

Security Code: 9924



Taiwan Fu Hsing Industrial Co., Ltd.

**2020
Meeting of Shareholders
Handbook**

Date & Time: 9:00am May 28th, 2020 (Thursday)

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

Content

I.	Meeting agenda.....	3
	1. Report of number of shareholders presenting at the meeting	3
	2. Meeting call to order	3
	3. Address by Chairman.....	3
	4. Management Presentation.....	4
	5. Matters for Acknowledgement.....	5
	6. Matters for Discussion	5
	7. Matters of Elections (Proposed by the Board of Directors).....	6
	8. Other Matters (Proposed by the Board of Directors)	9
	9. Extempore Motions	11
II.	Attachments	12
	【Attachment I 2019 Operation Report】	12
	【Attachment II Supervisor’s Report】	17
	【Attachment III Independent Auditor’s Report (I)】	18
	【Attachment IV Individual Balance Sheets】	23
	【Attachment V Individual Income Statement】	25
	【Attachment VI Individual Statement of Changes in Equity】	26
	【Attachment VII Individual Cash Flow Statement】	27
	【Attachment VIII Independent Auditor’s Report (II)】	29
	【Attachment IX Consolidated Balance Sheets】	32
	【Attachment X Consolidated Income Statements】	34
	【Attachment XI Consolidated Statement of Changes in Equity】	36
	【Attachment XII Consolidated Cash Flow Statement】	37
	【Attachment XIII Earnings Distribution Table】	39
	【Attachment XIV Amendment Table of “Articles of Incorporation”】	40
	【Attachment XV Amendments table of the “ Rules of Procedures for Shareholders’ Meeting”】	44
	【Attachment XVI Amendment table of “Procedures on Election of Directors and Supervisors”】	48
III	Appendix	50
	<u>Appendix 1 Articles of Incorporation</u>	50
	<u>Appendix 2 Rules and Procedures of Shareholders’ Meeting</u>	58
	<u>Appendix 3 Shareholding status of directors and supervisors</u>	70
	<u>Appendix 4 Procedures on Election of Directors and Supervisors</u>	71

I. Meeting agenda

Taiwan Fu Hsing Industrial Co., Ltd.
Meeting Agenda of the 2020 Shareholders' Meeting

Date & Time: 9:00am, May 28th, 2020 (Thursday)

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. Report of 2019 operations
 - B. Supervisor's review report on the 2019 Financial Statements
 - C. Report of emoluments paid to employees and directors/supervisors in 2019
 - D. Report of process regarding proposals submitted by shareholders
5. Matters for acknowledgment
 - A. To acknowledge 2019 Financial Statements
 - B. To acknowledge 2019 Earnings Distribution Proposal
6. Matters for Discussion
 - A. To amend some articles in the "Articles of Incorporation"
 - B. To amend some articles in the "Rules of Procedures for Shareholders' Meeting"
 - C. To amend some articles in the "Procedures on Election of Directors and Supervisors"
7. Matters of Elections
 - Proposal to complete re-elect directors
8. Other Matters
 - Proposal to relieve newly elected directors from non-competition restrictions
9. Extempore Motions
10. Adjournment

4. Management Presentation

Report 1

Summary: The 2019 Operation Report

Explanation: Please see Attachment I for 2019 Operation Report, pp. [12-16]

Report 2

Summary: Supervisor's review on the 2019 financial statements

Explanation: Please see Attachment II for the review report, pp. [17]

Report 3

Summary: Report of emoluments distributed to employees and directors/supervisors in 2019

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\$196,965,000 as remuneration paid to employees in 2019 and NT\$16,302,000 as remunerations paid to directors and supervisors in 2019.

3.The above-mentioned remuneration proposal had been resolved on the Board of Directors' Meeting on Jan. 16th, 2020 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 Mar. 20th, 2020 to Mar. 30th, 2020. 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 2019 Financial Statements

Explanation:

1. The company's 2019 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. [17-38].

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Summary: To acknowledge 2019 Earnings Distribution

Explanation:

1. The Board of Directors has resolved to distribute cash dividend of NT\$2.6 per share from the company's 2019 earnings.
2. Please refer to Earnings Distribution Table in Attachment XIII, pp. [39].
3. Upon the resolution in the Meeting of Shareholders, it is proposed that the Chairman be fully authorized 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 "Articles of Incorporation"

Explanation:

1. It is planned to amend partial clauses listed in the company's "Articles of Incorporation" for the needs of the company's internal management and for

- corresponding to the establishment of Audit Committee.
2. Please refer to Attachment XIV for the amendment table on pp [40].

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Summary: To amend some articles in the “Rules of Procedures for Shareholders’ Meeting”

Explanation:

1. It is planned to amend partial clauses listed in the company’s “Rules of Procedures for Shareholders’ Meeting” for the needs of the company’s internal management and for corresponding to the establishment of Audit Committee.
2. Please refer to Attachment XV for the amendment table on pp [44].

Resolution:

Proposal 3 (Proposed by the Board of Directors)

Summary: To amend some articles in the “Procedures on Election of Directors and Supervisors”

Explanation:

1. It is planned to amend partial clauses listed in the company’s “Procedures on Election of Directors and Supervisors” and correct the title of the Procedure to be the “Procedures to Elect Directors” for the needs of the company’s internal management and for corresponding to the establishment of Audit Committee.
2. Please refer to Attachment XVI for the amendment table on pp [48].

Resolution:

7. Matters of Elections (Proposed by the Board of Directors)

Summary: Proposal to complete re-elect directors

Explanation:

1. The term of office of current directors and supervisors

will expire on June 18th, 2020, therefore, it is planned to execute a complete re-election during the company's 2020 Shareholders' Meeting on May 28th, 2020. Once the new directors are elected during the 2020 Shareholders' Meeting, current directors will be dismissed prior to the expiration of the term of office.

2. According to the company's "Articles of Incorporation", the company should election 10 directors (including 3 independent directors and 7 directors) with 3-year term of office starting from May 28th, 2020 to May 27th, 2023.

3. During the Meeting of the Board of Directors that was held on March 9th, 2020, the board of directors have reviewed and approved the list of candidates as the company's directors as below:

Type of Director	Name	Education	Professional Experiences	Reasons for being listed as candidate of the Company's independent directors for three consecutive terms of office
Director	LIN, Jui-Chang	Soo-Chow University /Accounting Major	<ul style="list-style-type: none"> ▪Chairman of Taiwan Fu Hsing Industrial Co., Ltd. ▪Director of Fine Blanking & Tool Co., Ltd. ▪Director of Launch Technologies Co., Ltd. ▪Director of Taiflex Scientific Co., Ltd. ▪Supervisor of Advanced International Multitech Co., Ltd. 	NA
Director	CHEN, Chien-Kun	Soo-Chow University /Accounting Major	<ul style="list-style-type: none"> ▪Director of Taiwan Fu Hsing Industrial Co., Ltd. 	NA
Director	Hong Cheng Investment Co., Ltd.	NA	NA	NA

Director	FuZhi Investment Development Co., Ltd. Representative:: Michael A.Hoer	Brigham Young University / MBA	<ul style="list-style-type: none"> ▪Director of Taiwan Fu Hsing Industrial Co., Ltd. ▪Consultant of First Western Advisors ▪Honorary Chairman of Dynasty Petroleum Holdings ▪ Director of Medifast, Inc. 	NA
Director	FuZhi Investment Development Co., Ltd. Representative:: CHU, Jung-Ho	National Sun Yat-Sen University Graduate Program/ EMBA	<ul style="list-style-type: none"> ▪Director of Taiwan Fu Hsing Industrial Co., Ltd. 	NA
Director	Fu Yuan Investment Co., Ltd. Representative: LIN, Wen-Hsing	Cheng Hsiu University / Machinery Major	<ul style="list-style-type: none"> ▪Supervisor of Taiwan Fu Hsing Industrial Co., Ltd. 	NA
Director	Fu Yuan Investment Co., Ltd. Representative: LIU, Ju-Shan	National Taiwan University of Science and Technology Graduate Program / Industrial Management	<ul style="list-style-type: none"> ▪Supervisor of Taiwan Fu Hsing Industrial Co., Ltd. ▪CEO of Waterland Venture Capital Co., Ltd. ▪Chairman of Guo Want International Leasing Corp. ▪Independent director of Fuzetec Technology Co., Ltd. 	NA
Independent Director	CHANG, Ling-Ling	Soo-Chow University /Accounting Major	<ul style="list-style-type: none"> ▪Independent Director of Taiwan Fu Hsing Industrial Co., Ltd. ▪Accountant & Head of Georgia CPAs Inc. 	NA
Independent Director	CHEN, Yung-Chun	Soo-Chow University /Accounting Major	<ul style="list-style-type: none"> ▪Independent Director of Taiwan Fu Hsing Industrial Co., Ltd. ▪CFO of Min Aik Technology Co., Ltd. 	NA
Independent Director	CHO, Yung-Fo	Murdoch University /MBA	<ul style="list-style-type: none"> ▪Leading Architect of CHO YUNG-FO Architect Office ▪Chairman of All May Development Co., Ltd. 	NA

Resolution:

8. Other Matters (Proposed by the Board of Directors)

Summary: Proposal to relieve newly elected directors from non-competition restrictions

Explanation:

1. In Article 209 of the Company Act, it states that “A director, who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval”.
2. In order to draw support from the company's directors and their representatives with their expertise and related experiences, the company plans to remove the non-competition restrictions on company's directors and their representing natural person to serve in other company that has related business within the company's business scope listed on the company's “Articles of Incorporation” in accordance with Article 209 of the Company Act.
3. Hence, in the circumstance that such relief will not affect the company's normal operation and should not bring any harm to the company's profits, the company plans to propose to relieve newly elected directors from non-competition restrictions in the company's Shareholders' Meeting
4. Detailed information that apply to newly elected director in the area of non-competition restrictions are as below:

Title	Name	Position in Other Company	Post
Director	LIN, Jui-Chang	FU HSING AMERICAS, INC.	Director (Representative of Taiwan Fu Hsing)
		ALLEGION FU HSING LIMITED	Director (Representative of Taiwan Fu Hsing)
		Fine Blanking & Tool Co., Ltd.	Director (Representative of Taiwan Fu Hsing)
		Allegion Fu Hsing Holdings, LTD.	Director (Representative of Taiwan Fu Hsing)
		ARCTEK Industrial Co, Ltd.	Chairman
		Artek (Shanghai) Safety Protection Technology Co., Ltd.	Director (Representative of ZIYONG)
		Fortress Industrial Co., Ltd.	Chairman (Representative of Taiwan Fu Hsing)

		Tong Hsing Enterprise Co., Ltd.	Chairman(Representative of Taiwan Fu Hsing)
		Sunion Technology Co., Ltd.	Director (Representative of Taiwan Fu Hsing)
Director	CHEN, Chien-Kun	MASTER UNITED INVESTMENT GROUP LTD.	Chairman(Representative of Taiwan Fu Hsing)
		FORMFLEX ENTERPRISE CO.,LTD.	Chairman(Representative of Taiwan Fu Hsing)
		FORMFLEX METAL INDUSTRIAL (CHANGSHU) CO.,LTD.	Chairman (Representative of FORMFLEX)
		Ziyong Hardware Products (Taichang) Co., Ltd.	Chairman (Representative of MASTER)
		ARCTEK Industrial Co, Ltd.	Director
		Rui Sheng Industrial Co., Ltd.	Chairman
		ALLEGION FU HSING HOLDINGS., LTD.	Director (Representative of Taiwan Fu Hsing)
		Artek (Shanghai) Safety Protection Technology Co., Ltd.	Director (Representative of ZIYONG)
		Fortress Industrial Co., Ltd.	Director (Representative of Taiwan Fu Hsing)
		Fortress Door Control Product (Changshu) Co., Ltd.	Chairman (Representative of FORTRESS)
		Tong Hsing Enterprise Co., Ltd.	Director (Representative of Taiwan Fu Hsing)
		Sunion Technology Co., Ltd.	Director (Representative of Taiwan Fu Hsing)
Director	CHU, Jung-Ho	FU HSING AMERICAS,INC.	Chairman(Representative of Taiwan Fu Hsing)
		ARCTEK Industrial Co, Ltd.	Director
		Rui Sheng Industrial Co., Ltd.	Director
		ALLEGION FU HSING LIMITED	Director (Representative of Taiwan Fu Hsing)
		ALLEGION FU HSING HOLDINGS., LTD.	Director (Representative of Taiwan Fu Hsing)
		FORMFLEX METAL INDUSTRIAL (CHANGSHU) CO.,LTD.	Director (Representative of FORMFLEX)

		Ziyong Hardware Products (Taichang) Co., Ltd.	Director (Representative of MASTER)
		Artek (Shanghai) Safety Protection Technology Co., Ltd.	Chairman (Representative of ZIYONG)
		Fortress Industrial Co., Ltd.	Director (Representative of Taiwan Fu Hsing)
		Fortress Door Control Product (Changshu) Co., Ltd.	Director (Representative of FORTRESS)
		Hundure Technology Co., Ltd.	Director
		ARCTEK TECHNOLOGY LIMITED	Chairman (Representative of Taiwan Fu Hsing)
		Sunion Technology Co., Ltd.	Chairman (Representative of Taiwan Fu Hsing)
Director	Michael A.Hoer	ALLEGION FU HSING LIMITED	Director (Representative of Taiwan Fu Hsing)
Director	LIN, Wen-Hsing	FORMFLEX METAL INDUSTRIAL (CHANGSHU) CO.,LTD.	Director (Representative of FORMFLEX)
		Ziyong Hardware Products (Taichang) Co., Ltd.	Director (Representative of MASTER)
		Fortress Door Control Product (Changshu) Co., Ltd.	Director (Representative of FORTRESS)
Director	LIU, Ju-Shan	Fortress Industrial Co., Ltd.	Director (Representative of Taiwan Fu Hsing)

Resolution:

9.Extempore Motions

10.Adjournment

II. Attachments

【Attachment I 2019 Operation Report】

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

Taiwan Fu Hsing welcomes your presence in this year's Shareholders' Meeting. As you should already know, in the most recent year, the global politics and economic situation developed in quite an unexpected way. When all industries were still pondering on the corresponding responses to react to US-China trade war, the Covid-19 epidemic started to explode from Wuhan, China and soon expanded to become a global pandemic in such a surprisingly short time. Like a global trend, nations around the world started to lock down and close borders one after another to cope with the pandemic spread. Till now, the pandemic continues still and has brought the largest impact to global stock and exchange markets after the financial crisis in 2008. While now facing such difficult situation, the whole Fu Hsing team restlessly takes precautions and makes in advance sustainable operation plans to confront every possible situation and well-arrange staff moving lines and contingency plans. Therefore, we hereby assure to our shareholders that Fu Hsing is capable and has the confidence to safely survive the pandemic crisis.

In the past year, besides kept devoting to the operation of our core business, the Company never stops its steps in caring the society. In addition to keep sponsoring WeiWuYing Art Center's activities and holding Fu Hsing Cup tennis competitions, in 2019 we also started to sponsor the following programs:

1. Kaohsiung Veterans General Hospital – Research project of Cheng Deling Medical Development Foundation
2. Kaohsiung Public Library – Mobile Library and Story-telling Trains & “Science is Fun” Activity
3. Kaohsiung Film Archive – Image Aesthetics Project Series

The Company's 2019 operation results are stated as the following:

(1) Review the implementation of Business Plan

Unit: NTD1,000

List	2019	2018	Increase (Decrease)	Increase (Decrease) by %
Revenues (Net)	\$8,681,906	\$8,303,458	\$378,448	5%
Operating Profit	1,139,882	826,209	313,673	38%
Net Income Before Tax	1,154,223	975,276	178,947	18%
Net Income After Tax	825,693	693,117	132,576	19%

(2) Review of Budget Implementation

Not available. Fu Hsing did not disclose Financial Forecast for the year of 2019.

(3) Analysis of Receipt, Expenditure, and Profitability

List		2019	2018
Financial Structure	Debt to Total Asset (%)	32.96	32.45
	Long Fund to Fixed Assets, Plants, and Facilities (%)	231.73	223.64
Business Solvency	Current Ratio (%)	266.16	243.60
	Quick Ratio (%)	212.36	188.31
	Interest Protection Multiples	148.73	385.72
Profitability	Return on Assets (%)	10.24	9.05
	Return on Equity (%)	15.11	13.23
	NIBT to Paid In Capital (%)	61.25	51.75
	Net Profit Ratio (%)	9.51	8.35
	Earnings Per Share (NTD)	4.38	3.68

(4) Research & Development Works

Developing new products and technology has always been one important operational direction for Taiwan Fu Hsing. In 2019, the goal to expand smart home market's IoT lock was not changed. We integrated computer software and cell phone apps and, through the most up-to-date communication technology, connected those to the existing smart home platforms in the market. As for lock appearances, to meet with the market demand of trendy modern style, we continued to innovate and promote lighter and tidier design.

As for mechanic locks, we provided more diversified and flexible appearance collocation and color selections with the expectation to meet all consumers needs. Consumers that were fond of different decoration styles were able to find their favorite styles and colors, from front door, to bedroom or even bathrooms; we are able to help them build their own living space.

In the area of commercial locks, we then focused on continuously inventing new functions and new apparatus for housing complex. Diversified choices have supported Fu Hsing to be client's strongest backing to win complex housing bids.

At the same time, we are now also devoting to develop anti-bacteria technology. The novel Corona Virus starts this page. We believe even when the pandemic elapses in the future, the already wakened public health awareness will still continue. In the responsibility of promoting consumer's health and safety, Fu Hsing will never be absence.

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

1. Dynamically adjust "sustainable operation project" to well cope with the Covid-19 pandemic

Fu Hsing takes the Covid-19 pandemic situation seriously. Besides releasing epidemic prevention announcement daily, we adoptes various manners, including procuring infrared thermal image readers and setting up hand soaps and alcohol/sanitizer all company/factory-wide, to ensure the safety and health of all the employees. Besides, we have already implemented our sustainable operation plan to cope with the fierce epidemic situation. Besides well-arranging staff's moving lines according to the plan, we also take precaution and make dynamic back-up plans to ensure the epidemic situation would not affect the company's operations.

The sustainable operation plan is dynamic and can be adjusted flexibly to meet with the real development of the epidemics.

2. Strengthen our patent arrangement in the areas of e-locks and communication

Today 's technology changes in such a fast pace, and so as the technology in the door control area. The development and expansion of electronic locks will inevitably be the mainstream soon. Therefore, it brooks no delay for us to strengthen the patent arrangement in the area of electronic locks and communications in order to take the dominant position in this market. Hence, we would focus on listening to client's needs, comparing our patent layout with main competitors', and cooperating with marketing unit's product road map output to uncover a direction to develop such technology with highly commercialized potential and highly market potential. All parties, from R&D, IP and Law Affairs, marketing unit to business planning units, are involved and working together to achieve the goal in strengthening our patent arrangement in the areas of e-locks and communication.

The novel corona virus pandemic has greatly impacted global economic market. The International Monetary Fund (IMF), hence, adjusted down the global economic growth in 2020 to -3%. In Taiwan, the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan R.O.C. estimated Taiwan's economic growth rate in 2020 to be 2.37%, and maybe further adjust 0.35~0.5 percentage point downward depending on the pandemic situation. We can see that this year Taiwan is in a not-so-optimistic environment. Hence we shall all be alert and cautiously inspect the whole group's operation situation, dynamically adjust each factory's utilization and capacity to meet with the pandemic influences in both Taiwan and across the Strait. Fu Hsing Group will continue our path to go forward steadily and dependably.

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 2019, and found them in order.

March 9th, 2020

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

PWCR19000472

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

Opinion

We have audited the accompanying consolidated balance sheets of Taiwan Fu Hsing Industrial Co., Ltd. (the “Company”) as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to “other matter” section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained and the report of other auditors are sufficient and appropriate to provide a basis for our opinion

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company’s parent company only financial statements of the current period are stated as follows:

Cut-off of export sales revenue recognition

Description

Please refer to Note 4(25) for accounting policies on revenue recognition.

The Company is primarily engaged in export. The sales revenue should be recognised when the entity has transferred to the buyer the control of the goods based on the terms of sales orders, contracts or other agreements. As the procedures for the timing of revenue recognition involves checking of sales situation and relevant documents, and those procedures were performed manually, it may have a significant effect on the appropriateness of revenue recognition near the end of the reporting period. Thus, we consider the cut-off of export sales revenue recognition as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. We understood, assessed and tested the design and the execution of internal controls on revenue recognition; and
- B. We performed cut-off tests on exporting sales revenue in a certain period around balance sheet date, verified corroboration of sales revenue recognition, assessed the timing of revenue recognition based on trade terms to ensure the appropriateness of sales revenue recognition.

Allowance for inventory valuation losses

Description

Please refer to Note 4(12) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(5) for details of inventory valuation.

The Company recognised inventories at the lower of cost and net realisable value. As there are many types of inventory, the net realisable value which was used in the individual identification and valuation of obsolete or damage inventory, involved subjective judgement and uncertainty of estimation. Thus, we consider the allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. We assessed the reasonableness of provision policies and procedures on allowance for inventory valuation losses, including inventory clearance, the reasonableness of obsolete inventory, and the consistency of accounting estimates; and
- B. We verified that the information on the inventory valuation loss statement was consistent with its policies, randomly checked individual inventory number and inventory clearance, and then assessed the appropriateness of allowance for inventory valuation losses.

Other matter – Scope of the audit

We did not audit the financial statements of certain investments accounted for using the equity method that are included in the parent company only financial statements, which statements reflect total investments accounted for using equity method of NT\$ 185,904 thousand and NT\$ 165,214 thousand as at December 31, 2019 and 2018, constituting 3% and 3% of total assets, and comprehensive income of NT\$ 21,370 thousand and NT\$ 22,062 thousand, for the years then ended, constituting 3% and 4% of total comprehensive income, respectively. Those financial statements were audited by other independent auditors whose report thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

Those charged with governance, including supervisors, are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Wang, Kuo-Hua

Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2020

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

accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

【Attachment IV Individual Balance Sheets】

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 798,952	12	\$ 594,683	9
1110	Financial assets at fair value through profit or loss - current	6(2)	45	-	200,140	3
1136	Current financial assets at amortised cost	6(3)	162,780	2	103,072	2
1150	Notes receivable, net	6(4)	19,494	-	24,872	-
1170	Accounts receivable, net	6(4)	891,671	13	859,420	13
1180	Accounts receivable - related parties	6(4) and 7	30,504	1	47,811	1
1210	Other receivables - related parties	7	25,537	-	27,505	-
1220	Current tax assets		-	-	14,599	-
130X	Inventories	6(5)	418,695	6	304,032	5
1476	Other current financial assets		2,698	-	2,532	-
1479	Other current assets, others		56,853	1	38,463	1
11XX	Current Assets		<u>2,407,229</u>	<u>35</u>	<u>2,217,129</u>	<u>34</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	277,526	4	302,044	4
1550	Investments accounted for under equity method	6(7)	3,319,531	48	3,219,363	49
1600	Property, plant and equipment	6(8)	791,922	12	780,279	12
1780	Intangible assets		2,510	-	3,084	-
1840	Deferred income tax assets	6(20)	48,135	1	41,480	1
1980	Other non-current financial assets	7	8,290	-	11,527	-
1990	Other non-current assets, others		5,508	-	2,732	-
15XX	Non-current assets		<u>4,453,422</u>	<u>65</u>	<u>4,360,509</u>	<u>66</u>
1XXX	Total assets		<u>\$ 6,860,651</u>	<u>100</u>	<u>\$ 6,577,638</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, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2019		December 31, 2018	
		AMOUNT	%	AMOUNT	%
Current liabilities					
2150	Notes payable	\$ -	-	\$ 90	-
2170	Accounts payable	313,311	5	299,907	5
2180	Accounts payable - related parties	7 230,508	3	408,856	6
2200	Other payables	6(9) 363,464	5	293,874	5
2220	Other payables - related parties	7 103,250	2	24,365	-
2230	Current income tax liabilities	99,897	1	93,680	1
2399	Other current liabilities, others	17,218	-	16,772	-
21XX	Current Liabilities	<u>1,127,648</u>	<u>16</u>	<u>1,137,544</u>	<u>17</u>
Non-current liabilities					
2570	Deferred income tax liabilities	6(20) 170,670	3	136,861	2
2640	Accrued pension liabilities	6(10) 102,084	1	109,215	2
25XX	Non-current liabilities	<u>272,754</u>	<u>4</u>	<u>246,076</u>	<u>4</u>
2XXX	Total Liabilities	<u>1,400,402</u>	<u>20</u>	<u>1,383,620</u>	<u>21</u>
Equity					
Share capital					
3110	Share capital - common stock	6(11) 1,884,521	28	1,884,521	28
Capital surplus					
3200	Capital surplus	6(12) 567,114	8	567,114	8
Retained earnings					
6(13)					
3310	Legal reserve	1,035,700	15	966,388	15
3320	Special reserve	161,211	2	48,991	1
3350	Unappropriated retained earnings	2,074,235	30	1,888,215	29
Other equity interest					
6(14)					
3400	Other equity interest	(262,532)	(3)	(161,211)	(2)
3XXX	Total equity	<u>5,460,249</u>	<u>80</u>	<u>5,194,018</u>	<u>79</u>
Significant contingent liabilities and unrecognized contract commitments					
Significant events after the balance sheet date					
3X2X	Total liabilities and equity	<u>\$ 6,860,651</u>	<u>100</u>	<u>\$ 6,577,638</u>	<u>100</u>

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

【Attachment V Individual Income Statement】

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

				Year ended December 31			
				2019		2018	
Items	Notes	AMOUNT	%	AMOUNT	%		
4000	Sales revenue	6(15) and 7	\$ 6,153,109	100	\$ 5,634,340	100	
5000	Operating costs	6(5)(18)(19) and 7	(4,943,391)	(80)	(4,673,992)	(83)	
5900	Net operating margin		<u>1,209,718</u>	<u>20</u>	<u>960,348</u>	<u>17</u>	
	Operating expenses	6(18)(19) and 7					
6100	Selling expenses		(182,042)	(3)	(168,392)	(3)	
6200	General and administrative expenses		(230,990)	(4)	(212,836)	(4)	
6300	Research and development expenses		(95,115)	(1)	(88,201)	(1)	
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(1,435)	-	(386)	-	
6000	Total operating expenses		<u>(509,582)</u>	<u>(8)</u>	<u>(469,815)</u>	<u>(8)</u>	
6900	Operating profit		<u>700,136</u>	<u>12</u>	<u>490,533</u>	<u>9</u>	
	Non-operating income and expenses						
7010	Other income	6(16) and 7	27,092	-	36,040	1	
7020	Other gains and losses	6(17)	(21,952)	-	32,680	1	
7050	Finance costs		(8)	-	(13)	-	
7070	Share of profit of associates and joint ventures accounted for using equity method, net		<u>315,681</u>	<u>5</u>	<u>299,065</u>	<u>5</u>	
7000	Total non-operating income and expenses		<u>320,813</u>	<u>5</u>	<u>367,772</u>	<u>7</u>	
7900	Profit before income tax		<u>1,020,949</u>	<u>17</u>	<u>858,305</u>	<u>16</u>	
7950	Income tax expense	6(20)	(195,256)	(3)	(165,188)	(3)	
8200	Profit for the year		<u>\$ 825,693</u>	<u>14</u>	<u>\$ 693,117</u>	<u>13</u>	
	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)	(\$ 1,286)	-	\$ 4,279	-	
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(6)(14)	(24,518)	(1)	(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		(4,827)	-	(1,780)	-	
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	<u>257</u>	<u>-</u>	<u>2,711</u>	<u>-</u>	
8310	Components of other comprehensive loss that will not be reclassified to profit or loss		<u>(30,374)</u>	<u>(1)</u>	<u>(128,361)</u>	<u>(2)</u>	
	Components of other comprehensive income that will be reclassified to profit or loss						
8361	Other comprehensive (loss) income, before tax, exchange differences on translation	6(14)	(45,213)	(1)	54,303	1	
8380	Total share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		<u>(31,590)</u>	<u>-</u>	<u>(82,528)</u>	<u>(2)</u>	
8360	Components of other comprehensive loss that will be reclassified to profit or loss		<u>(76,803)</u>	<u>(1)</u>	<u>(28,225)</u>	<u>(1)</u>	
8300	Other comprehensive loss for the year		<u>(\$ 107,177)</u>	<u>(2)</u>	<u>(\$ 156,586)</u>	<u>(3)</u>	
8500	Total comprehensive income for the year		<u>\$ 718,516</u>	<u>12</u>	<u>\$ 536,531</u>	<u>10</u>	
	Basic earnings per share	6(21)					
9750	Total basic earnings per share		<u>\$ 4.38</u>		<u>\$ 3.68</u>		
9850	Total diluted earnings per share		<u>\$ 4.27</u>		<u>\$ 3.58</u>		

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, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained earnings		Unappropriated retained earnings	Other equity interest			Total equity
				Legal reserve	Special reserve		Financial statements translation differences of foreign operations	Unrealised gains or losses on financial assets at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	
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)	-	-	-	-	37,480	-	118,949	(156,429)	-
Balance at January 1, 2018 after retropective adjustments		<u>1,884,521</u>	<u>567,114</u>	<u>911,391</u>	<u>48,991</u>	<u>1,621,789</u>	<u>(118,364)</u>	<u>118,949</u>	<u>-</u>	<u>5,034,391</u>
Net income for 2018		-	-	-	-	693,117	-	-	-	693,117
Other comprehensive income (loss) for 2018	6(6)(14)	-	-	-	-	5,210	(28,225)	(133,571)	-	(156,586)
Total comprehensive income (loss)		-	-	-	-	<u>698,327</u>	<u>(28,225)</u>	<u>(133,571)</u>	<u>-</u>	<u>536,531</u>
Distribution of 2017 earnings:										
Legal reserve		-	-	54,997	-	(54,997)	-	-	-	-
Cash dividends	6(13)	-	-	-	-	(376,904)	-	-	-	(376,904)
Balance at December 31, 2018		<u>\$ 1,884,521</u>	<u>\$ 567,114</u>	<u>\$ 966,388</u>	<u>\$ 48,991</u>	<u>\$ 1,888,215</u>	<u>(\$ 146,589)</u>	<u>(\$ 14,622)</u>	<u>\$ -</u>	<u>\$ 5,194,018</u>
2019										
Balance at January 1, 2019		<u>\$ 1,884,521</u>	<u>\$ 567,114</u>	<u>\$ 966,388</u>	<u>\$ 48,991</u>	<u>\$ 1,888,215</u>	<u>(\$ 146,589)</u>	<u>(\$ 14,622)</u>	<u>\$ -</u>	<u>\$ 5,194,018</u>
Net income for 2019		-	-	-	-	825,693	-	-	-	825,693
Other comprehensive loss for 2019	6(6)(14)	-	-	-	-	(5,856)	(76,803)	(24,518)	-	(107,177)
Total comprehensive income (loss)		-	-	-	-	<u>819,837</u>	<u>(76,803)</u>	<u>(24,518)</u>	<u>-</u>	<u>718,516</u>
Distribution of 2018 earnings:										
Legal reserve		-	-	69,312	-	(69,312)	-	-	-	-
Special reserve		-	-	-	112,220	(112,220)	-	-	-	-
Cash dividends	6(13)	-	-	-	-	(452,285)	-	-	-	(452,285)
Balance at December 31, 2019		<u>\$ 1,884,521</u>	<u>\$ 567,114</u>	<u>\$ 1,035,700</u>	<u>\$ 161,211</u>	<u>\$ 2,074,235</u>	<u>(\$ 223,392)</u>	<u>(\$ 39,140)</u>	<u>\$ -</u>	<u>\$ 5,460,249</u>

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, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,020,949	\$ 858,305
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	1,435	386
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(17)	6,832	(1,141)
Depreciation	6(8)(18)	54,522	50,017
Amortization	6(18)	3,331	3,073
Share of profit of subsidiaries, associated and joint ventures accounted for using equity method		(315,681)	(299,065)
Dividend income	6(16)	(9,788)	(17,520)
Interest income	6(16)	(13,915)	(12,531)
Interest expense		8	13
Gains on disposals of investments	6(17)	(721)	(641)
Loss on disposal of investments accounted for using equity method		9	-
Loss on disposal of property, plan and equipment	6(17)	51	127
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets or liabilities at fair value through profit or loss		193,984	(198,359)
Notes receivable		5,378	(2,339)
Accounts receivable		(33,686)	11,324
Accounts receivable - related parties		17,307	(21,749)
Other receivables - related parties		18,076	39,892
Inventories		(114,663)	(27,377)
Other financial assets - current		(19)	(966)
Other current assets, others		(18,390)	(1,319)
Other non-current assets, others		(5,654)	-
Changes in operating liabilities			
Notes payables		(90)	(158,399)
Accounts payable		13,404	118,023
Accounts payable - related parties		(178,348)	(31,529)
Other payables		67,927	42,630
Other payables - related parties		78,885	3,637
Other current liabilities, others		446	7,083
Net defined benefit liability, non-current		(8,417)	(11,588)
Cash inflow generated from operations		783,172	349,987
Dividends received		172,466	240,748
Interest received		13,768	12,484
Interest paid		(8)	(13)
Income tax paid		(161,628)	(142,664)
Net cash flows from operating activities		807,770	460,542

(Continued)

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in other receivables - related parties (loan to others)	7	\$ 4,526	\$ 3,168
Acquisition of financial assets at amortised cost	6(3)	(162,780	) ( 103,072
Proceeds from disposal of financial assets at amortised cost	6(3)	103,072	101,705
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
Acquisition of investments accounted for using equity method		(29,000	) ( 200,000
Proceeds from disposal of investments accounted for using equity method		196	-
Acquisition of property, plant and equipment	6(22)	(37,323	) ( 76,354
Increase in prepaid equipment		(24,588	) ( 12,605
Proceeds from disposal of property, plant and equipment		51	695
Acquisition of intangible assets		(2,572	) ( 3,812
Increase in other financial assets - non-current		(2,798) -
Net cash flows used in investing activities		(151,216	) ( 298,075
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid	6(13)	(452,285	) ( 376,904
Net cash flows used in financing activities		(452,285	) ( 376,904
Net increase (decrease) in cash and cash equivalents		204,269	(214,437
Cash and cash equivalents at beginning of year	6(1)	594,683	809,120
Cash and cash equivalents at end of year	6(1)	\$ 798,952	\$ 594,683

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

Independent Auditor's Report Independent Auditor's Report

PWCR 19000349

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

Opinion

We have audited the accompanying consolidated balance sheets of Taiwan Fu Hsing Industrial Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other independent accountants (please refer to "other matter" section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). 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 (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained and the report of other independent accountants are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Cut-off of export sales revenue recognition

Description

Please refer to Note 4(30) for accounting policies on revenue recognition.

The Group is primarily engaged in export. The sales revenue should be recognised when the entity has transferred to the buyer the control of the goods based on the terms of sales orders, contracts or other agreements. As the procedures for the timing of revenue recognition involves checking of sales situation and relevant documents, and those procedures were performed manually, it may have a significant effect on the appropriateness of revenue recognition near the end of the reporting period. Thus, we consider the cutoff of export sales revenue recognition as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. We understood, assessed and tested the design and the execution of internal controls on revenue recognition; and
- B. We performed cut-off tests on export sales revenue for a certain period around balance sheet date, verified corroboration of sales revenue recognition, assessed the timing of revenue recognition based on trade terms to ensure the appropriateness of sales revenue recognition

Allowance for inventory valuation losses

Description

Please refer to Note 4(13) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(5) for details of inventory valuation.

The Group recognised inventories at the lower of cost and net realisable value. As there are many types of inventory, the net realisable value which was used in the

individual identification and valuation of obsolete or damage inventory, involved subjective judgement and uncertainty of estimation. Thus, we consider the allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. We assessed the reasonableness of provision policies and procedures on allowance for inventory valuation losses, including inventory clearance, the reasonableness of obsolete inventory, and the consistency of accounting estimates; and
- B. We verified that the information on the inventory valuation loss statement was consistent with its policies, randomly checked individual inventory number and inventory clearance, and then assessed the appropriateness of allowance for inventory valuation losses.

Other matter – Scope of the audit

We did not audit the financial statements of a wholly-owned consolidated subsidiary with total assets of NT\$ 635,690 thousand and NT\$ 603,094 thousand as at December 31, 2019 and 2018, constituting 8% and 8% of consolidated total assets, and operating income of NT\$ 281,875 thousand and NT\$ 267,907 thousand, for the years then ended, constituting 3% and 3% of consolidated total operating income, respectively. Those financial statements were audited by other independent accountants whose report thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Taiwan Fu Hsing Industrial Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including supervisors, are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Wang, Kuo-Hua

Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2020

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

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

【Attachment IX Consolidated Balance Sheets】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,248,951	27	\$ 1,701,955	22
1110	Financial assets at fair value through profit or loss - current	6(2)	45	-	200,140	3
1136	Current financial assets at amortised cost, net	6(3)	167,781	2	114,991	1
1150	Notes receivable, net	6(4)	29,159	-	36,434	-
1170	Accounts receivable, net	6(4)	1,476,241	18	1,470,131	19
1220	Current tax assets		12	-	14,978	-
130X	Inventories	6(5)	940,489	11	971,390	12
1476	Other current financial assets		7,187	-	15,263	-
1479	Other current assets, others	6(6)	117,304	2	128,234	2
11XX	Current Assets		<u>4,987,169</u>	<u>60</u>	<u>4,653,516</u>	<u>59</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	277,526	3	302,044	4
1550	Investments accounted for under equity method	6(8)	4,643	-	6,747	-
1600	Property, plant and equipment	6(9) and 8	2,800,440	34	2,670,603	34
1755	Right-of-use assets	6(10)	35,426	1	-	-
1780	Intangible assets	6(11)	29,349	-	30,051	-
1840	Deferred income tax assets	6(27)	79,932	1	59,666	1
1980	Other non-current financial assets	8	31,624	-	24,784	-
1985	Long-term prepaid rents	3(1) and 6(12)	-	-	36,814	1
1990	Other non-current assets, others	6(13)	117,107	1	98,561	1
15XX	Non-current assets		<u>3,376,047</u>	<u>40</u>	<u>3,229,270</u>	<u>41</u>
1XXX	Total assets		<u>\$ 8,363,216</u>	<u>100</u>	<u>\$ 7,882,786</u>	<u>100</u>

(Continued)

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(14)	\$ 15,000	-	\$ -	-
2150	Notes payable		38,788	-	112,970	1
2170	Accounts payable		1,001,835	12	1,035,036	13
2200	Other payables	6(15)	605,010	7	556,646	7
2230	Current income tax liabilities		132,942	2	135,803	2
2280	Current lease liabilities	6(30)	1,036	-	-	-
2399	Other current liabilities, others	6(16) and 8	79,129	1	69,833	1
21XX	Current Liabilities		<u>1,873,740</u>	<u>22</u>	<u>1,910,288</u>	<u>24</u>
Non-current liabilities						
2540	Long-term borrowings	6(16) and 8	547,620	7	353,330	4
2570	Deferred income tax liabilities	6(27)	172,422	2	137,547	2
2640	Accrued pension liabilities	6(17)	154,190	2	156,558	2
2645	Guarantee deposits received		8,130	-	-	-
25XX	Non-current liabilities		<u>882,362</u>	<u>11</u>	<u>647,435</u>	<u>8</u>
2XXX	Total Liabilities		<u>2,756,102</u>	<u>33</u>	<u>2,557,723</u>	<u>32</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(18)	1,884,521	22	1,884,521	24
Capital surplus						
3200	Capital surplus	6(19)	567,114	7	567,114	7
Retained earnings						
		6(20)				
3310	Legal reserve		1,035,700	12	966,388	12
3320	Special reserve		161,211	2	48,991	1
3350	Unappropriated retained earnings		2,074,235	25	1,888,215	24
Other equity interest						
3400	Other equity interest	6(21)	(262,532)	(3)	(161,211)	(2)
31XX	Equity attributable to owners of the parent		<u>5,460,249</u>	<u>65</u>	<u>5,194,018</u>	<u>66</u>
36XX	Non-controlling interest		<u>146,865</u>	<u>2</u>	<u>131,045</u>	<u>2</u>
3XXX	Total equity		<u>5,607,114</u>	<u>67</u>	<u>5,325,063</u>	<u>68</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 8,363,216</u>	<u>100</u>	<u>\$ 7,882,786</u>	<u>100</u>

【Attachment X Consolidated Income Statements】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31				
		2019		2018		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(22)	\$ 8,681,906	100	\$ 8,303,458	100
5000	Operating costs	6(5)(25)(26)	(6,624,866)	(76)	(6,579,341)	(79)
5900	Net operating margin		<u>2,057,040</u>	<u>24</u>	<u>1,724,117</u>	<u>21</u>
	Operating expenses	6(25)(26) and 7				
6100	Selling expenses		(315,266)	(4)	(353,881)	(4)
6200	General and administrative expenses		(403,294)	(5)	(356,732)	(5)
6300	Research and development expenses		(196,710)	(2)	(186,340)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(1,888)	-	(955)	-
6000	Total operating expenses		(917,158)	(11)	(897,908)	(11)
6900	Total operating profit		<u>1,139,882</u>	<u>13</u>	<u>826,209</u>	<u>10</u>
	Non-operating income and expenses					
7010	Other income	6(23)	56,145	1	70,790	1
7020	Other gains and losses	6(24)	(31,990)	(1)	74,191	1
7050	Finance costs		(7,813)	-	(2,535)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	(2,001)	-	6,621	-
7000	Total non-operating income and expenses		<u>14,341</u>	<u>-</u>	<u>149,067</u>	<u>2</u>
7900	Profit before income tax		<u>1,154,223</u>	<u>13</u>	<u>975,276</u>	<u>12</u>
7950	Income tax expense	6(27)	(311,032)	(4)	(263,851)	(3)
8200	Profit for the year		<u>\$ 843,191</u>	<u>9</u>	<u>\$ 711,425</u>	<u>9</u>

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31				
		2019		2018		
		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(17)	(\$ 8,134)	-	\$ 737	-
8316	Unrealised gain or loss on financial assets at for value through other comprehensive income	6(7)(21)	(24,518)	-	(133,571)	(2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	1,627	-	4,354	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(31,025)	-	(128,480)	(2)
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(21)	(77,182)	(1)	(28,425)	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss		(77,182)	(1)	(28,425)	-
8300	Total other comprehensive loss income for the year		(\$ 108,207)	(1)	(\$ 156,905)	(2)
8500	Total comprehensive income for the year		\$ 734,984	8	\$ 554,520	7
Profit, attributable to:						
8610	Owners of the parent		\$ 825,693	9	\$ 693,117	9
8620	Non-controlling interest		17,498	-	18,308	-
			\$ 843,191	9	\$ 711,425	9
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 718,516	8	\$ 536,531	7
8720	Non-controlling interest		16,468	-	17,989	-
			\$ 734,984	8	\$ 554,520	7
Earnings per share						
9750	Total basic earnings per share	6(28)	\$ 4.38		\$ 3.68	
9850	Total diluted earnings per share		\$ 4.27		\$ 3.58	

【 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, 2019 AND 2018
 (Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent					Other equity interest					
		Retained earnings					Unrealised gains or loss on financial assets at fair value through other comprehensive income					
Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity		
2018												
	Balance at January, 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
6(21)	Effects of retrospective application	-	-	-	-	37,480	-	118,949	(156,429)	-	-	-
	Balance at January, 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	-	-	-	-	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)	-	-	-	-	-	-
6(20)	Cash dividends	-	-	-	-	(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
2019												
	Balance at January, 2019	\$ 1,884,521	\$ 567,114	\$ 966,388	\$ 48,991	\$ 1,888,215	(\$ 146,589)	(\$ 14,622)	\$ -	\$ 5,194,018	\$ 131,045	\$ 5,325,063
	Net income for 2019	-	-	-	-	825,693	-	-	-	825,693	17,498	843,191
6(7)(21)	Other comprehensive loss for 2019	-	-	-	-	(5,856)	(76,803)	(24,518)	-	(107,177)	(1,030)	(108,207)
	Total comprehensive income	-	-	-	-	819,837	(76,803)	(24,518)	-	718,516	16,468	734,984
	Distribution of 2018 earnings:											
	Legal reserve	-	-	69,312	-	(69,312)	-	-	-	-	-	-
	Special reserve	-	-	-	112,220	(112,220)	-	-	-	-	-	-
6(20)	Cash dividends	-	-	-	-	(452,285)	-	-	-	(452,285)	-	(452,285)
	Cash dividends distributed to non-controlling interest	-	-	-	-	-	-	-	-	-	(648)	(648)
	Balance at December 31, 2019	\$ 1,884,521	\$ 567,114	\$ 1,035,700	\$ 161,211	\$ 2,074,235	(\$ 223,392)	(\$ 39,140)	\$ -	\$ 5,460,249	\$ 146,865	\$ 5,607,114

【 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, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,154,223	\$ 975,276
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss/Reversal of allowance for bad debts	12(2)	1,888	955
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(24)	24,408	(1,141)
Depreciation	6(9)(10)(25)	164,228	144,226
Amortization	6(25)	29,501	24,538
Share of profit or loss of associates and joint ventures accounted for using equity method	6(8)	2,001	(6,621)
Dividend income	6(23)	(9,788)	(17,520)
Interest income	6(23)	(28,334)	(24,090)
Interest expense		7,813	2,535
Gain on disposal of investments	6(24)	(909)	(777)
Loss on disposal of property, plant and equipment	6(24)	1,282	5,942
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		176,596	(198,222)
Notes receivable		7,275	(719)
Accounts receivable		(20,480)	(498)
Inventories		17,632	(80,904)
Other financial assets - current		7,918	(12,566)
Other current assets - others		991	(31,987)
Changes in operating liabilities			
Notes payable		(74,182)	(149,190)
Accounts payable		(13,414)	94,222
Other payables		67,956	5,608
Other payables - related parties		-	(20,728)
Other current liabilities—others		(4,566)	4,546
Net defined benefit liability, non-current		5,766	(13,504)
Cash inflow generated from operations		1,517,805	699,381
Dividends received		9,788	66,238
Interest received		28,178	24,025
Interest paid		(8,046)	(2,348)
Income tax paid		(282,247)	(224,157)
Net cash flows from operating activities		1,265,478	563,139

(Continued)

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost	6(3)	(\$ 167,781	) ( \$ 114,991)
Proceeds from disposal of financial assets at amortised cost	6(3)	114,991	113,252
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
Acquisition of property, plant and equipment	6(29)	(260,581	) ( 676,428)
Increase in prepaid equipment		(68,702	) ( 77,944)
Proceeds from disposal of property, plant and equipment		1,531	2,890
Acquisition of intangible assets	6(11)	(3,679	) ( 6,812)
(Increase) decrease in other financial assets – non-current		(7,475	) 14,276
Increase in other non-current assets - others		(70,629	) ( 22,812)
Net cash flows used in investing activities		(462,325	) ( 776,369)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(30)	104,000	-
Decrease in short-term loans	6(30)	(89,000) -
Payments of lease liabilities	6(30)	(2,758) -
Proceeds from long-term debt	6(30)	260,000	290,000
Repayments of long-term debt	6(30)	(51,639	) ( 8,516)
Increase in guarantee deposits received		8,130	-
Cash dividends paid	6(20)	(452,285	) ( 376,904)
Cash dividends distributed to non-controlling interest		(648	) ( 4,132)
Net cash flows used in financing activities		(224,200	) ( 99,552)
Effect of exchange rate changes on cash and cash equivalents		(31,957	) ( 21,499)
Net increase (decrease) in cash and cash equivalents		546,996	(334,281)
Cash and cash equivalents at beginning of year	6(1)	1,701,955	2,036,236
Cash and cash equivalents at end of year	6(1)	\$ 2,248,951	\$ 1,701,955

【Attachment XIII Earnings Distribution Table】

Taiwan Fu Hsing Industrial Co., Ltd.
2019 Earnings Distribution Table

Unit: NT\$1.00

Beginning retained earnings	1,254,397,903
Add: 2019 other income/loss	(5,855,977)
Retained earnings after adjustment	1,248,541,926
Add: 2019 net profit after tax	825,693,023
Substrate: 10% legal reserve	(81,983,705)
Special Reserve	(101,321,707)
Distributable net profit	1,890,929,537
Distribution items:	
Cash dividend to shareholders (\$2.6/share)	(489,975,642)
Ending un-appropriated earnings	1,400,953,895

Note:

- 1.The year's earnings should be distributed firstly from the 2019 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 2019 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, 2019.

Chairman: LIN, Jui-Chang

Manager: CHEN, Chien-Kun

Accounting Officer: LI, Kuo-Wei

【Attachment XIV Amendment Table of Articles of Incorporation】

Amended Articles	Current Articles
<p><u>Chapter 4</u> Directors and Audit Committee</p>	<p><u>Chapter 4</u> Directors and Supervisors</p>
<p><u>Article 18</u></p> <p>The Company shall have seven to ten directors in the Board, who will be elected from among the persons with disposing capacity by the Board of Shareholders. The term of office for directors is three years. The company adopts candidate nomination system in accordance with the Company Act. Shareholders should elect directors from among the directors-candidate list according to Article 198 and Article 192-1 of the Company Act. Directors are eligible for re-election. Among the Board seats, shareholders should elect at least two independent directors, and the total number of independent directors should not be less than one fifth of the total board seats. The terms “professional qualification”, “shareholding”, “concurrent serving restriction”, and “independency” in relation to independent directors shall have the meanings 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 shall be handled subject to the regulations of the securities supervisory body.</p> <p>The directors of the 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</p>	<p><u>Article 18</u></p> <p>The Company shall have seven to ten 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. The company adopts candidate nomination system in accordance with the Company Act. Shareholders should elect directors from among the directors—and supervisors-candidate list according to Article 198 and Article 192-1 of the Company Act. Directors and Supervisors are eligible for re-election. Among the director seats, shareholders should elect at least two independent directors, and the total number of independent directors should not be less than one fifth of the total board seats. The terms “professional qualification”, “shareholding”, “concurrent serving restriction”, and “independency” in relation to independent directors shall have the meanings 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 handled subject to the regulations of the securities supervisory body.</p> <p>The directors of the 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>

Amended Articles	Current Articles
independent directors.	
<p><u>Article 18-1</u></p> <p>(Deleted)</p>	<p><u>Article 18-1</u></p> <p>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.</p>
<p><u>Article 18-2</u></p> <p>The Company sets up Audit Committee, which was composed of all independent directors. According to law, The exercise of power by the Audit Committee and all other related issues that should conform to the laws are handled in accordance with laws and regulations made by the Authority unit.</p>	<p>(Newly added Article)</p>
<p><u>Article 19</u></p> <p>When the number of vacancies in the Board reaches one-third of <u>the total seats</u>, or when all independent directors were dismissed, the Board of Directors shall call, within sixty days, a special meeting of shareholders to elect succeeding directors to fill the vacancies. The term of office of the directors-elect shall be limited to the original term of office.</p>	<p><u>Article 19</u></p> <p>When the number of vacancies in the Board reaches one-third of the total number of supervisors, the Board of Directors shall call, within sixty days, a special meeting of shareholders to elect succeeding directors to fill the vacancies. The term of office of the directors-elect shall be limited to the original term of office.</p>
<p><u>Article 20-1</u></p> <p>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.</p>	<p><u>Article 20-1</u></p> <p>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.</p>
<p><u>Article 23</u></p> <p>(Deleted)</p>	<p><u>Article 23</u></p> <p>Supervisors perform their duties by the laws and may attend the meeting of Board of Directors without voting right.</p>
<p><u>Article 23</u></p> <p>The Board of Directors is authorized to decide the remuneration for directors</p>	<p><u>Article 23-1</u></p> <p>The Board of Directors is authorized to decide the remuneration for directors and supervisors based</p>

Amended Articles	Current Articles
<p>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.</p>	<p>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.</p>
<p><u>Article 25</u></p> <p>The fiscal year of the Company is calendar year system; 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 financial documents and submit to the shareholders' meeting for acknowledgment.</p> <ol style="list-style-type: none"> 1. Business report; 2. Financial statements; 3. Proposal for allocation of surplus profits or making up loss. 	<p><u>Article 25</u></p> <p>The fiscal year of the Company is calendar year system; 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 financial documents and have the same audited by the supervisors thirty days prior to the shareholders' meeting before submitting to the shareholders' meeting for acknowledgment.</p> <ol style="list-style-type: none"> 1. Business report; 2. Financial statements; 3. Proposal for allocation of surplus profits or making up loss.
<p><u>Article 26-1</u></p> <p>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 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.</p> <p>The aforementioned current fiscal year's profit is referring to the net income before tax of the current fiscal year before deducting the</p>	<p><u>Article 26-1</u></p> <p>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.</p> <p>The aforementioned current fiscal year's profit is referring to the net income before tax of the current fiscal year before deducting the</p>

Amended Articles	Current Articles
<p>distribution of remunerations to employees and directors.</p> <p>The proposal of remuneration to employees and directors should be resolved during the Board of Directors' Meeting with more than two third of directors presenting 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.</p>	<p>distribution of remunerations to employees and directors/supervisors.</p> <p>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 presenting 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.</p>
<p><u>Article 31</u></p> <p>These Articles of Incorporation were established on October 20, 1957. (Omitted)</p> <p>The 34th amendment was on June 15, 2012; The 35th amendment was on June 17, 2015; The 36th amendment was on June 24, 2016; The 37th amendment was on June 21, 2019; <u>The 38th amendment was on May 28, 2020.</u></p>	<p><u>Article 31</u></p> <p>These Articles of Incorporation were established on October 20, 1957. (Omitted)</p> <p>The 34th amendment was on June 15, 2012; The 35th amendment was on June 17, 2015; The 36th amendment was on June 24, 2016; The 37th amendment was on June 21, 2019.</p>

【Attachment XV Amendments table of the “ Rules of Procedures for Shareholders’ Meeting” 】

Amended articles	Current articles
<p><u>Article 2</u> (Convention and notice of Shareholders’ Meeting)</p> <p>Unless otherwise provided by relevant laws, the Company’s Shareholders’ Meeting shall be convened by the Board of Directors.</p> <p>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 post on the website of open data 30 days prior to a general meeting or 15 days prior to a special meeting. The Company shall also post the manual of procedures of Shareholders’ Meeting and supplementary materials on the meeting in electronic form on the same website 21 days prior to a general meeting or 15 days prior to a special meeting. The said manual and supplementary materials shall be made available 15 days prior to a Shareholders’ Meeting to shareholders at request at any time and be displayed at the Company and its appointed stock agency and handed out at the venue of the meeting.</p> <p>Notices and announcements shall expressly contain the reason of convention; a notice may be made electronically with the consent from the recipients.</p> <p>Election or dismissal of directors, 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</p>	<p><u>Article 2</u> (Convention and notice of Shareholders’ Meeting)</p> <p>Unless otherwise provided by relevant laws, the Company’s Shareholders’ Meeting shall be convened by the Board of Directors.</p> <p>The Company shall prepare, in electronic form, a notice of Shareholders’ Meeting, power of attorney form, relevant approvals, agenda, reasons and explanations of issues such as election or dismissal of directors and supervisors and post on the website of open data 30 days prior to a general meeting or 15 days prior to a special meeting. The Company shall also post the manual of procedures of Shareholders’ Meeting and supplementary materials on the meeting in electronic form on the same website 21 days prior to a general meeting or 15 days prior to a special meeting. The said manual and supplementary materials shall be made available 15 days prior to a Shareholders’ Meeting to shareholders at request at any time and be displayed at the Company and its appointed stock agency and handed out at the venue of the meeting.</p> <p>Notices and announcements shall expressly contain the reason of convention; a notice may be made electronically with the consent from the recipients.</p> <p>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</p>

<p>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.</p> <p>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. (The followings omitted)</p>	<p>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.</p> <p>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. (The followings omitted)</p>
<p><u>Article 5</u> (Preparation for sign-in) (The preceding paragraph omitted) 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.</p> <p>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 is to be held.</p> <p>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.</p>	<p><u>Article 5</u> (Preparation for sign-in) (The preceding paragraph omitted) 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.</p> <p>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.</p> <p>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.</p>
<p><u>Article 6</u> (Chairman of Shareholders' Meeting and other attendance) (The preceding paragraph omitted) It is advisable that a Shareholders' Meeting being convened by the company's Chairman and is attended by more than half of the total number of the directors personally presenting. The attendance situation shall also be recorded in the meeting minutes of the Shareholders' Meeting. A Shareholders'</p>	<p><u>Article 6</u> (Chairman of Shareholders' Meeting and other attendance) (The preceding paragraph omitted) It is advisable that a Shareholders' Meeting being convened by the company's Chairman and is attended by more than half of the total number of the directors and is at least with one supervisors personally presenting. The attendance situation shall also be recorded in the meeting minutes of the Shareholders'</p>

<p>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.</p> <p>The Company may designate attorneys at law, accounts or related persons to attend the Shareholders' meeting.</p>	<p>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.</p> <p>The Company may designate attorneys at law, accounts or related persons to attend the Shareholders' meeting.</p>
<p><u>Article 12 (Voting method)</u> 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.</p> <p>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.</p> <p>(The folowings omitted)</p>	<p><u>Article 12 (Voting method)</u> 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.</p> <p>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.</p> <p>(The folowings omitted)</p>
<p><u>Article 13 (Election)</u> Election of directors at the Shareholders' meeting shall be held by the Company's</p>	<p><u>Article 13 (Election)</u> Election of directors and supervisors, if any, at the Shareholders' meeting shall be held by the</p>

<p>regulations on relevant election and appointment; the election results, including the list of the directors-elect and the numbers of their gained voting rights, shall be announced on the spot.</p> <p>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.</p>	<p>Company's regulations on relevant election and appointment; the election results, including the list of the directors-electand supervisors-elect and the numbers of their gained voting rights, shall be announced on the spot.</p> <p>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.</p>
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【Attachment XVI Amendment table of Procedures on Election of Directors and Supervisors 】

Amended articles	Current articles
<p><u>Article 1</u> The election of the Company’s directors shall be handled in accordance with this Procedure.</p>	<p><u>Article 1</u> The election of the Company’s directors and supervisors shall be handled in accordance with this Procedure.</p>
<p><u>Article 2</u> The Company adopts “cumulative voting system” to election its directors. Where is electing directors, each share should have the same voting rights amounting to the total designated seats of the Company’s directors; such voting rights may be executed on one person or on separate persons. The registration of voter may be represented by shareholder’s number printed on the ballot. <u>The election of the Company’s directors adopts candidate nomination system and shall be held in accordance with Article 192-1 of the Company Act. Shareholders should election from among the director’s candidate list.</u></p>	<p><u>Article 2</u> The Company adopts “cumulative voting system” to election its directors and supervisors. Where is electing directors, each share should have the same voting rights amounting to the total designated seats of the Company’s directors; such voting rights may be executed on one person or on separate persons. Same procedures apply to the election of supervisors. The registration of voter may be represented by shareholder’s number printed on the ballot.</p>
<p>Article 3 Total seats of the Company’s directors should be elected in accordance with the Company’s Articles of Incorporation. Candidates with the most votes are elected as the Company’s directors. If there are two or more candidates receiving the same votes constituting the circumstance that the total number of directors may exceed the quota regulated in the Articles of Incorporation, it should be resolved by draw lots. The chairperson may act for the person to draw the lot if he/she is not presenting in the election.</p>	<p>Article 3 Total seats of the Company’s directors and supervisors should be elected in accordance with the Company’s Articles of Incorporation. Candidates with the most votes are elected as the Company’s directors /supervisors. If there are two or more candidates receiving the same votes constituting the circumstance that the total number of directors /supervisors may exceed the quota regulated in the Articles of Incorporation, it should be resolved by draw lots. The chairperson may act for the person to draw the lot if he/she is not presenting in the election.</p>
<p>Article 8 (Deleted)</p>	<p>Article 8 During the election, the Company shall set up individual ballot box for directors and</p>

	supervisors in order to distinguish the votes.
Article 12 This Procedure is made on May 22, 2001. <u>The 2nd amendment was on May 28, 2020.</u>	Article 12 This Procedure is made on May 22, 2001.

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 seven to ten directors in the Board, who will be elected from among the persons with disposing capacity by the Board of Shareholders. The term of office for directors is three years. The company adopts candidate nomination system in accordance with the Company Act. Shareholders should elect directors from among the directors candidate list according to Article 198 and Article 192-1 of the Company Act. Directors are eligible for re-election. Among the Board seats, shareholders should elect at least two independent directors, and the total number of independent directors should not be less than one fifth of the total board seats. The terms "professional qualification", "shareholding", "concurrent serving restriction", and "independency" in relation to independent directors 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 shall be handled subject to the regulations of the securities supervisory body.

The directors of the 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.

4. 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.

Article27: 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.

- 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; 37th amendment on June 21, 2019.

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: Mar. 30, 2020

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%
<p>Note: Statutory minimum numbers of shares should be held by all directors: (7.5% of the issued shares, minimum 11,307,130 shares) Statutory minimum numbers of shares should be held by all supervisors: (0.75% of the issued shares, minimum 1,130,713 shares)</p>							

Appendix 4 Procedures on Election of Directors and Supervisors

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

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

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

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

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

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

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

Article 12: This Procedure is made on May 22, 2001.