

Security Code: 9924



Taiwan Fu Hsing Industrial Co., Ltd.

2019
Meeting of Shareholders
Handbook

Date & Time: 9:00am June 21st, 2019 (Friday)

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

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I. Meeting agenda

Taiwan Fu Hsing Industrial Co., Ltd.

Meeting Agenda of the 2019 Shareholders' Meeting

Date & Time: 9:00am, June 21st, 2019 (Friday)

Venue: No. 17, Bengong Rd., Kangshan Dist., Kaohsiung City

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

Meeting Procedures

1. Report of number of shareholders presenting at the meeting
2. Meeting call to order
3. Address by Chairman
4. Management presentation
 - A. 2018 Operation Report
 - B. Supervisor's review report on the 2018 Financial Statements
 - C. Report of emoluments paid to employees and directors/supervisors in 2018
 - D. Report of process regarding proposals submitted by shareholders
5. Matters for acknowledgment
 - A. To acknowledge 2018 Financial Statements
 - B. To acknowledge 2018 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 Endorsements/Guarantees"
 - E. To amend some articles in the company's "Articles of Incorporation"
7. Extempore Motions
8. Adjournment

4. Management Presentation

Report 1

Summary: The 2018 Operation Report

Explanation: Please see Attachment I for 2018 Operation Report, pp. [6-8]

Report 2

Summary: Supervisor's review on the 2018 financial statements

Explanation: Please see Attachment II for the review report, pp. [9]

Report 3

Summary: Report of emoluments distributed to employees and directors/supervisors in 2018

Explanation:

1. Emoluments are paid 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\$160,858,560 as remuneration paid to employees in 2018 and NT\$14,820,000 as remunerations paid to directors and supervisors in 2018.
3. The above-mentioned remuneration proposal had been resolved on the Board of Directors' Meeting on Jan. 25, 2019 and was determined to distribute in cash.

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, 2019 to Apr. 23rd, 2019. 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)

Summary: To acknowledge 2018 Financial Statements

Explanation:

1. The company's 2018 Financial Reports were audited by independent auditors, WANG Kuo-Hua and LIAO A-Shen, of the PwC Taiwan and were given audit report of Unqualified Opinion. The 2017 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. [9-28].

Resolution:

Proposal 2 (proposed by the Board of Directors)

Summary: To acknowledge 2018 Earnings Distribution

Explanation:

1. The Board of Directors has resolved to distribute cash dividend of NT\$2.4 per share from the company's 2018 earnings.
2. Please refer to Earnings Distribution Table in Attachment XIII, pp. [29].
3. Upon the resolution in the Meeting of Shareholders, it is proposed that the Board of Directors 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)

Summary: To amend some articles in the "Regulations Governing the Acquisition and Disposal of Assets"

Explanation:

1. According to the Correspondence Jin-Guan-Zheng-Fa-Zi No.1070343930 dated on Dec. 4, 2018 and the company's operational requirements, it is planned to amend partial clauses listed in the company's "Regulations Governing the Acquisition and Disposal of Assets"
2. Please refer to Attachment XIV for the amendment table on

pp [34].

Resolution:

Proposal 2 (Proposed by the Board of Directors)

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

Explanation:

1. According to the Correspondence Jin-Guan-Zheng-Fa-Zi No.1070343930 dated on Dec. 4, 2018 and 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 XV for the amendment table on pp [39].

Resolution:

Proposal 3 (Proposed by the Board of Directors)

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

Explanation:

1. According to the Correspondence Jin-Guan-Zheng-Shen-Zi No.1080304826 dated on Mar. 7, 2019 and 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 XVI for the amendment table on pp [40].

Resolution:

Proposal 4 (Proposed by the Board of Directors)

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

Explanation:

1. According to the Correspondence Jin-Guan-Zheng-Shen-Zi No.1080304826 dated on Mar. 7, 2019 and the company’s operational requirements, it is planned to amend partial clauses listed in the company’s “Work Procedures for Making Endorsements/Guarantees”

2. Please refer to Attachment XVII for the amendment table on pp [42].

Resolution:

Proposal 5 (Proposed by the Board of Directors)

Summary: To amend some articles in the company's "Articles of Incorporation"

Explanation:

1. According to 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 XVII for the amendment table on pp [42].

Resolution:

7. Extempore Motions

8. Adjournment

II. Attachments

【Attachment I 2018 Operation Report】

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

Taiwan Fu Hsing welcome your presence in this year's Shareholders' Meeting. In 2018, the intense international trade situation, which was caused by US-China trade wars and the pricing fluctuation of international bulk metal materials as well as major currencies, had brought great challenges to export sales dominated companies, like Taiwan Fu Hsing. But, it was fortunate that all the Fu Hsing teams had been working together to cope with the adverse situations with well-arranged capacity planning; thus, at the end of last year, Taiwan Fu Hsing even presented you a transcript with better achievements than 2017. We thank you all Taiwan Fu Hsing shareholders' long-term supports and trust. We must bear in mind your trust and supports, operate toward a solid foundation and keeping up to realize all the expectations.

In the past year, the Company, besides devoting to the operation of our core businesses, also made great efforts in social welfares and promoting sports activities. Such efforts as below also received positive feedbacks from all social circles:

- 1.Sponsored to enable the use of WeiWuYing National Kaohsiung Center for the arts.
- 2.Sponsored to co-organize the activity of "Young Innovative Design Festival" held in The Pier 2 Art Center.
- 3.Fu Hsing Cup Tennis Competition with record-breaking participating teams

The Company's 2018 operation results are stated as the following:

(1) Review the implementation of Business Plan

Unit: NTD1,000

List	2018	2017	Increase (Decrease)	Increase (Decrease) by %
Revenues (Net)	\$8,303,458	\$8,006,401	\$297,057	4%
Operating Profit	826,209	808,364	17,845	2%

Net Income Before Tax	975,276	738,598	236,678	32%
Net Income After Tax	693,117	549,976	143,141	26%

(2) Review of Budget Implementation

Not available. Fu Hsing did not disclose Financial Forecast for the year of 2018.

(3) Analysis of Receipt, Expenditure, and Profitability

List		2018	2017
Financial Structure	Debt to Total Asset (%)	32.45	31.14
	Long Fund to Fixed Assets, Plants, and Facilities (%)	223.64	257.53
Business Solvency	Current Ratio (%)	243.60	236.93
	Quick Ratio (%)	190.78	187.19
	Interest Protection Multiples	385.72	530.46
Profitability	Return on Assets (%)	9.05	7.32
	Return on Equity (%)	13.23	10.58
	NIBT to Paid In Capital (%)	51.75	39.19
	Net Profit Ratio (%)	8.35	6.87
	Earnings Per Share (NTD)	3.68	2.92

(4) Research & Development Works

To look into the year ahead, our main development directions focus on:

1. New plant in the Benjhoul Industrial Zone to officially start operation
In order to carry out automated critical process and promote overall

production effectiveness, Taiwan Fu Hsing invested in 1 billion Taiwanese dollars to set up “Tong Hsing Enterprise Co., Ltd.” in Benjhou Industrial Zone to specifically work on zinc alloy’s stamping process and surface treatments. The new plant was expected to officially start product this year to inject in new energy and capacity for Fu Hsing Group. In addition, atop the new plant’s building, there were built with solar power panels in an area for more than 1100 ping (about 3,636 m²) to respond to the green energy trend.

2. To cope with the economic situation in the future, well-arrange capacity, inspect major expenditures

Starting from May 10th, 2019, U.S. started to collect as high as 25% tariff on merchandises exporting from China to the U.S. that were valued about US\$200billions. To take steps in early stage as a prevention, Taiwan Fu Hsing had started to inspect, in a full scale among the whole group, our products, capacities, cost, supply chain relationship and transportation schedule, etc... and carry out necessary trans-location and arrangement. Because of the early reaction, impacts resulted from the tariff increase policy in May was well-controlled as expected. However, if the U.S.-China trade war negotiation fails, the range of product items included in the tariff increase is expected to expand, and we expect there will be a deeper and further impact at the time. Hence, Taiwan Fu Hsing will continue to pay close attention on all possible situations and will agilely adjust necessary responding strategies in order to reduce the impact to the minimal.

In addition, the Company is going to implement a full-scale review on major expenditures, such as expenses on applying new patents, maintaining the status of existing patents, etc... based on the principle of quality is more important than quantity. Cross-departmental review convention will be convened each quarter to hopefully reduce un-necessary expenditures and prepare for meeting with all the possible situations.

3. Further establish the Company’s corporate governance culture to protect investor’s rights

The Financial Supervisory Commission, R.O.C. released the “Corporate Governance Roadmap” in Dec. 2013 and started to access market listed and OTC listed companies’ cooperate governance. It was expected to strengthen the standard of the nation’s corporate governance and protect investor’s rights. The

Company, ever since the corporate governance assessment started, has implemented a number of CG related policies, including the strategy of board member's diversification, evaluation of board of directors' performance, release of dividend policy, establishment of ethical operation principles, disclosure on the communication channels among interested parties, etc... These all specifically reflected Taiwan Fu Hsing has stepped further toward better corporate governance year after year. In the future, we will continue and keep on the promotion of series of related activities in order to better establish the Company's corporate governance culture and protect our investors' rights.

The U.S.- China trade war started in 2018 and continued till now as an on-going war. In addition, the Brexit issue is still an un-solved problem. Therefore, all are looking at 2019 global economy with a more conservative view. The IMF estimated this year the global economic growth rate to be 3.3%, which was the lowest expectation since the financial crisis in 2009. Therefore, we must be careful and discreet. By more effectively integrating group resources, more precisely planning on operational strategies, Fu Hsing will go forward steadily with all our shareholders to achieve better performance against the wind.

Chairman:
LIN, Jui-Chang

General Manager
CHEN, Chien-Kun

Accounting Officer
LI, Kuo-Wei

【Attachment II Supervisor's Report】

Report of Supervisors to the Annual Shareholders' Meeting

Attn: Taiwan Fu Hsing Industrial Co., Ltd. 2019 General Shareholders' Meeting

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 company's financial reports and the consolidated financial reports 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 2018, and found them in order.

March 22nd, 2019

Supervisors:

HUANG, Fu-Ti

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

LIN, Wen-Hsing

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

LIU, Ju-Shang

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

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

Independent Auditor’s Report

(2018) Cai-shen-bao-zi 18004330

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 2018 and 2017, statement of financial results, statement of changes in equity and statement of cash flows for the accounting periods in 2018 and 2017, 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, 2018 and Dec. 31, 2017, as well as individual company’s financial performance and cash flows in the period from Jan. 1 to Dec. 31st, 2018 and 2017.

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 are 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 2018 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.

Key audit matters of the Company's 2018 individual financial statements are listed as below:

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

Fu Hsing Company calculates the cost of inventory based on cost or net realizable value, whichever is lower. Because Fu Hsing Company's inventories contain 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\$165,214 thousand dollars and NT\$146,665 thousand dollars respectively during the period of Jan. 1 to Dec. 31, in 2018 and 2017, representing 3% and 2% of the total assets. The recognized profit from such subsidiaries under equity method amounted to NT\$22,062 thousand dollars and 22,404 thousand dollars in 2018 and 2017, constituting 4% and 5% 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 individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the individual financial information of the entities or business activities within the Company to express an opinion on the individual 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 (including related safeguards) that may reasonably be thought to bear on our independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual financial statements for the year ended December 31, 2018 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 must 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.

PwC Taiwan

Certifying Accountants: WANG, Kuo-Hua and LIAO, A-Shen

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 22, 2019

【 Attachment IV Individual Balance Sheets 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 594,683	9	\$ 809,120	13
1110	Financial assets at fair value through profit or loss - current	6(2)	200,140	3	-	-
1136	Current financial assets at amortised cost, net	6(3)	103,072	2	-	-
1150	Notes receivable, net	6(4) and 12(4)	24,872	-	22,533	-
1170	Accounts receivable, net	6(4) and 12(4)	859,420	13	871,130	14
1180	Accounts receivable - related parties	6(4) and 7	47,811	1	26,062	-
1210	Other receivables - related parties	7	27,505	-	212,035	3
1220	Current tax assets		14,599	-	-	-
130X	Inventories	6(5)	304,032	5	276,655	4
1476	Other current financial assets	12(4)	2,532	-	103,224	2
1479	Other current assets, others		38,463	1	37,144	1
11XX	Current Assets		<u>2,217,129</u>	<u>34</u>	<u>2,357,903</u>	<u>37</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	302,044	4	-	-
1523	Available-for-sale financial assets - noncurrent	12(4)	-	-	409,815	6
1543	Financial assets carried at cost - noncurrent	12(4)	-	-	18,000	-
1550	Investments accounted for under equity method	6(7)	3,219,363	49	2,842,133	44
1600	Property, plant and equipment	6(8) and 7	780,279	12	738,088	12
1780	Intangible assets		3,084	-	2,345	-
1840	Deferred income tax assets	6(20)	41,480	1	38,896	1
1980	Other non-current financial assets	7	11,527	-	16,053	-
1990	Other non-current assets, others		2,732	-	6,456	-
15XX	Non-current assets		<u>4,360,509</u>	<u>66</u>	<u>4,071,786</u>	<u>63</u>
1XXX	Total assets		<u>\$ 6,577,638</u>	<u>100</u>	<u>\$ 6,429,689</u>	<u>100</u>

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2150	Notes payable	7	\$ 90	-	\$ 158,489	2
2170	Accounts payable		299,907	5	181,884	3
2180	Accounts payable - related parties	7	408,856	6	440,385	7
2200	Other payables	6(9)	293,874	5	250,897	4
2220	Other payables - related parties	7	24,365	-	20,728	-
2230	Current income tax liabilities		93,680	1	111,090	2
2399	Other current liabilities, others		16,772	-	9,689	-
21XX	Current Liabilities		<u>1,137,544</u>	<u>17</u>	<u>1,173,162</u>	<u>18</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(20)	136,861	2	97,053	2
2640	Accrued pension liabilities	6(10)	109,215	2	125,083	2
25XX	Non-current liabilities		<u>246,076</u>	<u>4</u>	<u>222,136</u>	<u>4</u>
2XXX	Total Liabilities		<u>1,383,620</u>	<u>21</u>	<u>1,395,298</u>	<u>22</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	8	567,114	9
Retained earnings						
		6(13)				
3310	Legal reserve		966,388	15	911,391	14
3320	Special reserve		48,991	1	48,991	1
3350	Unappropriated retained earnings		1,888,215	29	1,584,309	25
Other equity interest						
		6(14)				
3400	Other equity interest		(161,211)	(2)	38,065	-
3XXX	Total equity		<u>5,194,018</u>	<u>79</u>	<u>5,034,391</u>	<u>78</u>
Significant contingent liabilities and unrecognised contract commitments						
		9				
Significant events after the balance sheet date						
		11				
3X2X	Total liabilities and equity		<u>\$ 6,577,638</u>	<u>100</u>	<u>\$ 6,429,689</u>	<u>100</u>

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

【 Attachment V Individual Income Statement 】

AIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	2018		2017	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(15) and 7	\$ 5,634,340	100	\$ 5,341,232	100
5000 Operating costs	6(5)(18)(19) and 7	(4,673,992)	(83)	(4,486,910)	(84)
5900 Net operating margin		960,348	17	854,322	16
Operating expenses	6(18)(19) and 7				
6100 Selling expenses		(168,392)	(3)	(165,718)	(3)
6200 General and administrative expenses		(212,836)	(4)	(177,525)	(3)
6300 Research and development expenses		(88,201)	(1)	(75,195)	(2)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(386)	-	-	-
6000 Total operating expenses		(469,815)	(8)	(418,438)	(8)
6900 Operating profit		490,533	9	435,884	8
Non-operating income and expenses					
7010 Other income	6(16) and 7	36,040	1	39,906	1
7020 Other gains and losses	6(17)	32,680	1	(52,150)	(1)
7050 Finance costs		(13)	-	(260)	-
7070 Share of profit of associates and joint ventures accounted for under equity method		299,065	5	222,736	4
7000 Total non-operating income and expenses		367,772	7	210,232	4
7900 Profit before income tax		858,305	16	646,116	12
7950 Income tax expense	6(20)	(165,188)	(3)	(96,140)	(2)
8200 Profit for the year		\$ 693,117	13	\$ 549,976	10
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(10)	\$ 4,279	-	(\$ 10,975)	-
8316 Unrealised gain or loss on financial assets at fair value through other comprehensive income	6(6)(14)	(133,571)	(2)	-	-
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(1,780)	-	(5,212)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	2,711	-	1,866	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(128,361)	(2)	(14,321)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations	6(14)	54,303	1	(200,534)	(4)
8362 Unrealized (loss) gain on valuation of available-for-sale financial assets	6(14)	-	-	(9,477)	-
8380 Total Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		(82,528)	(2)	103,753	2
8360 Components of other comprehensive income that will be reclassified to profit or loss		(28,225)	(1)	(106,258)	(2)
8300 Total other comprehensive loss for the year		(\$ 156,586)	(3)	(\$ 120,579)	(2)
8500 Total comprehensive income for the year		\$ 536,531	10	\$ 429,397	8
Earnings per share	6(21)				
9750 Total basic earnings per share		\$ 3.68		\$ 2.92	
9850 Total diluted earnings per share		\$ 3.58		\$ 2.86	

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

【 Attachment VI Individual 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, 2018 AND 2017
(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	Unappropri- d retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Unrealized gain or loss on available-for- sale financial assets	
2017										
Balance at January 1, 2017		\$1,884,521	\$ 567,114	\$ 829,416	\$ 48,991	\$1,658,295	(\$ 21,583)	\$ -	\$ 165,906	\$5,132,660
Net income for 2017		-	-	-	-	549,976	-	-	-	549,976
Other comprehensive loss for 2017		-	-	-	-	(14,321)	(96,781)	-	(9,477)	(120,579)
Total comprehensive income	6(14) and 12(4)	-	-	-	-	535,655	(96,781)	-	(9,477)	429,397
Distribution of 2016 earnings:										
Legal reserve		-	-	81,975	-	(81,975)	-	-	-	-
Cash dividends	6(13)	-	-	-	-	(527,666)	-	-	-	(527,666)
Balance at December 31, 2017		\$1,884,521	\$ 567,114	\$ 911,391	\$ 48,991	\$1,584,309	(\$ 118,364)	\$ -	\$ 156,429	\$5,034,391
2018										
Balance at January 1, 2018		\$1,884,521	\$ 567,114	\$ 911,391	\$ 48,991	\$1,584,309	(\$ 118,364)	\$ -	\$ 156,429	\$5,034,391
Effects of retrospective application	6(14) and 12(4)	-	-	-	-	37,480	-	118,949	(156,429)	-
Balance at January 1, 2018 after retropective adjustments		1,884,521	567,114	911,391	48,991	1,621,789	(118,364)	118,949	-	5,034,391
Net income for 2018		-	-	-	-	693,117	-	-	-	693,117
Other comprehensive income (loss) for 2018		-	-	-	-	5,210	(28,225)	(133,571)	-	(156,586)
Total comprehensive income	6(6)(14)	-	-	-	-	698,327	(28,225)	(133,571)	-	536,531
Distribution of 2017 earnings:										
Legal reserve		-	-	54,997	-	(54,997)	-	-	-	-
Cash dividends	6(13)	-	-	-	-	(376,904)	-	-	-	(376,904)
Balance at December 31, 2018		\$1,884,521	\$ 567,114	\$ 966,388	\$ 48,991	\$1,888,215	(\$ 146,589)	(\$ 14,622)	\$ -	\$5,194,018

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

【Attachment VII Individual Cash Flow Statement】

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 858,305	\$ 646,116
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss/Reversal of allowance	12(2)(4)		
for bad debts		386	(23)
Net gain on financial assets or liabilities	6(17)		
at fair value through profit or loss		(1,141)	(627)
Depreciation	6(8)(18)	50,017	45,617
Amortization	6(18)	3,073	2,071
Share of profit of associates and joint			
ventures accounted for using equity method		(299,065)	(222,736)
Dividend income	6(16)	(17,520)	(21,990)
Interest income	6(16)	(12,531)	(12,632)
Interest expense		13	260
Gain on disposal of investments	6(17)	(641)	(1,651)
Loss on disposal of property, plant and	6(17)		
equipment		127	-
Exchange differences on translation of			
foreign financial statements that will be			
reclassified to profit or loss		-	(43,336)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair			
value through profit or loss		(198,359)	72,878
Notes receivable		(2,339)	(1,306)
Accounts receivable		11,324	179,060
Accounts receivable - related parties		(21,749)	(16,608)
Other accounts receivable - related			
parties		39,892	(10,633)
Inventories		(27,377)	10,705
Other financial assets - current		(966)	696
Other current assets - others		(1,319)	2,917
Changes in operating liabilities			
Notes payable		(158,399)	5,224
Accounts payable		118,023	(28,513)
Accounts payable - related parties		(31,529)	(35,042)
Other payables		42,630	(42,690)
Other payables to related parties		3,637	(7,014)
Other current liabilities - others		7,083	(646)
Net defined benefit liability, non-current		(11,588)	(31,956)
Cash inflow generated from operations		349,987	488,141
Dividends received		240,748	491,536
Interest received		12,484	11,044
Interest paid		(13)	(260)
Income tax paid		(142,664)	(87,837)
Net cash flows from operating activities		460,542	902,624

(Continued)

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in other accounts receivable - related parties (financed funds)	7	\$ 3,168	(\$ 15,088)
Increase in other financial assets - current		-	(101,705)
Increase in current financial assets at amortised cost		(1,367)	-
Acquisition of financial assets at fair value through other comprehensive income		(14,800)	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		7,000	-
Proceeds from disposal of financial assets carried at cost		-	1,643
Increase in investment accounted for under the equity method		(200,000)	(494,000)
Return of share capital from long-term equity investment accounted for under the equity method		-	2,835
Acquisition of property, plant and equipemnt	6(22)	(76,354)	(30,076)
Increase in prepaid equipment		(12,605)	(29,018)
Proceeds from disposal of property, plant and equipment	7	695	172,410
Acquisition of intangible assets		(3,812)	(3,558)
Decrease in other financial assets - non-current		-	48,375
Net cash flows used in investing activities		(298,075)	(448,182)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid	6(13)	(376,904)	(527,666)
Net cash flows used in financing activities		(376,904)	(527,666)
Net decrease in cash and cash equivalents		(214,437)	(73,224)
Cash and cash equivalents at beginning of year	6(1)	809,120	882,344
Cash and cash equivalents at end of year	6(1)	\$ 594,683	\$ 809,120

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

Independent Auditor's Report Independent Auditor's Report

(2019)Cai-shen-bao-zi 18004564

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 2018 and 2017, statement of financial results, statement of changes in equity and statement of cash flows for 2018 and 2017, 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, 2018 and Dec. 31, 2017, as well as consolidated company’s financial performance and cash flows in the period from Jan. 1 to Dec. 31st, 2018 and 2017.

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 are 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 2017 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.

Key audit matters of the Group’s 2018 consolidated financial statements are listed as below:

Cut-off on sales recognition

Explanation

Please refer to consolidated financial report note 4 for sales recognition polity (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 (13). Refer to Note 5 to the consolidated financial statements for accounting estimates and the uncertainties in relation to such estimates. Refer to Note 6 (5) to the consolidated financial statements for accounts of inventory.

Fu Hsing Group calculates the cost of inventory based on cost or net realizable value, whichever is lower. Because Fu Hsing Group's inventories contain 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 such subsidiaries at the end of Dec. 31, 2018 and 2017 was 603,094 New Taiwan Dollars and 471,636 thousand New Taiwan Dollars, which were 8% and 6% of the total consolidated assets respectively. Sales from such consolidated subsidiaries was 267,907 thousand New Taiwan Dollars and 303,484 thousand New Taiwan Dollars in the period of Jan. 1 to Dec. 31 in 2018 and 2017 respectively, and constituted 3% and 4% of the total consolidated revenues in the year of 2018 and 2017.

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, 2018 and 2017 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 supervisors) 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 (including safeguards) that may reasonably be thought to bear on our independence.

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 must 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.

PwC Taiwan

Certifying Accountants: WANG, Kuo-Hua and LIAO, A-Shen

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 22, 2019

【 Attachment IX Consolidated Balance Sheets 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,701,955	22	\$ 2,036,236	27
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		200,140	3	-	-
1136	Current financial assets at	6(3)				
	amortised cost, net		114,991	1	-	-
1150	Notes receivable, net	6(4) and 12(4)	36,434	-	35,715	-
1170	Accounts receivable, net	6(4) and 12(4)	1,470,131	19	1,477,291	20
1220	Current tax assets		14,978	-	-	-
130X	Inventories	6(5)	971,390	12	898,947	12
1476	Other current financial assets	8 and 12(4)	15,263	-	117,751	2
1479	Other current assets, others	6(6)	128,234	2	108,166	1
11XX	Current Assets		<u>4,653,516</u>	<u>59</u>	<u>4,674,106</u>	<u>62</u>
Non-current assets						
1517	Non-current financial assets at fair	6(7)				
	value through other					
	comprehensive income		302,044	4	-	-
1523	Available-for-sale financial assets	12(4)				
	- noncurrent		-	-	409,815	5
1543	Financial assets carried at cost -	12(4)				
	noncurrent		-	-	18,000	-
1550	Investments accounted for under	6(8)				
	equity method		6,747	-	47,027	1
1600	Property, plant and equipment	6(9) and 8	2,670,603	34	2,139,098	29
1780	Intangible assets	6(10)	30,051	-	26,800	-
1840	Deferred income tax assets	6(25)	59,666	1	50,149	1
1980	Other non-current financial assets	8	24,784	-	39,403	1
1985	Long-term prepaid rents	6(11)	36,814	1	38,597	-
1990	Other non-current assets, others	6(12)	98,561	1	38,543	1
15XX	Non-current assets		<u>3,229,270</u>	<u>41</u>	<u>2,807,432</u>	<u>38</u>
1XXX	Total assets		<u>\$ 7,882,786</u>	<u>100</u>	<u>\$ 7,481,538</u>	<u>100</u>

(Continued)

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017	
		AMOUNT	%	AMOUNT	%
Current liabilities					
2150	Notes payable	\$ 112,970	1	\$ 262,160	3
2170	Accounts payable	1,035,036	13	954,649	13
2200	Other payables	556,646	7	570,513	8
2220	Other payables - related parties	-	-	20,728	-
2230	Current income tax liabilities	135,803	2	116,372	1
2399	Other current liabilities, others	69,833	1	48,358	1
21XX	Current Liabilities	<u>1,910,288</u>	<u>24</u>	<u>1,972,780</u>	<u>26</u>
Non-current liabilities					
2540	Long-term borrowings	353,330	4	89,020	1
2570	Deferred income tax liabilities	137,547	2	97,360	2
2640	Accrued pension liabilities	156,558	2	170,799	2
25XX	Non-current liabilities	<u>647,435</u>	<u>8</u>	<u>357,179</u>	<u>5</u>
2XXX	Total Liabilities	<u>2,557,723</u>	<u>32</u>	<u>2,329,959</u>	<u>31</u>
Equity attributable to owners of parent					
Share capital					
3110	Share capital - common stock	1,884,521	24	1,884,521	25
Capital surplus					
3200	Capital surplus	567,114	7	567,114	8
Retained earnings					
3310	Legal reserve	966,388	12	911,391	12
3320	Special reserve	48,991	1	48,991	1
3350	Unappropriated retained earnings	1,888,215	24	1,584,309	21
Other equity interest					
3400	Other equity interest	(161,211)	(2)	38,065	-
31XX	Equity attributable to owners of the parent	<u>5,194,018</u>	<u>66</u>	<u>5,034,391</u>	<u>67</u>
36XX	Non-controlling interest	<u>131,045</u>	<u>2</u>	<u>117,188</u>	<u>2</u>
3XXX	Total equity	<u>5,325,063</u>	<u>68</u>	<u>5,151,579</u>	<u>69</u>
Significant contingent liabilities and unrecognised contract commitments					
Significant events after the balance sheet date					
3X2X	Total liabilities and equity	<u>\$ 7,882,786</u>	<u>100</u>	<u>\$ 7,481,538</u>	<u>100</u>

【 Attachment X Consolidated Income Statements 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
 (Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	2018		2017		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(20)	\$ 8,303,458	100	\$ 8,006,401	100
5000	Operating costs	6(5)(23)(24)	(6,579,341)	(79)	(6,363,945)	(80)
5900	Net operating margin		<u>1,724,117</u>	<u>21</u>	<u>1,642,456</u>	<u>20</u>
	Operating expenses	6(23)(24) and 7				
6100	Selling expenses		(353,881)	(4)	(348,609)	(4)
6200	General and administrative expenses		(356,732)	(5)	(314,009)	(4)
6300	Research and development expenses		(186,340)	(2)	(171,474)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(955)	-	-	-
6000	Total operating expenses		(897,908)	(11)	(834,092)	(10)
6900	Total operating profit		<u>826,209</u>	<u>10</u>	<u>808,364</u>	<u>10</u>
	Non-operating income and expenses					
7010	Other income	6(21)	70,790	1	68,272	1
7020	Other gains and losses	6(22)	74,191	1	(162,909)	(2)
7050	Finance costs		(2,535)	-	(1,395)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	<u>6,621</u>	-	<u>26,266</u>	-
7000	Total non-operating income and expenses		<u>149,067</u>	<u>2</u>	<u>(69,766)</u>	<u>(1)</u>
7900	Profit before income tax		<u>975,276</u>	<u>12</u>	<u>738,598</u>	<u>9</u>
7950	Income tax expense	6(25)	(263,851)	(3)	(169,251)	(2)
8200	Profit for the year		<u>\$ 711,425</u>	<u>9</u>	<u>\$ 569,347</u>	<u>7</u>

(Continued)

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	2018		2017	
		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)			
			\$ 737	- (\$ 18,167)	-
8316	Unrealised gain or loss on financial assets at fair value through other comprehensive income	6(7)(19)	(133,571)	(2)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)			
			<u>4,354</u>	<u>-</u>	<u>3,088</u>
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>(128,480)</u>	<u>(2)</u>	<u>(15,079)</u>
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(19)	(28,425)	- (96,908)	(1)
8362	Unrealized loss on valuation of available-for-sale financial assets	6(19)	-	- (9,477)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>(28,425)</u>	<u>-</u>	<u>(106,385)</u>
8300	Total other comprehensive loss for the year		<u>(\$ 156,905)</u>	<u>(2)</u>	<u>(\$ 121,464)</u>
8500	Total comprehensive income for the year		<u>\$ 554,520</u>	<u>7</u>	<u>\$ 447,883</u>
Profit, attributable to:					
8610	Owners of the parent		\$ 693,117	9	\$ 549,976
8620	Non-controlling interest		<u>18,308</u>	<u>-</u>	<u>19,371</u>
			<u>\$ 711,425</u>	<u>9</u>	<u>\$ 569,347</u>
Comprehensive income attributable to:					
8710	Owners of the parent		\$ 536,531	7	\$ 429,397
8720	Non-controlling interest		<u>17,989</u>	<u>-</u>	<u>18,486</u>
			<u>\$ 554,520</u>	<u>7</u>	<u>\$ 447,883</u>
Earnings per share					
9750	Total basic earnings per share	6(26)	<u>\$</u>	<u>3.68</u>	<u>\$</u>
9850	Total diluted earnings per share		<u>\$</u>	<u>3.58</u>	<u>\$</u>
					<u>2.92</u>
					<u>2.86</u>

【 Attachment XI Consolidated Statement of Changes in Equity 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
	Retained earnings					Other equity interest						
		Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity	
	Notes	Share capital - common stock										
2017												
Balance at January 1, 2017		\$ 1,884,521	\$ 567,114	\$ 829,416	\$ 48,991	\$ 1,658,295	(\$ 21,583)	\$ -	\$ 165,906	\$ 5,132,660	\$ 110,877	\$ 5,243,537
Net income for 2017		-	-	-	-	549,976	-	-	-	549,976	19,371	569,347
Other comprehensive loss for 2017	6(19) and 12(4)	-	-	-	-	(14,321)	(96,781)	-	(9,477)	(120,579)	(885)	(121,464)
Total comprehensive income		-	-	-	-	535,655	(96,781)	-	(9,477)	429,397	18,486	447,883
Distribution of 2016 earnings:												
Legal reserve		-	-	81,975	-	(81,975)	-	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(527,666)	-	-	-	(527,666)	-	(527,666)
Cash dividends distributed to non-controlling interest		-	-	-	-	-	-	-	-	-	(12,175)	(12,175)
Balance at December 31, 2017		\$ 1,884,521	\$ 567,114	\$ 911,391	\$ 48,991	\$ 1,584,309	(\$ 118,364)	\$ -	\$ 156,429	\$ 5,034,391	\$ 117,188	\$ 5,151,579
2018												
Balance at January 1, 2018		\$ 1,884,521	\$ 567,114	\$ 911,391	\$ 48,991	\$ 1,584,309	(\$ 118,364)	\$ -	\$ 156,429	\$ 5,034,391	\$ 117,188	\$ 5,151,579
Effects of retrospective application	6(19) and 12(4)	-	-	-	-	37,480	-	118,949	(156,429)	-	-	-
Balance at January 1, 2018 after retropective adjustments		1,884,521	567,114	911,391	48,991	1,621,789	(118,364)	118,949	-	5,034,391	117,188	5,151,579
Net income for 2018		-	-	-	-	693,117	-	-	-	693,117	18,308	711,425
Other comprehensive income (loss) for 2018	6(7)(19)	-	-	-	-	5,210	(28,225)	(133,571)	-	(156,586)	(319)	(156,905)
Total comprehensive income		-	-	-	-	698,327	(28,225)	(133,571)	-	536,531	17,989	554,520
Distribution of 2017 earnings:												
Legal reserve		-	-	54,997	-	(54,997)	-	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(376,904)	-	-	-	(376,904)	-	(376,904)
Cash dividends distributed to non-controlling interest		-	-	-	-	-	-	-	-	-	(4,132)	(4,132)
Balance at December 31, 2018		\$ 1,884,521	\$ 567,114	\$ 966,388	\$ 48,991	\$ 1,888,215	(\$ 146,589)	(\$ 14,622)	\$ -	\$ 5,194,018	\$ 131,045	\$ 5,325,063

【 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, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 975,276	\$ 738,598
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss/Reversal of allowance for bad debts	12(2)(4)	955	43
Net gain on financial assets or liabilities at fair value through profit or loss	6(22)	(1,141)	(737)
Depreciation	6(9)(23)	144,226	150,232
Amortization	6(23)	24,538	18,772
Share of profit of associates and joint ventures accounted for using equity method	6(8)	(6,621)	(26,266)
Dividend income	6(21)	(17,520)	(21,990)
Interest income	6(21)	(24,090)	(28,596)
Interest expense		2,535	1,395
Gain on disposal of investments	6(22)	(777)	(1,741)
Loss on disposal of property, plant and equipment	6(22)	5,942	2,445
Exchange differences on translation of foreign financial statements that will be reclassified to profit or loss		-	(43,336)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		(198,222)	113,165
Notes receivable		(719)	(1,147)
Accounts receivable		(498)	182,551
Inventories		(80,904)	(118,491)
Other financial assets - current		(12,566)	2,737
Other current assets - others		(31,987)	(26,180)
Changes in operating liabilities			
Notes payable		(149,190)	(9,367)
Accounts payable		94,222	38,499
Other payables		5,608	(60,774)
Other payables to related parties		(20,728)	(6,749)
Other current liabilities - others		4,546	(22,873)
Net defined benefit liability, non-current		(13,504)	(33,659)
Cash inflow generated from operations		699,381	846,531
Dividends received		66,238	72,721
Interest received		24,025	27,074
Interest paid		(2,348)	(1,395)
Income tax paid		(224,157)	(167,002)
Net cash flows from operating activities		563,139	777,929

(Continued)

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other financial assets - current		\$ -	(\$ 8,002)
Increase in current financial assets at amortised cost		(1,739)	-
Acquisition of financial assets at fair value through other comprehensive income		(14,800)	-
Proceeds from disposal of financial assets carried at cost		-	1,643
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		7,000	-
Return of share capital from long-term equity investments accounted for under the equity method		-	2,835
Acquisition of property, plant and equipment	6(27)	(676,428)	(419,390)
Increase in prepaid equipment		(77,944)	(135,269)
Proceeds from disposal of property, plant and equipment		2,890	2,376
Acquisition of intangible assets	6(10)	(6,812)	(3,584)
Decrease in other financial assets – non-current		14,276	45,762
Increase in other non-current assets - others		(22,812)	(10,382)
Net cash flows used in investing activities		(776,369)	(524,011)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt	6(28)	290,000	97,000
Repayments of long-term debt	6(28)	(8,516)	(30,430)
Cash dividends paid	6(18)	(376,904)	(527,666)
Cash dividends distributed to non-controlling interest		(4,132)	(12,175)
Net cash flows used in financing activities		(99,552)	(473,271)
Effect of exchange rate changes on cash and cash equivalents		(21,499)	(59,735)
Net decrease in cash and cash equivalents		(334,281)	(279,088)
Cash and cash equivalents at beginning of year	6(1)	2,036,236	2,315,324
Cash and cash equivalents at end of year	6(1)	\$ 1,701,955	\$ 2,036,236

【Attachment XIII Earnings Distribution Table】

Taiwan Fu Hsing Industrial Co., Ltd.
2018 Earnings Distribution Table

Unit: NT\$1.00

Beginning retained earnings	1,152,407,416
Add: Retrospective application of IFRS 9 Effects	37,479,805
2018 other income/loss	5,210,118
Un-allocated retained earnings	1,195,097,339
Add: 2018 net profit after tax	693,116,970
Substrate: 10% legal reserve	(69,311,697)
Special Reserve	(112,219,501)
Distributable net profit	1,706,683,111
Distributable items:	
Cash dividend to shareholders (\$2.4/share)	(452,285,208)
Ending un-appropriated earnings	1,254,397,903

Note:

1. The year's earnings should be distributed firstly from the 2018 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 2018 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, 2018.

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>Article 3: The Scope of Assets</p> <ol style="list-style-type: none"> 1. Securities: Investments in stocks, government bonds corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real Property (including land, houses and buildings, investment properties, and construction enterprise) and equipment. 3. Memberships 4. Intangible assets: including patents, copyrights, trademarks, and franchise rights. 5. Right-of-Use Assets 6. Claims of financial institutions (including receivables, bills purchased and discounted, overdue receivables) 7. Derivatives (set another standard) 8. Assets acquired or disposed of in connection with mergers, de-mergers, acquisitions, or transfer of shares in accordance with law. 9. Other major assets. 	<p>Article 3: The Scope of Assets</p> <ol style="list-style-type: none"> 9. Securities: Investments in stocks, government bonds corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 10. Real Property (including land, houses and buildings, investment properties, land-use right; and construction enterprise) and equipment. 11. Memberships 12. Intangible assets: including patents, copyrights, trademarks, and franchise rights. 13. Claims of financial institutions (including receivables, bills purchased and discounted, overdue receivables) 14. Derivatives (set another standard) 15. Assets acquired or disposed of in connection with mergers, de-mergers, acquisitions, or transfer of shares in accordance with law. 8. Other major assets.
<p>Article 4: Definition of Terms Used</p> <ol style="list-style-type: none"> 1. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration thereof (hereinafter "transfer of shares") under Article <u>156-3</u> of the Company Act. 2. (Omitted) 3. (Omitted) 4. (Omitted) 5. (Omitted) 6. The so-called "within a preceding year" refers to the year preceding the <u>Date of Occurrence of the transaction</u>. The already published needs not be counted. 7. (Omitted) 8. (Omitted) 9. <u>Right-of-Use Assets: to cooperate with the provisions in the IFRS 16 that was published to execute on Jan. 1st, 2019, the right-of-use assets refers to use-right assets in relation to acquire (recognize) or sell (de-recognize) properties or facilities.</u> 10. <u>Transaction amount of Right-of-Use Assets: refers to the estimated to be transferred into the Company's account according to the related terms and conditions stated in the lease contract at the date of occurrence. This is not the total lease amount stated in the lease contract.</u> 	<p>Article 4: Definition of Terms Used</p> <ol style="list-style-type: none"> 1. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration thereof (hereinafter "transfer of shares") under Article 156-8-of the Company Act. 2.(Omitted) 3.(Omitted) 4.(Omitted) 5.(Omitted) 6.The so-called "within a preceding year" refers to the year preceding the year of acquire or sell an asset. The already published needs not be counted. 7.(Omitted) 8.(Omitted)

<p>Article 5: Limits on the total amount of real property and <u>use-of-right assets</u> thereof or securities <u>acquired</u> for non-business use. The limits on the total amount of such for the Company and each subsidiary are stated respectively as follows:</p> <p>5-1: The total amount of real property and <u>use-of-right assets</u> thereof acquired for non-business use must not exceed 50% of the Company's net value; and for each subsidiary the total amount must not exceed 30% of the subsidiary's net value.</p> <p>5-2: The limits on the total amount of securities: must not exceed 30% of the Company's net value; for each subsidiary, must not exceed 20% of the subsidiary's net value.</p> <p>5-3: The limits on the investment amount in one individual securities must not exceed 20% of the Company's net value; for each subsidiary, it must not exceed 10% of the subsidiary's net value.</p>	<p>Article 5: Total amount of real property and securities invested for non-business use The Company and the Company's subsidiary, besides acquiring assets for business use, may invest to acquire real property and securities for non-business use.—The limits on the total amount of such investment are stated respectively as below:</p> <p>The limits on the total amount of real property must not exceed 50% of the Company's net value; and for each subsidiary the total amount must not exceed 30% of the subsidiary's net value.</p> <p>The limits on the total amount of securities must not exceed 30% of the Company's net value; for each subsidiary, must not exceed 20% of the subsidiary's net value.</p> <p>The limits on the investment amount in one individual securities must not exceed 20% of the Company's net value; for each subsidiary, it must not exceed 10% of the subsidiary's net value.</p>
<p>Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u></p> <p><u>6-1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Account Act or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>6-2 May not be a related party of de facto related party of any party to the transaction.</u></p> <p><u>6-3 If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p>	<p>Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</p>

Article 7: Disposition Procedures

7-1 The appraisal procedure in relation to acquire or dispose assets should carry out feasible evaluation based on methods published by the Company and be approved by authorized supervisor for further execution by the related unit in according with the content. The Financial Dept. should manage the executions.

7-2 If a real property or the right-of-use asset is acquired from a related party, in addition to a join contract, the Company should also compile a monthly cash inflow/outflow forecast table dating from the planned contract month to one year after and evaluate the feasibility and the reasonableness of the utilization of such funds.

7-3 Omitted.

7-4 If the transaction amount of acquiring or dispose real property, facility or right-of-use assets thereof reaches the established limit set by the Company and is required to declare, the Company should firstly request an appraisal report from an object and impartial professional real property appraisal institution and then handle with the Asset Appraisal Procedures in this Work Procedure.

7-5 Transaction terms' determination procedures:

7-5-1 The Company, while is acquiring or disposing assets, should follow the check authority manner published by the Company to obtain the approval from appropriate officers that are authorized to have the check authority before execution.

7-5-2 If the Company acquires or disposes real property or the right-of-use assets thereof from a related party or the Company acquires or disposes other assets other than real property or right-of-use assets thereof from a related party and such transaction amount exceeds 20% of the Company's paid-in-capital, 10% of the Company's total assets or 300 millions New Taiwan Dollars, the Company should submit the following documents to the Board of Directors for approval and Supervisors for acknowledgment prior to sign the transaction contract and release the payment:

- (1) The purpose, necessity explanation, and estimated benefits to acquire or dispose such assets.
- (2) The reason to choose the related party as a transaction party.
- (3) Information related to the reasonableness evaluation on the transaction terms in accordance with the related regulations, when acquiring real property or right-of-use assets from a related party.
- (4) Information in relation to the related party's initial date of acquirement of such asset, acquire price, transaction party, and the relationship between the Company and the related party.
- (5) A monthly cash inflow/outflow forecast dating from the contract month to one year after and assessing report on the necessity of the transaction and the reasonableness of such cash utilization.
- (6) An appraisal report by professional appraiser made in accordance with 7-7, or CPA's opinion on such transaction.
- (7) The limit terms and conditions of this transaction and other important agreed matters.

In trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to submit the aforementioned documents for approval in the Board of Directors' Meeting and acknowledgment by the Supervisor before enter into a transaction contract or make a payment.

When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

Article 7: Disposition Procedures

7-1 The appraisal procedure in relation to acquire or dispose assets should carry out feasible evaluation based on methods published by the Company and be approved by authorized supervisor for further execution by the related unit in according with the content. The Financial Dept. should manage the executions.

7-2 If a real property is acquired from a related party, in addition to a join contract, the Company should also compile a monthly cash inflow/outflow forecast table dating from the planned contract month to one year after and evaluate the feasibility and the reasonableness of the utilization of such funds.

7-3 Omitted.

7-4 If the transaction amount of acquiring or dispose real property and facility reaches the established limit set by the Company and is required to declare, the Company should firstly request an appraisal report from an object and impartial professional real property appraisal institution and then handle with the Asset Appraisal Procedures in this Work Procedure.

7-5 Transaction terms' determination procedures:

7-5-1 The Company, while is acquiring or disposing assets, should follow the check authority manner published by the Company to obtain the approval from appropriate officers that are authorized to have the check authority before execution.

7-5-2 If the Company acquires or disposes real property from a related party or the Company acquires or disposes other assets other than real property or right-of-use assets from a related party and such transaction amount exceeds 20% of the Company's paid-in-capital, 10% of the Company's total assets or 300 millions New Taiwan Dollars, the Company should submit the related documents along with the aforementioned monthly cash inflow/outflow forecast dating from the contract month to one year after, as well as necessity evaluation and the reasonableness of the capital use to the Board of Directors for approval and Supervisors for acknowledgment prior to sign the transaction contract and release the payment:

In trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to submit the aforementioned documents for approval in the Board of Directors' Meeting and acknowledgment by the Supervisor before enter into a transaction contract or make a payment.

7-5-3 In acquiring or disposing real property or right-of-use assets thereof, where due to special circumstances it is necessary to give a limited price, specified price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

~~The Company or each subsidiary acquires or disposes equipment among the group subsidiaries for business use, the Board of Directors may delegate the Chairman to make decision for execution within a certain limited amount first and then report to acknowledge in the nearest Board Meeting.~~

7-5-4 In acquiring or disposing assets if there happens circumstances stated in Article 185 of the Company Act, the Company should obtain the approval in the Shareholders' Meeting first.

7-6 & 7-7 Omitted

7-8 Units responsible for implementation: The Company's Financial Dept. has the responsibility to implement the investment on securities. The implementation units for real property and equipment are the user's department and the according authority units.

7-9 Personnel violating the procedures in this Work Procedures, after being verified by the audit units, will be reported with the violation circumstance and the influences for related punishment.

<p>7-5-3. <u>With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, 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 ratified by the next board of directors meeting:</u></p> <p>(1) <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p>(2) <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>7-5-4 <u>In acquiring or disposing real property or right-of-use assets thereof, where due to special circumstances it is necessary to give a limited price, specified price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u></p> <p>7-5-5 <u>In acquiring or disposing assets if there happens circumstances stated in Article 185 of the Company Act, the Company should obtain the approval from the board of directors and submit to the Shareholders' Meeting for resolution.</u></p> <p>7-6 & 7-7 Omitted</p> <p>7-8 Units responsible for implementation: The Company's Financial Dept. has the responsibility to implement the investment on securities. The implementation units for real property and equipment and the <u>right-of-use assets</u> are the user's department and the according authority units.</p> <p>7-9 Personnel violating the procedures in this Work Procedures, after being verified by the audit units, will be reported with the violation circumstance and the influences for related punishment.</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 <u>Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof 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 domestic 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 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 a transaction is relating to acquiring or disposing equipment or right-of-use assets thereof for business use and the transaction party is not a related party with transaction amount more than NT\$500 millions.</p> <p>8-5 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 furthermore <u>the transaction</u></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 <u>three</u> 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>counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>8-6 Where an asset transaction other than any of those referred to in the preceding five subparagraphs, 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>8-6-1 Trading of domestic government bonds.</p> <p>8-6-2 Where done by professionals —securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>8-6-3 Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>8-7 The amount of transactions above shall be calculated as follows:</p> <p>8-7-1 The amount of any individual transaction.</p> <p>8-7-2 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>8-7-3 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project or the amount of the same securities within the preceding year.</p> <p>8-8 <u>When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</u></p> <p>8-9 Under any of the following circumstances, after publicly announcing and reporting the relevant information according to this article, the Company process to make public announcement on the FSC's designated website in the appropriate format within 2 days counting inclusively from the date of occurrence of the event:</p> <p>8-9-1 Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>8-9-2 The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>8-9-3 Change to the originally publicly announced and reported information.</p>	<p>8-4-3. Trading of bonds under repurchase/resale agreements, or subscription or redemption 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 The amount of transactions above shall be calculated as follows:</p> <p>8-5-1 The amount of any individual transaction.</p> <p>8-5-2 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>8-5-3 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project or the amount of the same securities within the preceding year.</p> <p>Under any of the following circumstances, after publicly announcing and reporting the relevant information according to this article, the Company process to make public announcement on the FSC's designated website in the appropriate format within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Change, termination, or rescission of a contract signed in regard to the original transaction. 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. 3. Change to the originally publicly announced and reported information.
<p><u>Article 9: Asset appraisal procedure</u></p> <p>In acquiring or disposing of real property, equipment or right-of-use assets thereof where the transaction amount reaches the limit to make public announcement as stated in this procedure, 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.</p>	<p><u>Article 9: Asset appraisal procedure</u></p> <p>In acquiring or disposing of real property or equipment where the transaction amount reaches the limit to make public announcement as stated in this procedure, 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.</p>

(9-1-9-6 omitted)	(9-1-9-6 omitted)
<p><u>Article 10. Others</u></p> <p>10-1. When the company acquires or <u>dispose</u> real property from a related party, besides the need to handle in accordance with related regulations. Whenever the transaction 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.</p> <p>10-2 The format to announce the acquirement or disposal of assets and the contents of appraisal should meet the standard set by the securities competent authority. If an appraisal institution submits an "assessed current value report" or "evaluation report" to substitute for an appraisal report, the content thereof is still required to comply with the above-referred provisions on items required to be recorded in the appraisal report.</p> <p><u>10-3 The Company, when acquiring or disposing of assets, shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</u></p>	<p><u>Article 10. Others</u></p> <p>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 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.</p> <p>10-2 The format to announce the acquirement or disposal of assets and the contents of appraisal should meet the standard set by the securities competent authority. If an appraisal institution submits an "assessed current value report" or "evaluation report" to substitute for an appraisal report, the content thereof is still required to comply with the above-referred provisions on items required to be recorded in the appraisal report.</p>
<p><u>Article 14. Each of the Company's subsidiaries should handle with the following regulations:</u></p> <ol style="list-style-type: none"> 1. The Company's subsidiary should follow the regulation stated in "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" to establish its own "Work procedure to acquire or dispose assets". 2. When a subsidiary acquires or disposes assets, it should also follow the regulations stated in the Company's Work Procedures. 3. If a subsidiary, which is not a <u>domestic</u> public company, acquires or disposes assets amount reaches the standard of filing as regulated in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the mother company (i.e. the Company) should act for the subsidiary to handle the public announcement and filing. 4. As for the filing standard for subsidiaries, the so-called "reaches the 20% of the company's paid-in-capital or reaches 10% of the company's total assets" refers to Mother Company's (i.e. The Company's) paid-in-capital or total assets. 	<p><u>Article 14 Each of the Company's subsidiaries should handle with the following regulations:</u></p> <ol style="list-style-type: none"> 1. The Company's subsidiary should follow the regulation stated in "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" to establish its own "Work procedure to acquire or dispose assets". 2. When a subsidiary acquires or disposes assets, it should also follow the regulations stated in the Company's Work Procedures. 3. If a subsidiary, which is not a public company, acquires or disposes assets amount reaches the standard of filing as regulated in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the mother company (i.e. the Company) should act for the subsidiary to handle the public announcement and filing. 4. As for the filing standard for subsidiaries, the so-called "reaches the 20% of the company's paid-in-capital or reaches 10% of the company's total assets" refers to Mother Company's (i.e. The Company's) paid-in-capital or total assets.
<p><u>Article 15: The Work Procedure should obtain approval from the board of directors, and then shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended.</u></p> <p><u>If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</u></p> <p><u>Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the</u></p>	<p><u>Article 15: The Work Procedure should obtain approval from the board of directors, and then shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended.</u></p>

acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

【Attachment XV Amendments table of the “Regulations Governing Derivatives Transactions”】

Amended articles	Current articles
<p>Article 2. Scope</p> <p>2-1 The term derivative products includes forward contracts, options, <u>specific</u> interest rate or currency rate SWAP, futures, <u>and the hybrid products consisted by them, or hybrid contract or structured products embedded with derivatives products.</u> (2-2 Omitted)</p>	<p>Article 2. Scope</p> <p>2-1 The term derivative products includes forward contracts, options, interest rate or currency rate SWAP, futures, <u>and the hybrid products consisted by them, or hybrid contract or structured products embedded with derivatives products.</u> (2-2 Omitted)</p>
<p>Article 4: Internal Control System (4-1~4-4 Omitted)</p> <p>4-5Internal Audits: 4-5-1 Internal auditors shall check the suitability of internal control of derivative transactions periodically and inspect monthly the compliance of the trading departments with the "Regulations Governing Derivative Transactions" in order to make the auditing report. If there is found any significant violation, internal auditors shall notify all supervisors by written notice. <u>Where independent directors have been appointed, for matters for which notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors. Where an audit committee has been established, the provisions relating to supervisors shall apply mutatis mutandis to the audit committee.</u> 4-5-2Internal auditors should periodically obtain an understanding in relation to the compliance of the Company's implementation on derivatives products related transactions and make into reports. Such audit reports should be reported to the <u>designated website appointed by the competent authority</u> before the end of February in the following year, and the improving status on each extraordinary issue should also be reported and filed for reference no later than the end of May in the following year.</p>	<p>Article 4: Internal Control System (4-1~4-4 Omitted)</p> <p>4-5Internal Audits: 4-5-1 Internal auditors shall check the suitability of internal control of derivative transactions periodically and inspect monthly the compliance of the trading departments with the "Regulations Governing Derivative Transactions" in order to make the auditing report. If there is found any significant violation, internal auditors shall notify all supervisors by written notice. 4-5-2Internal auditors should periodically obtain an understanding in relation to the compliance of the Company's implementation on derivatives products related transactions and make into reports. Such audit reports should be reported to the TWSE before the end of February in the following year, and the improving status on each extraordinary issue should also be reported and filed for reference to TWSE no later than the end of May in the following year.</p>
<p>Article 8 Once being approved by the board of directors, the Company's Regulations Governing Derivatives Transactions” shall be sent to supervisors and be reported on the Shareholders’ Meeting for approval; the same applies when the Regulations is amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. <u>Where the position of independent director has been created, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u> <u>Where an audit committee has been established, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p>	<p>Article 8 Once being approved by the board of directors, the Company's Regulations Governing Derivatives Transactions” shall be sent to supervisors and be reported on the Shareholders’ Meeting for approval; the same applies when the Regulations is amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</p>

【Attachment XVI Amendment table of the “Work Procedures for Loaning of Funds to Others”】

Amended articles	Current articles
<p>Article 3 Procedure</p> <p>3-1 Entities to which the Company may loan funds</p> <p>3-1-1 Companies or businesses that have business dealings with the Company</p> <p>3-1-2 Companies or businesses that have short-term financing needs</p> <p>3-2 Aggregate amount allowed to loan to others and the duration of loans</p> <p>3-2-1 The aggregate amount loaned to others is limited to at highest 30% of the Company’s net value.</p> <p>3-2-2 ~ 3-2-3 Omitted</p> <p>3-2-4 Where a subsidiary of the Company intends to make loans to others, the aggregate amount of such loan is limited to less than 30% of the loaning company’s net value as stated in the nearest term’s financial report and for each individual loan the loaning amount is limited to less than 20% of the loaning company’s net value as stated in the nearest term’s financial report. And the loaning duration for such is generally one year. For loans among the Company’s 100% directly or indirectly owned foreign subsidiaries or <u>for loans that have made by the Company’s directly or indirectly owned foreign subsidiaries to the Company.</u> the duration of such loans may not be limited to one year.</p> <p>3-2-5 Omitted.</p>	<p>Article 3 Procedure</p> <p>3-1 Entities to which the Company may loan funds</p> <p>3-1-1 Companies or businesses that have business dealings with the Company</p> <p>3-1-2 Companies or businesses that have short-term financing needs</p> <p>3-2 Aggregate amount allowed to loan to others and the duration of loans</p> <p>3-2-1 The aggregate amount loaned to others is limited to at highest 30% of the Company’s net value.</p> <p>3-2-2 ~ 3-2-3 Omitted</p> <p>3-2-4 Where a subsidiary of the Company intends to make loans to others, the aggregate amount of such loan is limited to less than 30% of the loaning company’s net value as stated in the nearest term’s financial report and for each individual loan the loaning amount is limited to less than 20% of the loaning company’s net value as stated in the nearest term’s financial report. And the loaning duration for such is generally one year. For loans among the Company’s 100% directly or indirectly owned foreign subsidiaries, the duration of such loans may not be limited to one year.</p> <p>3-2-5 Omitted.</p>
<p>3-7 Announcement and Reporting Procedures (3-7-1 ~ 3-7-3 Omitted)</p> <p>3-7-4 The Date of Occurrence in this Work Procedures refers to the date of contract signing, date of payment, date of boards of directors resolutions, or other date that can confirmed the <u>loaning counterpart</u> and monetary amount of the transaction, whichever date is earlier.</p>	<p>3-7 Announcement and Reporting Procedures (3-7-1 ~ 3-7-3 Omitted)</p> <p>3-7-4 The Date of Occurrence in this Work Procedures refers to the date of transaction-contract signing, date of payment, date of boards of directors resolutions, or other date that can confirmed the transaction counterpart and transaction monetary amount of the transaction, whichever date is earlier.</p>
<p>3-8 Others (3-8-1 ~ 3-8-2 Omitted)</p> <p>3-8-3 If, as a result of a change in circumstances, an entity for which a loan is made not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification plan according to the timeframe set out in the plan. <u>Where independent directors have been appointed, it shall be given to the supervisors, the rectification plan shall also be given to the independent directors.</u> <u>Where an audit committee has been established, the provisions relating to supervisors shall apply mutatis mutandis to the audit committee.</u></p> <p>(3-8-4 Omitted)</p>	<p>3-8 Others (3-8-1 ~ 3-8-2 Omitted)</p> <p>3-8-3 If, as a result of a change in circumstances, an entity for which a loan is made not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification plan according to the timeframe set out in the plan.</p> <p>(3-8-4 Omitted)</p>
<p>3-8-5 The public company’s internal auditors shall audit the Work Procedures for Loaning of Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found. <u>Where independent directors have been appointed, for such</u></p>	<p>3-8-5 The public company’s internal auditors shall audit the Work Procedures for Loaning of Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.</p> <p>(3-8-6 ~ 3-8-7 Omitted)</p>

<p><u>notices shall be given to the supervisors, it shall also be given to the independent directors in written form.</u> <u>Where an audit committee has been established, the provisions relating to supervisors shall apply mutatis mutandis to the audit committee.</u> (3-8-6 ~ 3-8-7 Omitted)</p>	
<p><u>Article 4 Implementation & Amendment</u> <u>4-1 After the Work Procedures have been approved by the board of directors, they shall be submitted to all supervisors, and then to a shareholders' meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor and report to discuss in the Shareholders' Meeting; the same applies when the procedures are amended.</u> <u>4-2 Where the position of independent director has been created, when the Work Procedures of the Loaning of Funds to Others are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u> <u>4-3 Where an audit committee has been established, when the Work Procedures of the Loaning of Funds to Others are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u> <u>4-4 The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</u></p>	<p>Article 4 After the Work Procedures have been approved by the board of directors, they shall be submitted to all supervisors, and then to a shareholders' meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor and report to discuss in the Shareholders' Meeting; the same applies when the procedures are amended.</p>

【Attachment XVII Amendment table of the “Work Procedures for Making Endorsements/Guarantees”】

Amended articles	Current articles
<p>7 Matters to be cautious while making endorsements/guarantees: 7-1 The public company's internal auditors shall audit the Work Procedures for Making Endorsements/Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found. <u>Where independent directors have been appointed, for such notices shall be given to the supervisors, it shall also be given to the independent directors in written form.</u> <u>Where an audit committee has been established, the provisions relating to supervisors shall apply mutatis mutandis to the audit committee.</u></p>	<p>7 Matters to be cautious while making endorsements/guarantees: 7-1 The public company's internal auditors shall audit the Work Procedures for Making Endorsements/Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.</p>
<p>7-2 If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made to not meet the requirements of the Regulations or the endorsing/guarantee amount exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification plan according to the timeframe set out in the plan. <u>Where independent directors have been appointed, for such rectification plan shall be given to the supervisors, it shall also be given to the independent directors.</u> <u>Where an audit committee has been established, the provisions relating to supervisors shall apply mutatis mutandis to the audit committee.</u> (7-3 ~ 7-4 Omitted)</p>	<p>7-2 If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made to not meet the requirements of the Regulations or the endorsing/guarantee amount exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification plan according to the timeframe set out in the plan. (7-3 ~ 7-4 Omitted)</p>
<p>8 Reporting time period & contents: (8-1 ~ 8-2-2 Omitted) 8-2-3 The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of the endorsements/guarantees made, <u>book value</u> of the investment <u>under equity method</u> and the balance of loans reaches 30 percent or more of the Company's net worth as stated in its latest financial statement. (8-2-4 Omitted)</p>	<p>8 Reporting time period & contents: (8-1 ~ 8-2-2 Omitted) 8-2-3 The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of the endorsements/guarantees made, investment of long-term nature and the balance of loans reaches 30 percent or more of the Company's net worth as stated in its latest financial statement. (8-2-4 Omitted)</p>
<p>8-2-5 “Date of occurrence” in the Work Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the <u>endorsement/guarantee made</u> to, whichever date is earlier.</p>	<p>8-2-5 “Date of occurrence” in these Regulations means the date of the transaction's contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p>
<p>(8-3 Omitted)</p>	<p>(8-3 Omitted)</p>
<p>10 Implementation & Amendments <u>10-1</u> After the Work Procedures have been approved by the board of directors, these shall be submitted to all supervisors, and then to a shareholders' meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor and report to discuss in the Shareholders' Meeting; the same applies when the</p>	<p>10 implementation & Amendments After the Work Procedures have been approved by the board of directors, these shall be submitted to all supervisors, and then to a shareholders' meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor and report to discuss in the Shareholders' Meeting; the same applies when the procedures are amended.</p>

procedures are amended.

10-2 Where the position of independent director has been created, when the Work Procedures of Making Endorsement/Guarantees to Others are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

10-3 Where an audit committee has been established, when the Work Procedures of Making Endorsements/Guarantees to Others are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

10-4 The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

【Attachment XVIII Amendment table of “Articles of Incorporation”】

Amended articles	Current articles
<p>Article 18</p> <p>The Company shall have <u>seven to ten</u> directors and two to three supervisors, elected from among competent persons in the Shareholders’ Meeting. The term of office for director and supervisor is three years, which may be re-elected for successive terms. <u>The Company adopts candidates nomination system for such election according to the Company Act. Directors and supervisors should be elected from the list of candidates in accordance with Article 198 and Article 192-1 as stated in the Company Act in the Shareholders’ Meeting.</u> Among the seats of directors, the Company should elect at least two independent directors, and the total number of independent directors must not 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 candidates in the Shareholders’ Meeting. The recognition of “professional qualification”, “shareholding”, “concurrent serving restriction”, “independency”, as well as the nomination manner, election manner, and other compliance issues shall be handled as determined under regulations made by the securities supervisory body.</p> <p>The total number of registered shares of the Company held by all directors and supervisors shall be subject to the regulations of the securities supervisory body.</p> <p>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.</p>	<p>Article 18</p> <p>The Company shall have five to seven directors and two to three supervisors, elected from among competent persons in the Shareholders’ Meeting. The term of office for director and supervisor is three years, which may be re-elected for successive terms. Among the seats of directors, the Company should elect at least two independent directors, and the total number of independent directors must not 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 candidates in the Shareholders’ Meeting. The recognition of “professional qualification”, “shareholding”, “concurrent serving restriction”, “independency”, as well as the nomination manner, election manner, and other compliance issues shall be handled as determined under regulations made by the securities supervisory body.</p> <p>The total number of registered shares of the Company held by all directors and supervisors shall be subject to the regulations of the securities supervisory body.</p> <p>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.</p>

III Appendix

Appendix 1 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 must 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 not 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 must 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 site of the Company and its appointed stock agency and shall be 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 26-1 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 must 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 in person and is attended by more than half of the total number of the directors and is at least with one supervisor 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 (Methods for voting, balloting scrutinizing and vote counting)

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, against and waiver of 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 3 Shareholding status of directors and supervisors

Shareholding Status of Directors and Supervisors

Date Drawn on: Apr. 17, 2019

Title	Name	Past Beginning Date	Term of Office	Shareholding at Date Elected		Shareholding at Book Closure Date	
				Shares	%	Shares	%
Chairman	LIN, Jui-Chang	Jun. 19, 2017	3 years	1,624,978	0.86%	1,624,978	0.86%
Director	CHEN, Chien-Kun	Jun. 19, 2017	3 years	675,132	0.36%	675,132	0.36%
Director	CHU, Jung-Ho (Representative of Fu Zhi Investment Co., Ltd.)	Jun. 19, 2017	3 years	10,091,307	5.35%	1,091,307	5.35%
Director	Michael A.Hoer (Representative of Fu Zhi Investment Development Co., Ltd.)	Jun. 19, 2017	3 years	10,091,307	5.35%	10,091,307	5.35%
Director	Hong Cheng Investment Co., Ltd.	Jun. 19, 2017	3 years	5,721,451	3.04%	5,721,451	3.04%
Independent Director	CHANG, Ling-Ling	Jun. 19, 2017	3 years	0	0%	0	0%
Independent Director	CHEN, Yung-Chun	Jun. 19, 2017	3 years	0	0%	0	0%
Total				18,112,868	9.61%	18,112,868	9.61%
Supervisor	LIN, Wen-Hsing (Representative of Fu Yuan Investment Co., Ltd.)	Jun. 19, 2017	3 years	2,697,185	1.43%	2,697,185	1.43%
Supervisor	HUANG, Fu-Ti (Representative of Fu Yuan Investment Co., Ltd.)	Jun. 19, 2017	3 years	2,697,185	1.43%	2,697,185	1.43%
Supervisor	LIU, Ju-Shan (Representative of Fu Yuan Investment Co., Ltd.)	Jun. 19, 2017	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)							