subsidiaries that the company directly or indirectly holds 100% of the issued shares or the paid-in-capital.

(Article 13-1 and (2) omitted)

Article 13. Procedures to handle Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

1. Evaluation and Work Procedures

(1) when the company conducts a merger, de-merger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, and securities underwriter to make plans for a scheduled timetable for statutory procedures that should be executed by a project team later on and requested a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.

(Article 13-1 and (2) omitted)

[Attachment XV Amendments table of the Work Procedures for Making of Endorsements/Guarantees

Amended articles	Current articles
<p><u>3. Amount of Endorsements/Guarantees</u> 3-2 Where an endorsement/guarantee is made due to needs arising from business dealings, the amount of endorsement/guarantees must not exceed the total amount of trading between the two companies. (3-1., 3-3-3-5, omitted)</p>	<p><u>3. Amount of Endorsements/Guarantees</u> 3-2 Where an endorsement/guarantee is made due to needs arising from business dealings, the amount of endorsement/guarantees must not exceed the total amount of trading between the two companies (must not exceed the amount of purchase or sell, whichever is higher). (3-1., 3-3-3-5, omitted)</p>
<p>9. Procedures for controlling and managing endorsement/guarantees by subsidiaries: 9-2. Where a subsidiary of the company makes endorsement/guarantees for others, the subsidiary shall <u>regularly</u> make a monthly statement for endorsement/guarantees making for others in the previous month and <u>report and file</u> to the company. (9-1, 9-3-9-5 omitted)</p>	<p>9.Procedures for controlling and managing endorsement/guarantees by subsidiaries: 9-2. Where a subsidiary of the company makes endorsement/guarantees for others, the subsidiary shall make a statement for endorsement/guarantees making for others in the previous month and <u>send</u> to the company to <u>review</u>. (9-1, 9-3-9-5 omitted)</p>

[Attachment XVI Amendments table of the Regulations Governing Derivatives Transactions]

Amended articles	Current articles																					
<p>1. Purpose : To establishment a risk management system for derivative transactions in order to ensure information disclosure and protect investments.</p>	<p>1. Purpose : 1-1To establishment a risk management system for derivative transactions in order to ensure information disclosure and protect investments.</p> <p>1-2 To handle in accordance with the Correspondence Cai Zheng Yi Zi No.0910006105 published by the Securities and Futures Bureau of the Financial supervisory Commission, R.O.C. Taiwan.</p>																					
<p>4. Internal Control System 4-4. Supervision and management principles of the Board of Directors where a derivative transaction is involved. 4-4-1. The Board of Directors shall appoint a senior supervisor to supervise and manage the risk of the transaction with the following principles: (1) Shall regularly evaluate whether current risk management measures is appropriate and handled in accordance with this Principle and the Work Procedures for conducting derivatives transactions made by the Company. (2) Shall monitor the transaction and the profit/loss situation. If there is found any extraordinary issues, the supervisor must adopt necessary corresponding measures and report to the Board of Directors immediately. If the company has elected independent director(s), the independent director shall present in the Board of Directors' Meeting and express his/her opinions. 4-4-2. A memorandum book should be established when the company conducts derivative transactions. The type of derivative transaction, amount, Board of Directors' approval date and evaluated issues shall be recorded in detail on the memorandum book for reference. 4-4-3. Where there is derivative transaction, the company shall authorize a designated personnel to handle the transaction in accordance with the "Work Procedures to Conduct Derivative Transactions" and later on report on the most recent Board of Directors' Meeting. (4-1, 4-2, 4-3, 4-5 omitted)</p>	<p>4. Internal Control System 4-4. Supervision and management principles of the Board of Directors where a derivative transaction is involved. 4-4-1. The Board of Directors shall appoint a senior supervisor to supervise and manage the risk of the transaction with the following principles: (1) Shall regularly evaluate whether current risk management measures is appropriate and handled in accordance with this Principle and the Work Procedures for conducting derivatives transactions made by the Company. (2) Shall monitor the transaction and the profit/loss situation. If there is found any extraordinary issues, the supervisor must adopt necessary corresponding measures and report to the Board of Directors immediately. If the company has elected there is independent director, the independent director shall present in the Board of Directors' Meeting and express his/her opinions. 4-4-2. A memorandum book should be established when the company conducts derivative transactions. The type of derivative transaction, amount, Board of Directors' approval date and evaluated issues shall be recorded in detail on the memorandum book for reference. 4-4-3. Where there is derivative transaction, the company shall authorize a designated personnel to handle the transaction in accordance with the "Work Procedures to Conduct Derivative Transactions" and later on report on the most recent Board of Directors' Meeting. (4-1, 4-2, 4-3, 4-5 omitted)</p>																					
<p>5. Work Procedures 5-2. Transaction Amount: 5-2-1. For investment purpose: (1) The ceiling of the transaction amount should be calculated based on the transaction contract and must not exceed 20% of the company's paid-in-capital. (2) Executor of the foreign exchange transaction and the limit of transaction amount: <table border="0"> <tr> <td><u>Executor</u></td> <td><u>Daily Trading Authority</u></td> <td><u>Net Accumulated Position Limit</u></td> </tr> <tr> <td>CEO</td> <td>USD2,500,000</td> <td>USD5,000,000</td> </tr> <tr> <td><u>Supervisor of the Financial Dept.</u></td> <td>USD1,000,000</td> <td>USD2,000,000</td> </tr> </table> (3) The limit of transaction amount shall be made by the Board of Directors. 5-2-2. The ceiling of the derivative transaction amount must not exceed the hedge related budgeted amount listed on 5-1-1 and the transaction shall be handled and in charged by the Financial Dept. (5-1, 5-3 omitted)</p>	<u>Executor</u>	<u>Daily Trading Authority</u>	<u>Net Accumulated Position Limit</u>	CEO	USD2,500,000	USD5,000,000	<u>Supervisor of the Financial Dept.</u>	USD1,000,000	USD2,000,000	<p>5. Work Procedures 5-2. Transaction Amount: 5-2-1. For investment purpose: (1) The ceiling of the transaction amount should be calculated based on the transaction contract and must not exceed 20% of the company's paid-in-capital. (2) Executor of the foreign exchange transaction and the limit of transaction amount: <table border="0"> <tr> <td><u>Executor</u></td> <td><u>Daily Trading Authority</u></td> <td><u>Net Accumulated Position Limit</u></td> </tr> <tr> <td>CEO</td> <td>USD2,500,000</td> <td>USD5,000,000</td> </tr> <tr> <td><u>Supervisor of the Financial Dept.</u></td> <td>USD1,000,000</td> <td>USD2,000,000</td> </tr> <tr> <td>Section leader of the Financial Dept.</td> <td>USD500,000</td> <td>USD1,000,000</td> </tr> </table> (3) The limit of transaction amount shall be made by the Board of Directors. 5-2-2. The ceiling of the derivative transaction amount must not exceed the hedge related budgeted amount listed on 5-1-1 and the transaction shall be handled and in charged by the Financial Dept. (5-1, 5-3 omitted)</p>	<u>Executor</u>	<u>Daily Trading Authority</u>	<u>Net Accumulated Position Limit</u>	CEO	USD2,500,000	USD5,000,000	<u>Supervisor of the Financial Dept.</u>	USD1,000,000	USD2,000,000	Section leader of the Financial Dept.	USD500,000	USD1,000,000
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<p>5-4. Accounting Procedures Shall be handled in accordance with Generally Accepted Accounting Principles and the related regulations.</p>	<p>5-4. Accounting Procedures Shall be handled in accordance with the Financial Accounting Standards Bulletin of the R.O.C. and the related regulations.</p>																					
<p>6. Announcement and Report 6-1. The Company shall report the derivative transaction information for the company and the company's subsidiary that is not a domestic publicly traded company following the designated format every month. The information shall be uploaded to the authority appointed information disclosure website before the 10th day of each month and the information shall include all the transaction up until the end of the previous month.</p>	<p>6. Announcement and Report 6-1. The Company shall report the derivative transaction information for the company and the company's foreign subsidiary that is not a domestic publicly traded company following the designated format every month. The information shall be uploaded to the authority appointed information disclosure website before the 10th day of each month and the information shall include all the transaction up until the end of the previous month.</p>																					

<p>6-2. If the loss of a derivative transaction exceeds the aggregate ceiling amount for all the transactions or the ceiling amount for an individual transaction that is regulated in this procedure, the company shall report to authority's designated website <u>within</u> two days <u>starting from the day</u> when the loss occurs.</p>	<p>6-2. If the loss of a derivative transaction exceeds the aggregate ceiling amount for all the transactions or the ceiling amount for an individual transaction that is regulated in this procedure, the company shall report to authority's designated website within two days starting from the day when the loss occurs.</p>
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[Attachment XVII Amendments table of the Work Procedures for Loaning of Funds to Others]

Amended articles	Current articles
<p>3. Measure: 3-2. Amount limit and duration: 3-2-1. The aggregate loaning amount to others shall not exceed 30% of the company's net worth. 3-2-2. Maximum amount permitted to a single borrower: (1) The aggregate amount loaning to borrower that has business dealings with the company must not exceed 20% of the company's net worth stated on the most current financial statement. Maximum amount permitted to a single borrower must not exceed the total transaction amount with that borrowing company during the most recent fiscal year. (2) The aggregate amount loaning to borrower that has short term financial needs must not exceed 10% of the company's net worth stated on the most current financial statement. Maximum amount permitted to a single borrow must not exceed 50% of that borrowing company's net worth stated on the most current financial statement.</p> <p>3-2-3. The duration of the loan to company that has short term financial need must not exceed one year.</p> <p>3-2-4. The aggregate amount for the company's subsidiary loaning to others shall be limited to within 30% of the borrowing company's net worth stated on the borrowing company's most recent financial statement. Maximum amount permitted to a single borrower should be limited to within 20% of the borrowing company's net worth stated on the borrowing company's most recent financial statement. And the loaning duration should be one year in general. <u>Nevertheless, the one year loaning duration may be waived when the loaning is between the company's 100% owned, directly and indirectly foreign subsidiaries.</u> (3-2-4, omitted)</p>	<p>3. Measure: 3-2. Amount limit and duration: 3-2-1. The aggregate loaning amount to others shall not exceed 30% of the company's net worth. 3-2-2. Maximum amount permitted to a single borrower: (1) The aggregate amount loaning to borrower that has business dealings with the company must not exceed 20% of the company's net worth stated on the most current financial statement. Maximum amount permitted to a single borrower must not exceed the total transaction amount with that borrowing company during the most recent fiscal year (based on the Company's total purchase amount). (2) The aggregate amount loaning to borrower that has short term financial needs must not exceed 10% of the company's net worth stated on the most current financial statement. Maximum amount permitted to a single borrow must not exceed 50% of that borrowing company's net worth stated on the most current financial statement.</p> <p>3-2-3. The loaning should base on the principle for providing short term financial support. The duration of the loan to company that has short term financial need must not exceed one year.</p> <p>3-2-4. The aggregate amount for the company's subsidiary loaning to others shall be limited to within 30% of the borrowing company's net worth stated on the borrowing company's most recent financial statement. Maximum amount permitted to a single borrower should be limited to within 20% of the borrowing company's net worth stated on the borrowing company's most recent financial statement. And the loaning duration should be one year in general. (3-2-4, omitted)</p>
<p>3-8 Others: 3-8-1. Due to business dealings, if the company's subsidiary plans to provide funds to others, the Company should request the subsidiary to map out a work procedure for loaning to other and execute the loaning following that work procedure. The Company should handle in accordance with this Work Procedure if the subsidiary does not establish a work procedure for loaning to others. The subsidiary should <u>regularly</u> report to the Company with the loaning related information include the amount, borrower and loaning duration every month. (3-8-2-3-8-7 omitted)</p>	<p>3-8 Others: 3-8-1. Due to business dealings, if the company's subsidiary plans to provide funds to others, the Company should request the subsidiary to map out a work procedure for loaning to other and execute the loaning following that work procedure. The Company should handle in accordance with this Work Procedure if the subsidiary does not establish a work procedure for loaning to others. The subsidiary should report to the Company with the loaning related information include the amount, borrower and loaning duration every month <u>before the 5th day</u> of the month. (3-8-2-3-8-7 omitted)</p>

III. Appendix

Appendix I Articles of Incorporation

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 re-issuance 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 to seven directors and two to three 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. The company should elect at least two independent directors among the seats and total number of independent directors should not be less than one fifth of the total board seats. The company adopts candidate nomination system to elect independent directors, which should be elected from the list of candidate during the Shareholders' Meeting. The terms "professional qualification", "shareholding", "concurrent serving restriction", and "independency" shall have the meanings as determined under regulations made by the securities supervisory body.

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.

The directors of the public company shall be elected in accordance with Article 198 of the Company Act, with independent and non-independent directors elected at the same time, but in separately calculated numbers. Candidates receiving more votes are elected as the company's directors and independent directors.

Article 18-1: The set up of seat for independent directors shall become effective from the year of reelection of the company's directors and supervisors due to the expiration of the term of office of current directors and supervisors in 2017.

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 26-1: The Company shall distribute no less than five percent of the current fiscal year's profit to its employees as employee remunerations and shall distribute no more than five percent of the current fiscal year's profit to its directors and supervisors as remunerations. Nevertheless, the company shall make up the accumulated loss, if any, first before such remuneration distribution. The Company's bonus for employees may be distributed in cash or with stocks, and the distribution objects may include employees of the company's affiliated companies; in this case, the Chairman has the right to define the distribution conditions.

The aforementioned current fiscal year's profit is referring to the net income before tax of the current fiscal year before deducting the distribution of remunerations to employees and directors/supervisors.

The proposal of remuneration to employees and directors/supervisors should be resolved during the Board of Directors' Meeting with more than two third of directors presence in the meeting and approvals from at least one half of the

presenting directors. The resolved proposal shall report to the shareholders during the Shareholders' Meeting.

Article 27: 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. The Board of Directors shall then propose an earning distribution proposal and send to the Shareholders' Meeting for resolution.

The appropriate of the aforementioned legal reserve may be required when the accumulated legal reserve has amounted to the total capital. The Company adopts the policy of surplus dividends in consideration of funding needs in future and overall investment situation, long-term financial planning, domestic and global competition situation, and as well as shareholders' needs for cash inflow. Each year, the company shall appropriate no less than thirty percent of earning surplus for shareholders as dividends, which may be distributed in case or with stock, only that the cash dividend should not be less than fifty percent of the total payout.

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; 10th amendment on April 6, 1986; 11th amendment on June 3, 1986; 12th amendment on July 24, 1989; 13th amendment on May 10, 1990; 14th amendment on June 25, 1991; 15th amendment on December 30, 1991; 16th amendment on June 16, 1992; 17th amendment on December 17, 1992; 18th amendment on

June 17, 1993; 19th amendment on April 27, 1994; 20th amendment on October 26, 1994; 21st amendment on April 22, 1995; 22nd amendment on May 22, 1996; 23rd amendment on April 19, 1997; 24th amendment on April 16, 1999; 25th amendment on May 19, 2000; 26th amendment on May 22, 2001; 27th amendment on May 31, 2002; 28th amendment on May 31, 2005; 29th amendment on May 30, 2006; 30th amendment on May 30, 2008; 31st amendment on May 27, 2009; 32nd amendment on May 27, 2010; 33rd amendment on June 15, 2011; 34th amendment on June 15, 2012; 35th amendment on June 17, 2015; 36th amendment on June 24, 2016.

Taiwan Fu Hsing Industrial Co., Ltd.
LIN, Jui-Chang
Chairman

Appendix 2 Rules and Procedures of Shareholders' Meeting

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. The 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 appointed 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, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers 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 presenting his attendance card, sign-in card or other certificate of attendance. The company should not ask for additional certified document from shareholders with the presence of the original 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 comprehended of the Company's financial and business status. The same applies when the Meeting is convened by a person who represents a corporate director.

It is advisable that a Shareholders' Meeting being convened by the company's Chairman and is attended by more than half of the total number of the directors and is at least with one supervisors personally presenting. The attendance situation shall also be recorded in the meeting minutes of the Shareholders' Meeting. A Shareholders' Meeting convened by any other person outside the Board of Directors that has the right to convene is convened 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, and 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. 21, 2017

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%
Total				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%
Total				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)

Appendix IV Procedures on election of directors and supervisors

Taiwan Fu Hsing Industrial Co., Ltd. Procedures on election of directors and supervisors

- Article 1: The election of the Company's directors and supervisors shall be handled in accordance with this Procedure.
- Article 2: The Company adopts "cumulative voting system" to election its directors and supervisors. Where is electing directors, each share should have the same voting rights amounting to the total designated seats of the Company's directors; such voting rights may be executed on one person or on separate persons. Same procedures apply to the election of supervisors. The registration of voter may be represented by shareholder's number printed on the ballot.
- Article 3: Total seats of the Company's directors and supervisors should be elected in accordance with the Company's Articles of Incorporation. Candidates with the most votes are elected as the Company's directors/supervisors. If there are two or more candidates receiving the same votes constituting the circumstance that the total number of directors/supervisors may exceed the quota regulated in the Articles of Incorporation, it should be resolved by draw lots. The chairperson may act for the person to draw the lot if he/she is not presenting in the election.
- Article 4: The ballot is made and printed by the Board of Directors and is distributed according to the series number of the shareholders. On the ballot it should also clearly state the total number of voting rights of the shareholder.
- Article 5: The chairperson should appoint both scrutinizers and counting officers to execute associated assignments before election starts.
- Article 6: The voter should fill in the name of the being voted candidate on the section of "Vote for Candidate" and may specify the shareholder number on the ballot. If the being voted candidate is a juridical person, the voter must fill in both names of the corporation and its representative and also specify the juridical person's shareholder number.
- Article 7: Vote becomes ineffective if there is any of the following presenting:
1. Not using the ballot specified in Article 4.

2. Filling in more than regulated persons on the ballot.
3. Making marks or writing words in addition to the name of being voted (including the name of the juridical person and the name of its representative) and the being voted candidate's shareholder number.
4. Illegible writing.
5. The name of being voted candidate is not the same with the name recorded on the Shareholder List.
6. The name of being voted candidate is the same with other shareholder, but the voter does not fill in the shareholder number for further identification.

Article 8: During the election, the Company shall set up individual ballot box for directors and supervisors in order to distinguish the votes.

Article 9: Ballot should be counted right after the election. The result of election should be announced by the chairperson on the ground.

Article 10: Any other issues that are not specified in this Procedure shall be handled in accordance with the Company Act and related regulations.

Article 11: The Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

Article: This Procedure is made in May 22, 2002.