

Security Code: 9924



Taiwan Fu Hsing Industrial Co., Ltd.

**2022
Meeting of Shareholders
Handbook**

Date & Time: 9:00am May 27th, 2022 (Friday)

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

Shareholders' Meeting will be held by means of a physical meeting.

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I. Meeting agenda

Taiwan Fu Hsing Industrial Co., Ltd.
Meeting Agenda of the 2022 Shareholders' Meeting

Date & Time: 9:00am, May 27th, 2022 (Friday)

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

Meeting Procedures

1. Report of number of shareholders presenting at the meeting
2. Meeting call to order
3. Address by Chairman
4. Management presentation
 - A. Report of 2021 operations
 - B. Audit Committee's review report
 - C. Report of emoluments paid to employees and directors in 2021
5. Matters for acknowledgment
 - A. To acknowledge 2021 Financial Statements
 - B. To acknowledge 2021 Earnings Distribution Proposal
6. Matters for Discussion
 - A. To amend some articles in the "Articles of Incorporation"
 - B. To amend some articles in the "Procedures for the Acquisition and Disposal of Assets "
7. Extempore Motions
8. Adjournment

4. Management Presentation

Report 1

Summary: The 2021 Operation Report

Explanation: Please see Attachment I for 2021 Operation Report, pp. [7-12]

Report 2

Summary: Audit Committee's review report

Explanation: Please see Attachment II for the review report, pp. [13]

Report 3

Summary: Report of emoluments distributed to employees and directors in 2021

Explanation:

1. Emoluments are paid according to Article 26-1 of the Article of Incorporation
2. The company plans to make a provision of NT\$167,911,455 as remuneration paid to employees in 2021 and NT\$14,100,000 as remunerations paid to directors in 2021
3. The above-mentioned remuneration proposal had been resolved on the Board of Directors' Meeting on Jan. 24th, 2022 and was determined to distribute in cash.

5. Matters for Acknowledgement

Proposal 1 (Proposed by the Board of Directors)

Summary: To acknowledge 2021 Financial Statements

Explanation:

1. The company's 2021 Financial Reports were audited by independent auditors, WANG Kuo-Hua and WU Chien-Chih, of the PwC Taiwan and were given audit report of Unqualified Opinion. The above-mentioned Financial Reports have been approved by the Board and examined along with the Business Report and earnings distribution proposal by the Audit Committee of the Fu Hsing Industrial Co., Ltd.
2. Please refer to Attachment II and Attachment III to Attachment XII for the Audit Committee's review report, independent auditors' audit report, and the above-mentioned Financial Statements, pp. [13-32].

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Summary: To acknowledge 2021 Earnings Distribution

Explanation:

1. The Board of Directors has resolved to distribute cash dividend of NT\$2.4 per share from the company's 2021 earnings.
2. Please refer to Earnings Distribution Table in Attachment XIII, pp. [33].
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” with reference to the sample template provided by the competent authority in order to fit in with the Company’s operational needs and the provisions of the Company Act.
2. Please refer to Attachment XIV for the amendment table on pp [34-35].

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Summary: To amend some articles in the “Procedures for the Acquisition and Disposal of Assets”

Explanation:

1. It is planned to amend partial clauses listed in the Company’s “Procedures for the Acquisition and Disposal of Assets” according to the Correspondence of Jin-Guan-Zheng-Fa-Zhi-No.1110380465 issued on Jan. 28th, 2022 and the Company’s operational needs.
2. Please refer to Attachment XV for the amendment table on pp [36-43].

Resolution:

7. Extempore Motions

8. Adjournment

II. Attachments

【Attachment I 2021 Operation Report】

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

It has been over two years ever since the outbreak of the novel corona-virus epidemic and till now the world is still wildly under its impact. The monetary quantification easing policy (QE policy) implemented by nations in the west to stimulate the sluggish economy on the one hand resulted in sharp currency appreciation in emerging market, including Taiwan's New Taiwan Dollar, and on the other hand, gradually pushed up the inflation level. The price of international bulk materials soars and enterprises around the world face even severer challenges. In 2021, Taiwan Fu Hsing, led by all the Taiwan Fu Hsing employees, had its sales reaching a new high, while the earnings was impacted by aforementioned unfavorable factors and regretfully was not able to achieve the same result, which means we still need to work harder. In response to the post-epidemic era, we will continue to work for maintaining the Company's solid foundation and keeping pursuing sustainable operation. While maintaining its operational profitability, Taiwan Fu Hsing will also care for shareholders and interest parties rights to create the Company's long term value in sustainability. Going forward, upholding the spirits of "innovation, services, and quality", the management team will continue to devote to achieve the business goals of transparent governance, environmental protection, and goodness sharing with the society and show to all Taiwan Fu Hsing's determination in sustainable operation.

The Company's 2021 operation results are stated as the following:

(1) Review the implementation of Business Plan

Unit: NTD1,000

List	2021	2020	Increase (Decrease) in dollar amount	Increase (Decrease) by %
Revenues (Net)	\$9,686,119	\$9,033,976	\$652,143	7%
Operating Profit	763,609	1,219,309	-455,700	-37%
Net Income Before Tax	813,230	1,105,138	-291,908	-26%
Net Income After Tax	667,479	823,839	-156,360	-19%

(2) Review of Budget Implementation

Not available. Taiwan Fu Hsing did not disclose financial forecast for the year of 2021.

(3) Analysis of Receipt, Expenditure, and Profitability

List		2021	2020
Financial Structure	Debt to Total Asset (%)	30.72	33.88
	Long Fund to Fixed Assets, Plants, and Facilities (%)	265.12	240.51
Business Solvency	Current Ratio (%)	271.03	249.72
	Quick Ratio (%)	192.42	191.59
	Interest Protection Multiples	139.28	154.24
Profitability	Return on Assets (%)	7.53	9.55
	Return on Equity (%)	11.05	14.24
	NIBT to Paid In Capital (%)	43.15	58.64
	Net Profit Ratio (%)	6.89	9.12
	Earnings Per Share (NTD)	\$3.54	\$4.37

(4) Research & Development Works

Manufacturing technologies and R&D abilities have been our focused core competition strength ever since the founding of Taiwan Fu Hsing. In recent years, multiple impacts brought by the Covid pandemic, transportation issues, and hiking material prices have made the subject, "how to do more with less resource", a trend in current world. How to properly position a product among difficult challenges and how to keep promoting product's competitiveness while on the other

hand still can insist on its high quality have always been our goal and persistence.

The Company keeps focusing on the development of door control and security related products. Below, we provide a summary for the development in various products.

1. Electronic locks

The demand for electronic locks is increasing, so we continue to develop such locks with different appearances to meet with demands in different areas and markets, and we actively carry out research and development on new IoT technology, software application, and biometrics technology. Meanwhile, we deploy the application of the networked cloud platform. For meeting the trend, we expand our R&D team with talents having expertise in firmware, hardware, cloud system and software development to more specifically master the development of related products and increase the speed to develop products in order to launch new products faster and more precisely.

2. Home locks

We continue to promote the design of product modularization for volume collection and scaled production, and so to enhance product's competitiveness. Meanwhile, we also keep on developing home locks with trendy appearances and surface processing, and continue to better design the mechanical structure for easier operation, installation and better customer experience, so as to increase purchase.

3. Commercial locks

For meeting the need and trend in the construction market, we continue to develop products with new functions and are BHMA certified. We have the faith to enhance Taiwan Fu Hsing product's coverage in the commercial market.

4. Panic exit device

We'd continue to develop all different kinds of high-end panic exit devices based on current basis on UL and ANSI certification. The development includes the design of diversified appearance,

enhancement of surface treatment, and promotion in the use sense. In addition, later on we might consider the modularization expansion of the electronic functions with the expectation to provide customers in the high-end market with better product services and experiences.

5. Door closer

In the light of U.S. products, we have completed the product line for main stream products and will continue to working on the development of the related accessories and promotion of overall competitiveness in order to deeper expand the market in North America and other market markets where UL and ANSI certification are also applicable. In the EU market, we'll continue to develop the related accessories, including the electronic parts, of highly efficient cam-action door closer in order to fit the products in all conditions with perfectly utilized product functions and at the same time with the fulfillment of safety and coziness.

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

1. Operation's cost management to ensure business competitiveness

The pandemic, monetary policy, and Russia-Ukraine war have directly or indirectly caused major metal materials' price to keep reaching new high levels and brought about currency fluctuations. Hence, the Company must face certain degree of pressure on its operational cost. To meet with such pressure, we will proactively promote the TPS lean production management system, truly carry out cost control in productions, and, meanwhile, maintain the Company's overall operational competitiveness through product's price adjustment, improvement on the structural design, and the execution of hedging policies in the light of currency and material costs.

2. Deep planting human power, proactively cultivate talents

The Company truly understands that talent and technology both are essential core competitiveness for a business's sustainable operation. Therefore, it is urgent to carry out talent cultivation and technology

inheritance. For this, the Company, in light of colleagues with different expertise, in different position and department, and with different functions, maps out various curriculum, which includes manufacturing and production talents cultivation, and courses regarding systematic thinking and rational decision, the development of high performance team, and interpretation of financial statements, with the expectation of colleagues being able to absorb the knowledge, transform it into their own soft power in decision making and technology improvement, and further on carry out the power in optimizing products, enhancing quality and customer services, and ultimately be able to promote the Company's overall competitiveness. In addition, Taiwan Fu Hsing also proactively cooperates with nearby universities for academia and industry collaboration projects. We provide internship opportunities for students in relevant study field and officially recruit those with outstanding performance during the internship period right after they graduate from school in order to accumulate human power strength with new blood.

3. Continuous investment in R&D and the promotion of patent right both in quality and quantity

Up to now, the Company has accumulated over 1,100 patents in various countries. To meet with the goal of sustainable development and the changing factors and challenges in external environment, the Company still keeps recruiting talents with expertise in machinery, electronics, materials, etc..., and, at the same time, proactively carries out our patent arrangement in major countries to ensure Taiwan Fu Hsing's product not to be plagiarized and provide our customers with the most trust-worthy and safest services.

4. Carrying out corporate influences and keeping sustainable toughness

The continued publication of CSR report every year since 2015 is what we do to honestly disclose to all about activities and achievements of the year and, meanwhile, to stimulate more vitality to establish a sustainable business through self-inspection and by receiving suggestions from all the parties. In addition, Taiwan Fu Hsing will continue to pay close attention to ESG related regulations and topics. Internally, we'd inspect our own operational foundation in the light of 3 facets, i.e. corporate governance, environment, and society, and

externally we shall carry out corporate influences to enable Taiwan Fu Hsing to have stronger and more powerful toughness to face challenges and furthermore to create more opportunities.

The International Monetary Fund (IMF) anticipated the global economic growth this year can reach 4.4%, which is about 1.5% lower than last year's growth. And all the messages reveal a fact that this year the global economy will still be impacted by various negative factors, including the Covid-19 epidemic, Russia-Ukraine war, hiking metal materials, etc... Although there is still harsh operational environment out there, our management team still has the faith to confront the challenging future and we also expect and wish to hand in a bright result in such a fast-changing time.

Chairman:
LIN, Jui-Chang

General Manager
CHEN, Chien-Kun

Accounting Officer
WU, Hui-Min

【Attachment II Audit Committee's Report】

Report of Audit Committee to the Annual Shareholders' Meeting

Attn: Taiwan Fu Hsing Industrial Co., Ltd. 2022 General Shareholders' Meeting

In accordance with the Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee 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 WU Chien-Chih, of the PwC Taiwan and submitted by the Board of Directors for the year ending 2021, and found them in order.

March 9th, 2022

Audit Committee of Taiwan Fu Hsing Industrial Co., Ltd.
Convener: CHANG, Ling-Ling

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22100385

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

Opinion

We have audited the accompanying parent company only balance sheets of Taiwan Fu Hsing Industrial Co., Ltd. (the "Company") as at December 31, 2021 and 2020, 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 the Other matter section), 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, 2021 and 2020, 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. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2021 parent company only financial statements. 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 2021 parent company only financial statements are stated as follows:

Cut-off on export sales 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 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 Loss

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 – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$42,729 thousand and NT\$227,958 thousand, constituting 1% and 3% of the total assets as at December 31, 2021 and 2020, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT\$11,079 thousand and NT\$12,828 thousand, constituting 2% and 1% of the total comprehensive income for the years then ended, respectively.

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 are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wang, Kuo-Hua

Wu, Chien-Chih

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 9, 2022

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 independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, 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 PARENT COMPANY ONLY BALANCE SHEETS 】

AIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

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

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,047,201	14	\$ 466,878	6
1110	Financial assets at fair value through profit or loss - current	6(2)	42,376	-	545,353	7
1136	Current financial assets at amortised cost	6(3) and 8	64,094	1	133,677	2
1150	Notes receivable, net	6(4)	26,966	-	17,952	-
1170	Accounts receivable, net	6(4)	1,089,812	14	1,124,989	15
1180	Accounts receivable - related parties	6(4) and 7	48,449	1	71,684	1
1210	Other receivables - related parties	7	881	-	17,020	-
130X	Inventories	5 and 6(5)	684,723	9	418,309	6
1476	Other current financial assets		203	-	2,712	-
1479	Other current assets, others		58,057	1	47,600	1
11XX	Current Assets		<u>3,062,762</u>	<u>40</u>	<u>2,846,174</u>	<u>38</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	382,952	5	322,602	4
1550	Investments accounted for under equity method	6(7)	3,248,697	43	3,490,072	46
1600	Property, plant and equipment	6(8)	816,269	11	800,059	11
1780	Intangible assets		1,568	-	3,581	-
1840	Deferred income tax assets	6(21)	50,800	1	56,929	1
1980	Other non-current financial assets		10,919	-	8,666	-
1990	Other non-current assets, others		2,269	-	6,846	-
15XX	Non-current assets		<u>4,513,474</u>	<u>60</u>	<u>4,688,755</u>	<u>62</u>
1XXX	Total assets		<u>\$ 7,576,236</u>	<u>100</u>	<u>\$ 7,534,929</u>	<u>100</u>

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

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

Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Current liabilities					
2150	Notes payable	\$ -	-	\$ 113	-
2170	Accounts payable	439,087	6	365,408	5
2180	Accounts payable - related parties	7 380,775	5	464,745	6
2200	Other payables	6(9) 354,687	4	429,479	6
2220	Other payables - related parties	7 55,557	1	35,300	1
2230	Current income tax liabilities	58,867	1	105,480	1
2399	Other current liabilities, others	22,032	-	14,912	-
21XX	Current Liabilities	<u>1,311,005</u>	<u>17</u>	<u>1,415,437</u>	<u>19</u>
Non-current liabilities					
2570	Deferred income tax liabilities	6(21) 134,761	2	170,987	2
2640	Accrued pension liabilities	6(10) 76,960	1	106,979	1
25XX	Non-current liabilities	<u>211,721</u>	<u>3</u>	<u>277,966</u>	<u>3</u>
2XXX	Total Liabilities	<u>1,522,726</u>	<u>20</u>	<u>1,693,403</u>	<u>22</u>
Equity					
Share capital					
3110	Share capital - common stock	6(11) 1,884,521	25	1,884,521	25
Capital surplus					
3200	Capital surplus	6(12) 567,114	7	567,114	8
Retained earnings					
3310	Legal reserve	6(13) 1,199,351	16	1,117,684	15
3320	Special reserve	207,950	3	262,532	4
3350	Unappropriated retained earnings	2,388,090	32	2,217,625	29
Other equity interest					
3400	Other equity interest	6(14) (193,516)	(3)	(207,950)	(3)
3XXX	Total equity	<u>6,053,510</u>	<u>80</u>	<u>5,841,526</u>	<u>78</u>
Significant contingent liabilities and unrecognised contract commitments					
Significant events after the balance sheet date					
3X2X	Total liabilities and equity	<u>\$ 7,576,236</u>	<u>100</u>	<u>\$ 7,534,929</u>	<u>100</u>

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【 Attachment V PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(15) and 7	\$ 6,664,013	100	\$ 6,496,926	100
5000 Operating costs	6(5)(10)(19)(20) and 7	(5,592,362)	(84)	(5,140,561)	(79)
5900 Net operating margin		1,071,651	16	1,356,365	21
Operating expenses	6(10)(19)(20) and 7				
6100 Selling expenses		(153,398)	(2)	(183,249)	(3)
6200 General and administrative expenses		(232,624)	(4)	(242,536)	(4)
6300 Research and development expenses		(97,684)	(1)	(102,764)	(2)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	226	-	130	-
6000 Total operating expenses		(483,480)	(7)	(528,419)	(9)
6900 Operating profit		588,171	9	827,946	12
Non-operating income and expenses					
7100 Interest income	6(16) and 7	4,736	-	6,193	-
7010 Other income	6(17)	118,298	2	18,194	-
7020 Other gains and losses	6(18)	41,503	-	54,450	(1)
7050 Finance costs		(500)	-	(81)	-
7070 Share of profit of associates and joint ventures accounted for using equity method, net		49,001	1	223,970	4
7000 Total non-operating income and expenses		213,038	3	193,826	3
7900 Profit before income tax		801,209	12	1,021,772	15
7950 Income tax expense	6(21)	(133,730)	(2)	(197,933)	(3)
8200 Profit for the year		\$ 667,479	10	\$ 823,839	12
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)	\$ 21,099	-	(\$ 12,432)	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(14)	30,199	1	44,811	1
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		2,909	-	1,971	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	(4,220)	-	2,486	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		49,987	1	36,836	1
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Other comprehensive loss, before tax, exchange differences on translation	6(14)	(52,126)	(1)	(100,252)	(2)
8380 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		36,620	1	110,830	2
8360 Components of other comprehensive income that will be reclassified to profit or loss		(15,506)	-	10,578	-
8300 Other comprehensive income for the year		\$ 34,481	1	\$ 47,414	1
8500 Total comprehensive income for the year		\$ 701,960	11	\$ 871,253	13
Basic earnings per share	6(22)				
9750 Total basic earnings per share		\$	3.54	\$	4.37
9850 Total diluted earnings per share		\$	3.46	\$	4.26

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【 Attachment VI PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings			Other equity interest		Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
2020									
Balance at January 2020		\$ 1,884,521	\$ 567,114	\$ 1,035,700	\$ 161,211	\$ 2,074,235	(\$ 223,392)	(\$ 39,140)	\$ 5,460,249
Net income for 2020		-	-	-	-	823,839	-	-	823,839
Other comprehensive (loss) income for 2020	6(6)(14)	-	-	-	-	(7,975)	10,578	44,811	47,414
Total comprehensive income		-	-	-	-	815,864	10,578	44,811	871,253
Distribution of 2019 earnings:									
Legal reserve		-	-	81,984	-	(81,984)	-	-	-
Special reserve		-	-	-	101,321	(101,321)	-	-	-
Cash dividends	6(13)	-	-	-	-	(489,976)	-	-	(489,976)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(6)(14)	-	-	-	-	807	-	(807)	-
Balance at December 31, 2020		\$ 1,884,521	\$ 567,114	\$ 1,117,684	\$ 262,532	\$ 2,217,625	(\$ 212,814)	\$ 4,864	\$ 5,841,526
2021									
Balance at January 2021		\$ 1,884,521	\$ 567,114	\$ 1,117,684	\$ 262,532	\$ 2,217,625	(\$ 212,814)	\$ 4,864	\$ 5,841,526
Net income for 2021		-	-	-	-	667,479	-	-	667,479
Other comprehensive (loss) income for 2021	6(6)(14)	-	-	-	-	19,788	(15,506)	30,199	34,481
Total comprehensive income (loss)		-	-	-	-	687,267	(15,506)	30,199	701,960
Distribution of 2020 earnings:									
Legal reserve		-	-	81,667	-	(81,667)	-	-	-
Special reserve		-	-	-	(54,582)	54,582	-	-	-
Cash dividends	6(13)	-	-	-	-	(489,976)	-	-	(489,976)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(6)(14)	-	-	-	-	259	-	(259)	-
Balance at December 31, 2021		\$ 1,884,521	\$ 567,114	\$ 1,199,351	\$ 207,950	\$ 2,388,090	(\$ 228,320)	\$ 34,804	\$ 6,053,510

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【Attachment VII PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS】

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
 (Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 801,209	\$ 1,021,772
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gain	12(2)	(226)	(130)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(18)	595	(8,781)
Depreciation expense	6(8)(19)	57,632	56,081
Amortization expense	6(19)	4,758	6,476
Share of profit or loss of associates and joint ventures accounted for using equity method		(49,001)	(223,970)
Dividend income	6(17)	(13,285)	(10,477)
Interest income	6(16)	(4,736)	(6,193)
Interest expense		500	81
Gain on disposal of investments	6(18)	(65,265)	(1,574)
Loss on disposal of property, plant and equipment	6(18)	-	221
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		503,656	(535,760)
Notes receivable		(9,014)	1,542
Accounts receivable		35,403	(233,188)
Accounts receivable - related parties		23,235	(41,180)
Other receivables - related parties		16,139	2,482
Inventories		(266,414)	386
Other financial assets - current		2,233	(1,896)
Other current assets - others		(10,457)	9,253
Other non-current assets - others		-	(116)
Changes in operating liabilities			
Notes payable		(113)	113
Accounts payable		73,679	52,097
Accounts payable - related parties		(83,970)	234,237
Other payables		(76,142)	67,166
Other payables - related parties		20,257	(67,950)
Other current liabilities - others		7,120	(2,306)
Net defined benefit liability, non-current		(8,920)	(7,537)
Cash inflow generated from operations		958,873	310,849
Dividends received		175,781	199,894
Interest received		5,012	8,075
Interest paid		(500)	(81)
Income tax paid		(214,660)	(198,340)
Net cash flows from operating activities		<u>924,506</u>	<u>320,397</u>

(Continued)

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in other receivables due from related parties	7	\$ -	\$ 6,035
Acquisition of financial assets at amortised cost		(182,838)	(363,139)
Proceeds from disposal of financial assets at amortised cost		252,421	392,242
Acquisition of financial assets at fair value through other comprehensive income		(13,093)	(41,671)
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,263	40,407
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	1,000
Acquisition of investments accounted for using equity method		-	(123,562)
Proceeds from disposal of investments accounted for using equity method		160,953	-
Refunds for liquidation of investments using the equity method		-	2,246
Acquisition of property, plant and equipment	6(23)	(27,886)	(50,604)
Increase in prepaid equipment		(42,095)	(19,917)
Proceeds from disposal of property, plant and equipment		-	54
Acquisition of intangible assets		(679)	(5,210)
Increase in other financial assets - non- current		(2,253)	(376)
Net cash flows from (used in) investing activities		<u>145,793</u>	<u>(162,495)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Cash dividends paid	6(13)	(489,976)	(489,976)
Net cash flows used in financing activities		(489,976)	(489,976)
Net increase (decrease) in cash and cash equivalents		580,323	(332,074)
Cash and cash equivalents at beginning of year	6(1)	<u>466,878</u>	<u>798,952</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,047,201</u>	<u>\$ 466,878</u>

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

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

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

Independent Auditor's Report

PWCR21000377

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, 2021 and 2020, 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 auditors (please refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, 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 of Audit Opinion

We conducted our audits in accordance with "Regulations governing auditing and attestation of Financial Statements by Certified Public Accountants" and the generally accepted auditing standards of R.O.C. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believed the audit evidences that we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Cut-off on export sales recognition

Description

Please refer to Note 4(28) 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 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:

We understood, assessed and tested the design and the execution of internal controls on revenue recognition; and

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 Loss

Explanation

For a summary of the significant accounting policies on inventory valuation, refer to Note 4 (13) to the consolidated financial statements. Refer to Note 5 to the

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

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

How our audit addressed the matter

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

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

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$58,899 thousand and NT\$507,719 thousand, constituting 1% and 6% of the consolidated total assets as at December 31, 2021 and 2020, respectively, and the operating revenue amounted to NT\$20,547 thousand and NT\$265,267 thousand, constituting 0% and 3% of the consolidated total operating revenue for the years then ended, respectively.

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, 2021 and 2020.

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 the audit committee, are responsible for overseeing the Group's financial reporting process.

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wang, Kuo-Hua

Wu, Chien-Chih

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 9, 2022

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【 Attachment IX CONSOLIDATED BALANCE SHEETS 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,019,319	23	\$ 1,732,255	19
1110	Financial assets at fair value through profit or loss - current	6(2)	42,376	-	560,355	6
1136	Current financial assets at amortised cost, net	6(3) and 8	75,494	1	133,677	2
1150	Notes receivable, net	6(4)	46,682	-	37,290	-
1170	Accounts receivable, net	6(4)	1,775,837	20	1,790,353	20
130X	Inventories	5 and 6(5)	1,547,997	18	1,231,723	14
1476	Other current financial assets		14,563	-	12,711	-
1479	Other current assets, others	6(6)	142,144	2	151,368	2
11XX	Current Assets		<u>5,664,412</u>	<u>64</u>	<u>5,649,732</u>	<u>63</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	382,952	4	322,602	4
1600	Property, plant and equipment	6(9) and 8	2,539,747	29	2,809,471	31
1755	Right-of-use assets	6(10)	32,888	1	34,003	-
1780	Intangible assets	6(11)	26,469	-	29,524	-
1840	Deferred income tax assets	6(25)	106,381	1	87,712	1
1980	Other non-current financial assets	8	15,387	-	17,994	-
1990	Other non-current assets, others	6(12)	55,154	1	68,481	1
15XX	Non-current assets		<u>3,158,978</u>	<u>36</u>	<u>3,369,787</u>	<u>37</u>
1XXX	Total assets		<u>\$ 8,823,390</u>	<u>100</u>	<u>\$ 9,019,519</u>	<u>100</u>

(Continued)

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Current liabilities					
2150	Notes payable	\$ 10,290	-	\$ 8,203	-
2170	Accounts payable	1,374,094	16	1,397,779	16
2200	Other payables	566,738	6	667,804	7
2230	Current income tax liabilities	78,838	1	131,938	1
2399	Other current liabilities, others	60,011	1	56,684	1
21XX	Current Liabilities	<u>2,089,971</u>	<u>24</u>	<u>2,262,408</u>	<u>25</u>
Non-current liabilities					
2540	Long-term borrowings	379,878	4	468,483	5
2570	Deferred income tax liabilities	135,947	2	171,600	2
2640	Accrued pension liabilities	104,674	1	153,595	2
25XX	Non-current liabilities	<u>620,499</u>	<u>7</u>	<u>793,678</u>	<u>9</u>
2XXX	Total Liabilities	<u>2,710,470</u>	<u>31</u>	<u>3,056,086</u>	<u>34</u>
Equity attributable to owners of parent					
Share capital					
3110	Share capital - common stock	1,884,521	21	1,884,521	21
Capital surplus					
3200	Capital surplus	567,114	7	567,114	6
Retained earnings					
3310	Legal reserve	1,199,351	14	1,117,684	12
3320	Special reserve	207,950	2	262,532	3
3350	Unappropriated retained earnings	2,388,090	27	2,217,625	25
Other equity interest					
3400	Other equity interest	(193,516)	(3)	(207,950)	(2)
31XX	Equity attributable to owners of the parent	<u>6,053,510</u>	<u>68</u>	<u>5,841,526</u>	<u>65</u>
36XX	Non-controlling interest	59,410	1	121,907	1
3XXX	Total equity	<u>6,112,920</u>	<u>69</u>	<u>5,963,433</u>	<u>66</u>
Significant contingent liabilities and unrecognised contract commitments 9					
Significant events after the balance sheet date 11					
3X2X	Total liabilities and equity	<u>\$ 8,823,390</u>	<u>100</u>	<u>\$ 9,019,519</u>	<u>100</u>

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【 Attachment X CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(20)	\$ 9,686,119	100	\$ 9,033,976	100
5000	Operating costs	6(5)(11)(15)(23)(24)	(7,997,919)	(83)	(6,869,217)	(76)
5900	Net operating margin		1,688,200	17	2,164,759	24
	Operating expenses	6(11)(15)(23)(24) and 7				
6100	Selling expenses		(319,720)	(3)	(312,371)	(4)
6200	General and administrative expenses		(397,204)	(4)	(426,914)	(5)
6300	Research and development expenses		(208,681)	(2)	(205,283)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	1,014	-	(882)	-
6000	Total operating expenses		(924,591)	(9)	(945,450)	(11)
6900	Operating profit		763,609	8	1,219,309	13
	Non-operating income and expenses					
7100	Interest income		15,459	-	18,268	-
7010	Other income	6(21)	127,063	1	49,209	1
7020	Other gains and losses	6(22)	(87,020)	(1)	(172,166)	(2)
7050	Finance costs	6(10)(14)	(5,881)	-	(7,212)	-
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(8)	-	-	(2,270)	-
7000	Total non-operating income and expenses		49,621	-	(114,171)	(1)
7900	Profit before income tax		813,230	8	1,105,138	12
7950	Income tax expense	6(25)	(139,377)	(1)	(272,488)	(3)
8200	Profit for the year		\$ 673,853	7	\$ 832,650	9

(Continued)

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(15)			
		\$ 24,733	-	(\$ 6,156)	-
8316	Unrealised gain or loss on financial assets at for value through other comprehensive income	6(7)(19)			
		30,199	-	44,811	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)			
		(4,945)	-	1,231	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
		<u>49,987</u>	<u>-</u>	<u>39,886</u>	<u>1</u>
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(19)			
		(15,493)	-	10,771	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
		(15,493)	-	10,771	-
8300	Total other comprehensive income for the year				
		<u>\$ 34,494</u>	<u>-</u>	<u>\$ 50,657</u>	<u>1</u>
8500	Total comprehensive income for the year				
		<u>\$ 708,347</u>	<u>7</u>	<u>\$ 883,307</u>	<u>10</u>
Profit, attributable to:					
8610	Owners of the parent				
		\$ 667,479	7	\$ 823,839	9
8620	Non-controlling interest				
		<u>6,374</u>	<u>-</u>	<u>8,811</u>	<u>-</u>
		<u>\$ 673,853</u>	<u>7</u>	<u>\$ 832,650</u>	<u>9</u>
Comprehensive income attributable to:					
8710	Owners of the parent				
		\$ 701,960	7	\$ 871,253	10
8720	Non-controlling interest				
		<u>6,387</u>	<u>-</u>	<u>12,054</u>	<u>-</u>
		<u>\$ 708,347</u>	<u>7</u>	<u>\$ 883,307</u>	<u>10</u>
Earnings per share					
9750	Total basic earnings per share	6(26)			
		\$	3.54	\$	4.37
9850	Total diluted earnings per share				
		\$	3.46	\$	4.26

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【 Attachment XI CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent								Non-controlling interest	Total equity
		Retained Earnings					Other equity interest				
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total		
<u>2020</u>											
Balance at January 2020		\$ 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
Net income for 2020		-	-	-	-	823,839	-	-	823,839	8,811	832,650
Other comprehensive (loss) income for 2020	6(7)(19)	-	-	-	-	(7,975)	10,578	44,811	47,414	3,243	50,657
Total comprehensive income		-	-	-	-	815,864	10,578	44,811	871,253	12,054	883,307
Distribution of 2019 earnings:											
Legal reserve		-	-	81,984	-	(81,984)	-	-	-	-	-
Special reserve		-	-	-	101,321	(101,321)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(489,976)	-	-	(489,976)	-	(489,976)
Cash dividends distributed to non-controlling interest		-	-	-	-	-	-	-	-	(13,450)	(13,450)
Change in ownership interests in subsidiaries	6(29)	-	-	-	-	-	-	-	-	(23,562)	(23,562)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(7)(19)	-	-	-	-	807	-	(807)	-	-	-
Balance at December 31, 2020		\$ 1,884,521	\$ 567,114	\$ 1,117,684	\$ 262,532	\$ 2,217,625	(\$ 212,814)	\$ 4,864	\$ 5,841,526	\$ 121,907	\$ 5,963,433
<u>2021</u>											
Balance at January 2021		\$ 1,884,521	\$ 567,114	\$ 1,117,684	\$ 262,532	\$ 2,217,625	(\$ 212,814)	\$ 4,864	\$ 5,841,526	\$ 121,907	\$ 5,963,433
Net income for 2021		-	-	-	-	667,479	-	-	667,479	6,374	673,853
Other comprehensive income (loss) for 2021	6(7)(19)	-	-	-	-	19,788	(15,506)	30,199	34,481	13	34,494
Total comprehensive income (loss)		-	-	-	-	687,267	(15,506)	30,199	701,960	6,387	708,347
Distribution of 2020 earnings:											
Legal reserve		-	-	81,667	-	(81,667)	-	-	-	-	-
Special reserve		-	-	-	(54,582)	54,582	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(489,976)	-	-	(489,976)	-	(489,976)
Cash dividends distributed to non-controlling interest		-	-	-	-	-	-	-	-	(2,650)	(2,650)
Change in ownership interests in subsidiaries	6(27)	-	-	-	-	-	-	-	-	(66,234)	(66,234)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(7)(19)	-	-	-	-	259	-	(259)	-	-	-
Balance at December 31, 2021		\$ 1,884,521	\$ 567,114	\$ 1,199,351	\$ 207,950	\$ 2,388,090	(\$ 228,320)	\$ 34,804	\$ 6,053,510	\$ 59,410	\$ 6,112,920

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【 Attachment XII CONSOLIDATED STATEMENTS OF CASH FLOWS 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
 (Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 813,230	\$ 1,105,138
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit (gain) loss	12(2)	(1,014)	882
Net gain on financial assets or liabilities at fair value through profit or loss	6(22)	(2,261)	(8,783)
Depreciation expense	6(9)(10)(23)	189,867	190,487
Amortization expense	6(23)	45,528	42,157
Share of profit or loss of associates and joint ventures accounted for using equity method	6(8)	-	2,270
Dividend income		(13,285)	(10,477)
Interest income		(15,459)	(18,268)
Interest expense		5,881	7,212
Gain on disposal of investments	6(22)	(65,317)	(1,691)
Loss on disposal of property, plant and equipment	6(22)	395	1,964
Impairment loss on property, plant and equipment	6(9)(22)	92,728	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		521,561	(550,644)
Notes receivable		(13,892)	(8,131)
Accounts receivable		(11,082)	(311,084)
Inventories		(366,778)	(282,946)
Other financial assets - current		(1,905)	(5,348)
Other current assets - others		(12,434)	(37,699)
Changes in operating liabilities			
Notes payable		2,087	(30,585)
Accounts payable		2,885	380,779
Other payables		(86,935)	66,174
Other current liabilities - others		9,426	(45,855)
Net defined benefit liability, non-current		(59,658)	6,137
Cash inflow generated from operations		1,033,568	491,689
Dividends received		13,285	10,477
Interest received		15,740	20,133
Interest paid		(5,881)	(7,212)
Income tax paid		(255,576)	(285,735)
Net cash flows from operating activities		<u>801,136</u>	<u>229,352</u>

(Continued)

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(\$ 200,908)	(\$ 363,139)
Proceeds from disposal of financial assets at amortised cost		259,091	397,243
Acquisition of financial assets at fair value through other comprehensive income		(13,093)	(41,671)
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,263	40,407
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	1,000
Proceeds from disposal of subsidiaries	6(27)	87,031	-
Acquisition of property, plant and equipment	6(27)	(84,409)	(149,884)
Increase in prepaid equipment		(81,522)	(23,666)
Proceeds from disposal of property, plant and equipment		3,220	4,234
Acquisition of intangible assets	6(11)	(950)	(5,533)
Decrease (increase) in other financial assets - non-current		160	13,703
Increase in other non-current assets -others		(6,468)	(26,977)
Net cash flows used in investing activities		(36,585)	(154,283)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(28)	-	125,000
Decrease in short-term loans	6(28)	-	(140,000)
Payments of lease liabilities	6(28)	-	(1,036)
Repayments of long-term debt	6(28)	(21,381)	(94,904)
Decrease in guarantee deposits received		-	(8,130)
Cash dividends paid	6(18)	(489,976)	(489,976)
Acquisition of ownership interests in subsidiaries	6(29)	-	(23,562)
Cash dividends distributed to non-controlling interest		(2,650)	(13,450)
Net cash flows used in financing activities		(514,007)	(646,058)
Effect of exchange rate changes on cash and cash equivalents		36,520	54,293
Net increase (decrease) in cash and cash equivalents		287,064	(516,696)
Cash and cash equivalents at beginning of year	6(1)	1,732,255	2,248,951
Cash and cash equivalents at end of year	6(1)	\$ 2,019,319	\$ 1,732,255

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【Attachment XIII Earnings Distribution Table】

Taiwan Fu Hsing Industrial Co., Ltd.
2021 Earnings Distribution Table

Unit: NT\$1.00

Beginning retained earnings		1,700,564,383
Add: 2021 net profit after tax	667,478,705	
2021 Other income/loss	19,785,906	
Disposal of equity instruments measured at fair value through other comprehensive gains and losses, and the accumulated gains and losses are directly transferred to retained earnings	260,285	687,524,896
Substrate: 10% legal reserve		(68,752,490)
Add: Reversal of Special Reserve		14,432,789
Distributable net profit		2,333,769,578
Distribution items:		
Cash dividend to shareholders (\$2.4/share)		(452,285,208)
Ending un-appropriated earnings		1,881,484,370

Note:

- 1.The year's earnings should be distributed firstly from the 2021 net profits after tax.
- 2.According to the regulatory requirements in the Correspondence Jin-Guan-Zheng-Fa-Zi No. 1010012865 dated 2012.4.6, 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.
- 3.The amount of cash dividend distribution was calculated based on the total outstanding shares of 188,452,170 on Dec. 31st, 2021.

Chairman: LIN, Jui-Chang

Manager: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【 Attachment XIV Amendments table of “Articles of Incorporation” 】

Amended articles	Current articles
<p><u>Article 27</u></p> <p>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 authorized capital. Aside from legal reserve, when necessary, it may appropriate or reverse special reserve according to laws. When appropriating special reserve according to laws, for insufficient appropriation of the “net deductions of other equity accumulated in the previous period” the Company shall appropriate the same amount of special reserve from the undistributed earnings of the previous accounting period before profit distribution. If there are still deficiencies, the Company shall appropriate based on the current undistributed earnings that are added with current net profit after tax as well as items other than current net profit after tax. When distributing dividends, bonuses, the whole amount of partial amount of legal reserve or capital reserve, the Company’s board of directors shall make and submit the proposal for such earnings distribution for approval before execution, if it is planned to distribute by issuance of new shares. If it is planned to distribute by cash, the board of directors shall be authorized, with more than two third of board members presence at the meeting and over half of the presenting members approved, to execute and report at the Shareholder’s Meeting.</p> <p>The appropriation of the aforementioned legal reserve may not be required when the accumulated legal reserve has amounted to</p>	<p><u>Article 27</u></p> <p>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.</p> <p>The appropriation of the aforementioned legal reserve may not be required when the accumulated legal reserve has amounted to the total authorized capital.</p> <p>The Company adopts the policy of surplus dividends in consideration of the Company’s future development plan, overall investment environment, domestic and foreign competition situation, funding needs, as well as shareholders’ benefits. Each year, the Company shall appropriate no less than thirty percent of the 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.</p>

<p>the total authorized capital</p> <p>The Company adopts the policy of surplus dividends in consideration of the Company's future development plan, overall investment environment, domestic and foreign competition situation, funding needs, as well as shareholders' benefits. Each year, the Company shall appropriate no less than thirty percent of the 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.</p>	
<p><u>Article 31</u></p> <p>The Articles of Incorporation was established on October 20th, 1957.</p> <p>(Omitted)</p> <p>The 35th amendment was on Jun. 17, 2015; The 36th amendment was on Jun. 24, 2016; The 37th amendment was on Jun. 21, 2019; The 38th amendment was on May 28 2020; <u>The 39th amendment was on May 27, 2022.</u></p>	<p><u>Article 31</u></p> <p>The Articles of Incorporation was established on October 20th, 1957.</p> <p>(Omitted)</p> <p>The 35th amendment was on Jun. 17, 2015; The 36th amendment was on Jun. 24, 2016; The 37th amendment was on Jun. 21, 2019; The 38th amendment was on May 28 2020</p>

【 Attachment XV Amendment table of “Procedures for the Acquisition and Disposal of Assets” 】

Amended articles	Current articles
<p><u>Article 7-3</u> The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain the issuing company’s financial statements for the most recent period, certified or reviewed by a certified public accountant, to be a reference in appraising the transaction price. If the transaction amount reaches the announcement and reporting standard stipulated in this Procedure, the Company shall request an accountant to express an opinion on the reasonableness of the transaction prices before the actual transaction occurrence date. If there are more than 20% discrepancies between the net value per share and the transaction amount, the Company shall request an accountant to express a specific opinion on the reason of such price discrepancy and on the appropriateness of the transaction amount. The requirement does not apply, however, to publicly quoted prices of securities that have an active market or where otherwise provided by regulations or the competent authorities.</p>	<p><u>Article 7-3</u> The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain the issuing company’s financial statements for the most recent period, certified or reviewed by a certified public accountant, to be a reference in appraising the transaction price. If the transaction amount reaches the announcement and reporting standard stipulated in this Procedure, the Company shall request an accountant to express an opinion on the reasonableness of the transaction prices before the actual transaction occurrence date. If there are more than 20% discrepancies between the net value per share and the transaction amount, the Company shall request an accountant to handle in accordance with No.20 of the Statement on Auditing Standards, and express a specific opinion on the reason of such price discrepancy and on the appropriateness of the transaction amount. The requirement does not apply, however, to publicly quoted prices of securities that have an active market or where otherwise provided by regulations or the competent authorities.</p>
<p><u>Article 7-4</u> If the transaction amount of the acquiring or disposing real estate, facility or right-of-use kind assets reaches the announcement and reporting standard stipulated in this Procedure, the Company should firstly request an <u>appraisal</u> report from an object and impartial professional <u>appraiser</u> and then handle in accordance with the asset <u>appraisal</u> procedure stipulated in this Procedure.</p>	<p><u>Article 7-4</u> If the transaction amount of the acquiring or disposing real estate, facility or right-of-use kind assets reaches the announcement and reporting standard stipulated in this Procedure, the Company should firstly request an appraisal report from an object and impartial professional appraiser and then handle in accordance with the asset appraisal procedure stipulated in this Procedure.</p>

Article 7-5-2

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

(1) The purpose, necessity explanation, and estimated benefits to acquire or dispose such assets.

(2) The reason to choose the related party as a transaction party.

(3) Evaluation information related to the reasonableness on the transaction terms in accordance with the related regulations, when acquiring real property or right-of-use assets from a related party.

(4) Information in relation to the related party's initial date of acquirement of such asset, acquiring price, transaction party, and the relationship with the Company and with the related party.

(5) A monthly cash inflow/outflow forecast dating from the contract month to one year after and an assessing report on the necessity of the transaction and the reasonableness of such cash utilization.

(6) An appraisal report by professional appraiser made in accordance with 7-7, or CPA's opinion on such transaction.

(7) The restrictions on this transaction and other important agreements.

In the trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to submit the aforementioned documents for approval in the Board of Directors' Meeting and by the Audit Committee.

Article 7-5-2

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

(1) The purpose, necessity explanation, and estimated benefits to acquire or dispose such assets.

(2) The reason to choose the related party as a transaction party.

(3) Evaluation information related to the reasonableness on the transaction terms in accordance with the related regulations, when acquiring real property or right-of-use assets from a related party.

(4) Information in relation to the related party's initial date of acquirement of such asset, acquiring price, transaction party, and the relationship with the Company and with the related party.

(5) A monthly cash inflow/outflow forecast dating from the contract month to one year after and an assessing report on the necessity of the transaction and the reasonableness of such cash utilization.

(6) An appraisal report by professional appraiser made in accordance with 7-7, or CPA's opinion on such transaction.

(7) The restrictions on this transaction and other important agreements.

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

<p>When the aforesaid matters are reported to the board of directors for discussion according to regulations, the opinions of the independent directors shall be fully considered. Any dissenting or qualified opinion expressed by independent director(s), if any, <u>should be noted in the minutes of the board of directors meeting.</u> Such matter should be approved by more than half of all members of the Audit Committee before submitting to the board of directors meeting for resolution</p>	<p>aforesaid matters are reported to the board of directors for discussion according to regulations, the opinions of the independent directors shall be fully considered. Any dissenting or qualified opinion expressed by independent director(s), if any, should be noted in the minutes of the board of directors meeting. If the Company has set up an Audit Committee, such matter should be approved by more than half of all members of the Audit Committee before submitting to the board of directors meeting for resolution.</p>
<p><u>Article 7-5-4</u> <u>If a public company or its subsidiary that is not a domestic public company has transactions as stated in Article 7-5-2, and the transaction amount reaches 10% or more of the public company's total asset, the public company shall submit all the required information as stated in Article 7-5-2 to be resolved in the shareholders meeting before signing the related contract and making payments. Nevertheless, this does not apply to transactions that are carried out in-between the public company and its mother company, subsidiaries, or among its subsidiaries.</u></p>	<p>(Newly Added Article)</p>
<p>Article 7-6-3 The price to acquire and dispose real estate and equipment shall be negotiated with reference to the announced present value, assessed current value, actual transaction price or book value of adjacent real estate, and supplier's quotations. If the transaction amount reaches the announcement and reporting standard stipulated in this Procedure, a professional <u>appraiser</u> should be hired to <u>appraise</u>.</p>	<p>Article 7-6-3 The price to acquire and dispose real estate and equipment shall be negotiated with reference to the announced present value, assessed current value, actual transaction price or book value of adjacent real estate, and supplier's quotations. If the transaction amount reaches the announcement and reporting standard stipulated in this Procedure, a professional appraisal agency should be hired to assess the price.</p>
<p>Article 8-6 Except for any of those referred to in the preceding five sub-paragraphs, a disposal of receivables by a financial institution, or an</p>	<p>Article 8-6 Except for any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an</p>

<p>investment in the mainland China, for any asset transaction that reaches 20 percent or more of the Company's paid-in-capital or more than NT\$300 millions, however, this does not apply to the following circumstances:</p> <p>8-6-1 the trading of domestic government bonds <u>or foreign bonds with a credit rating not lower than our sovereign rating.</u></p> <p>8-6-2 where done by professionals – the trading of securities at domestic/foreign securities exchanges or OTC venue, or subscription of ordinary <u>foreign corporate bonds</u> or issuance of general corporate bond and general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the domestic primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or the trading of ETNs</u>, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance³ with the rules of the Taipei Exchange.</p> <p>8-6-3 Trading of bonds under repurchase and resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>	<p>investment in the mainland China, for any asset transaction that reaches 20 percent or more of the Company's paid-in-capital or more than NT\$300 millions, however, this does not apply to the following circumstances:</p> <p>8-6-1 the trading of domestic government bonds.</p> <p>8-6-2 where done by professionals – the trading of securities at domestic/foreign securities exchanges or OTC venue, or issuance of general corporate bond and general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the domestic primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance³ with the rules of the Taipei Exchange.</p> <p>8-6-3 Trading of bonds under repurchase and resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>
<p>Article 9 Asset <u>Appraisal</u> Procedures</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches the announcement and reporting standard stipulated in this Procedure, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business</p>	<p>Article 9 Asset <u>Assessing</u> Procedures</p> <p>In acquiring or disposing of real property, equipment <u>or</u> right-of-use assets thereof where the transaction amount reaches the limit to make public announcement as stated in this procedure, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an <u>assessing</u> report prior to the date of occurrence of the event from a professional <u>valuation institution</u> that</p>

<p>use, shall obtain an <u>appraisal</u> report prior to the date of occurrence of the event from an objective, fair and professional <u>appraiser</u>, that does not have substantial relationship with both parties, and shall handle in accordance with the following provisions. Only that when the Company acquires or disposes of assets through court auction procedures, the evident documentation issued by the court may be substituted for the <u>appraisal</u> report or accountant's opinion.</p> <p>9-1 The type of <u>appraisal</u> price should be based on the normal price. If it is a limited price or a specific price, it should be indicated whether it conforms to the provisions of Article 10 or Article 11 of the Regulations on Real Estate Appraisal. When the limited price or specific price must be used as the reference basis for the transaction due to special reasons, the <u>appraiser</u> should evaluate respectively the results of the normal price and the limited price or specific price, and list the limited or specific conditions one by one to and present whether they currently meet this article, as well as show the reason and rationality of the difference, and clearly indicate whether the limited price or the specific price is sufficient as a reference for the buying and selling price.</p> <p>9-2 If the discrepancy between the <u>appraisal</u> result and the transaction amount is 20 percent or more of the transaction amount, a certified public accountant shall be engaged to express a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.</p> <p>9-3 When the transaction amount is NT\$1 billion or more, <u>appraisals</u> from two or more professional <u>appraisers</u> should be obtained. If the discrepancy between the <u>appraisal</u> results of two or more professional</p>	<p>is objective, fair, and not having a substantive relationship with both transaction parties and shall further comply with the following provisions. Only that when the Company acquires or disposes of assets through court auction procedures, the evident documentation issued by the court may be substituted for the <u>assessing</u> report or accountant's opinion.</p> <p>9-1 The type of <u>valuation</u> price should be based on the normal price. If it is a limited price or a specific price, it should be indicated whether it conforms to the provisions of Article 10 or Article 11 of the Regulations on Real Estate Appraisal. When the limited price or specific price must be used as the reference basis for the transaction due to special reasons, the <u>evaluation institution</u> should evaluate respectively the results of the normal price and the limited price or specific price, and list the limited or specific conditions one by one to and present whether they currently meet this article, as well as show the reason and rationality of the difference, and clearly indicate whether the limited price or the specific price is sufficient as a reference for the buying and selling price.</p> <p>9-2 If the discrepancy between the <u>assessment</u> result and the transaction amount is 20 percent or more of the transaction amount, a certified public accountant shall be engaged to handle in accordance with No.20 of the Audit Standard Bulletin and to express a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.</p> <p>9-3 When the transaction amount is NT\$1 billion or more, <u>assessments</u> from two or more professional <u>evaluation institutions</u> should be obtained. If the discrepancy between the <u>assessment</u> results of two or more professional <u>evaluation institutions</u> is</p>
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<p><u>appraisers</u> is 10 percent or more of the transaction amount, a certified public accountant shall be engaged to express a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.</p> <p>9-4 When all the <u>appraisal</u> results as stated in Article 9-2, 9-3, for the assets to be acquired are higher than the transaction amount, or when all the <u>appraisal</u> results for the assets to be disposed of are lower than the transaction amount, an opinion from a certifying public accountant is not needed.</p> <p>9-5 When an <u>appraisal</u> procedure is sought before the effective date of the contract, the issue date on the <u>appraisal</u> result and the effective date of the contract shall not exceed 3 month. However, if it is applicable to the announced present value of the same period and the issue date of the <u>appraisal</u> and contract date does not exceed 6 month, a written opinion issued by the original <u>appraiser</u> can be served as a supplementary document.</p> <p>9-6 Except where a limited price or specified price is employed as a reference basis for the transaction, if an appraisal report or an aforementioned certifying accountant's opinion as stated in Article 9-2 and Article 9-3 cannot be obtained in time and there is a legitimate reason for the delay, the Company shall make a correction announcement regarding the original transaction amount and the <u>appraisal</u> report within 2 weeks counting inclusively from the date of occurrence. If there is circumstance as stated in Article 9-2 and 9-3, the Company shall make an announcement regarding the reason of the discrepancy and certifying accountant's opinion before reporting.</p>	<p>10 percent or more of the transaction amount, a certified public accountant shall be engaged to handle in accordance with No.20 of the Audit Standard Bulletin and to express a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.</p> <p>9-4 When all the <u>assessments</u> results as stated in Article 9-2, 9-3, for the assets to be acquired are higher than the transaction amount, or when all the <u>assessment</u> results for the assets to be disposed of are lower than the transaction amount, an opinion from a certifying public accountant is not needed.</p> <p>9-5 When an <u>assessment</u> procedure is sought before the effective date of the contract, the issue date on the <u>assessment</u> result and the effective date of the contract shall not exceed 3 month. However, if it is applicable to the announced present value of the same period and the issue date of the <u>assessment</u> and contract date does not exceed 6 month, a written opinion issued by the original <u>evaluation institution</u> can be served as a supplementary document.</p> <p>9-6 Except where a limited price or specified price is employed as a reference basis for the transaction, if an <u>assessment</u> report or an aforementioned certifying accountant's opinion as stated in Article 9-2 and Article 9-3 cannot be obtained in time and there is a legitimate reason for the delay, the Company shall make a correction announcement regarding the original transaction amount and the <u>assessment</u> report within 2 weeks counting inclusively from the date of occurrence. If there is circumstance as stated in Article 9-2 and 9-3, the Company shall make an announcement regarding the reason of the discrepancy and certifying accountant's opinion before reporting.</p>
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<p>Article 10-2</p> <p>The format to announce the acquirement or disposal of assets and the contents of the <u>appraisal</u> should meet the standard set by the securities competent authority. If an appraisal institution submits an "assessed current value report" or "evaluation report" to substitute for an appraisal report, the content thereof is still required to comply with the above-referred provisions on items required to be recorded in the <u>appraisal</u> report.</p>	<p>Article 10-2</p> <p>The format to announce the acquirement or disposal of assets and the contents of the <u>assessment</u> should meet the standard set by the securities competent authority. If an appraisal institution submits an "assessed current value report" or "evaluation report" to substitute for an <u>assessment</u> report, the content thereof is still required to comply with the above-referred provisions on items required to be recorded in the <u>assessment</u> report.</p>
<p>Article 15</p> <p>The Procedure should obtain approval from the <u>Audit Committee</u> and the board of directors, and then shall be submitted to shareholders' meeting for approval; the same applies when the procedures are amended. When <u>the procedures</u> for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. When the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p>	<p>Article 15</p> <p>The Procedure should obtain approval from the board of directors, and then shall be submitted to <u>each supervisor</u>, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. <u>Where the position of independent director has been created in accordance with the provisions of the Act</u>, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as</p>

	<p>required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p>
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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 necessary 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 situation 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 Audit committee

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: (Aborted)

Article 18-2: The Company set up the Audit Committee in accordance with laws and regulations. The Audit Committee is composed of the entire number of the independent directors. The exercise of powers and other things to follow by the Audit Committed shall be handled in accordance with competent authority.

Article 19: When the number of vacancies in the Board of Directors equals to one-third of the total number of directors, , 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.

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 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: (Aborted)

Article 23-1: The Board of Directors is authorized to decide the remuneration for directors 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 the regular calendar year; the end of each year is the accounting closing period. After the end of each fiscal year, the Board of Directors shall prepare by the law the following accounting final reports and submit to the shareholders' meeting for acknowledgment.

1. Business report;
2. Financial statements;
3. Proposal for allocation of surplus profits or making up loss.

Article 26: Aborted.

Article 26-1: The Company shall distribute no less than five percent of the current fiscal year's profit to its employees as employee remunerations and shall distribute no more than five percent of the current fiscal year's profit to its directors 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.

The proposal of remuneration to employees and directors 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.

Chapter 7 Supplementary Regulations

Article 29: Matters not provided in these Articles of Incorporation shall be in

accordance with the Company Act.

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

Article 31: These Articles of Incorporation were enacted on October 20, 1957; First amendment on February 9, 1964; Second amendment on December 20, 1970; Third amendment on April 20, 1975; Fourth amendment on April 26, 1976; Fifth amendment on January 17, 1981; Sixth amendment on March, 1, 1981; Seventh amendment on October 8, 1983; Eighth amendment on April 6, 1984; Ninth amendment on June 23, 1984; 10th amendment on April 6, 1986; 11th amendment on June 3, 1986; 12th amendment on July 24, 1989; 13th amendment on May 10, 1990; 14th amendment on June 25, 1991; 15th amendment on December 30, 1991; 16th amendment on June 16, 1992; 17th amendment on December 17, 1992; 18th amendment on June 17, 1993; 19th amendment on April 27, 1994; 20th amendment on October 26, 1994; 21st amendment on April 22, 1995; 22nd amendment on May 22, 1996; 23rd amendment on April 19, 1997; 24th amendment on April 16, 1999; 25th amendment on May 19, 2000; 26th amendment on May 22, 2001; 27th amendment on May 31, 2002; 28th amendment on May 31, 2005; 29th amendment on May 30, 2006; 30th amendment on May 30, 2008; 31st amendment on May 27, 2009; 32nd amendment on May 27, 2010; 33rd amendment on June 15, 2011; 34th amendment on June 15, 2012; 35th amendment on June 17, 2015; 36th amendment on June 24, 2016; 37th amendment on June 21, 2019; 38th amendment on May 28, 2020.

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 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, 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 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 the circumstance of an executive director or a director presiding at 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 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)

Attendance at the shareholders' meeting shall be calculated on the basis of shares. The number of shares present shall be calculated based on the signature book or the returned sign-in card, plus the number of shares for which voting rights are exercised in writing or electronically.

The chairman of the Meeting shall pronounce the commencement of the meeting when it is time scheduled for

meeting, and, meanwhile, announce related information regarding number of shares with no voting rights and the numbers of shares presenting in the meeting. The chairman of the meeting may announce to postpone the meeting, when there are not enough shareholders representing more than half of the outstanding shares present in the meeting; however, the procrastination of the commencement is limited to two times and the time of postponement 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 having those represent one-third or more of the total number of issued shares presenting in the meeting, a tentative resolution may be passed by a majority of those present according to Article 175 of the Company Act, and a notice of such tentative resolution shall be given to each of the shareholders, and a Shareholders' meeting shall be reconvened within one month.

If the shares represented by the shareholders present in the meeting reach half of all the issued shares while the Meeting is not ended, the chairman may establish a tentative resolution for a re-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 may be applied.

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 the Board shall promptly assist, following legal procedures, to elect a chairman by obtaining more than half of the presenting voting rights' vote to continue the meeting.

The chairman of the meeting shall provide sufficient description and discussion opportunities on planned proposals, proposed resolutions by shareholders or special motions, and 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 presenting 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 the 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 shares or shares with no 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 should be exercised by way of electronic transmission and may also be exercised in writing. 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 notices of 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 at the Shareholders' meeting shall be held according to the Company's regulations on relevant election and appointment; the election results, including the list of the directors-elect, the numbers of their gained voting rights, list of the unsuccessful candidates and the number 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 stamped 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

Shareholding Status of Directors

Date Drawn on: Mar. 29, 2022

Title	Name	Past Beginning Date	Term of Office	Shareholding at Date Elected		Shareholding at Book Closure Date	
				Shares	%	Shares	%
Chairman	LIN, Jui-Chang	May 28, 2020	3 years	1,624,978	0.86%	1,624,978	0.86%
Director	CHEN, Chien-Kun	May 28, 2020	3 years	675,132	0.36%	675,132	0.36%
Director	CHU, Jung-Ho (Representative of Fu Zhi Investment Co., Ltd.)	May 28, 2020	3 years	10,091,307	5.35%	1,091,307	5.35%
Director	Michael A.Hoer (Representative of Fu Zhi Investment Development Co., Ltd.)	May 28, 2020	3 years	10,091,307	5.35%	10,091,307	5.35%
Director	Hong Cheng Investment Co., Ltd.	May 28, 2020	3 years	5,721,451	3.04%	5,721,451	3.04%
Director	LIN, Wen-Hsing (Representative of Fu Yuan Investment Co., Ltd.)	May 28, 2020	3 years	2,697,185	1.43%	2,697,185	1.43%
Director	LIU, Ju-Shan (Representative of Fu Yuan Investment Co., Ltd.)	May 28, 2020	3 years	2,697,185	1.43%	2,697,185	1.43%
Independent Director	CHANG, Ling-Ling	May 28, 2020	3 years	0	0%	0	0%
Independent Director	CHEN, Yung-Chun	May 28, 2020	3 years	0	0%	0	0%
Independent Director	CHO, Yung-Fu	May 28, 2020	3 years	0	0%	0	0%
Total				20,810,053	11.04%	20,810,053	11.04%
Note: Statutory minimum numbers of shares should be held by all directors: (7.5% of the issued shares, minimum 11,307,130 shares)							