

Stock Code: 9924



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

**2023  
Annual Meeting of Shareholders  
Handbook**

**Date & Time: 9:00am May 26<sup>th</sup>, 2023**

**Venue: No. 17<sup>th</sup>, 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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Taiwan Fu Hsing Industrial Co., Ltd.

Meeting Procedures of 2023 Annual Meeting of Shareholders

- I. Meeting call to order
- II. Address by the Chairman
- III. Management Presentation
- IV. Matters for Acknowledgement
- V. Matters of Elections
- VI. Other Proposals
- VII. Extempore Motion
- VIII. Adjournement

Taiwan Fu Hsing Industrial Co., Ltd.  
Meeting Agenda of the 2023 Annual Shareholders' Meeting

Date & Time: 9:00am, May 26<sup>th</sup>, 2023 (Friday)

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

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

Convene Manner: Physical meeting

Report the number of shareholders present

I. Meeting call to order

II. Address by Chairman

III. Management presentation

a) 2022 Operation report

b) Audit Committee's review report

c) Report of remunerations paid to employees and directors in 2022

d) Report of earnings distribution and cash dividend in 2022

IV. Matters for acknowledgement

a) To acknowledge 2022 Financial Reports

b) To acknowledge 2022 Earnings Distribution Proposal

V. Matters of Elections

Full re-election of directors

VI. Other proposals

Removal of the non-compete restrictions on the Company's newly elected directors and the representatives.

VII. Extempore motions

VIII. Meeting adjourned

## **Management Presentation**

### Report 1

Summary: The 2022 Operation Report

Explanation: Please see Attachment I for 2022 Operation Report, pp. [10-14]

### Report II

Summary: Audit Committee's review report

Explanation: Please see Attachment II for the review report, pp. [15]

### Report III

Summary: Report of remunerations paid to employees and directors in 2022

Explanation:

1. Remunerations are paid according to Article 26-1 of the Article of Incorporation
2. The company plans to make a provision of NT\$198,540,300 as remuneration paid to employees in 2022 and NT\$19,500,000 as remunerations paid to directors in 2022
3. The above-mentioned remuneration proposal had been resolved on the Board of Directors' Meeting on Jan. 16<sup>th</sup>, 2023 and was determined to distribute in cash.

### Report IV

Summary: Report of earnings distribution and cash dividend in 2022

Explanation:

1. The earnings distribution is handled in accordance with

Article 27 of the Company's Article of Incorporation. When distributing cash as dividend and bonuses, the board of directors is authorized to handle the matter with special resolution and report in the Meeting of Shareholders.

2. The Company plans to distribute a total amount of NT\$546,511,293 as cash dividends to shareholders, i.e. NT\$2.9 for per share. Cash dividends are calculated according to the distribution ratio and is rounded to 1 dollar. The total amount of irregular payments of such less than one dollar shall be included in the Company's account Employee Benefit Committee/ other income.

3. The earnings distribution proposal has been approved by the board of directors on March 8, 2023 and given authorization to the Chairman for setting the record date and all other distribution related matters. If there is a subsequent change in the Company's share capital that affects the number of outstanding shares, resulting in a change in the dividend rate per share, the Chairman of the board of directors is also authorized to handle and make relevant adjustments.

## **Matters for Acknowledgement**

Proposal I (Proposed by the board of directors)

Summary: To acknowledge the 2022 Financial Reports

Explanation:

1. The Company's 2022 Financial Reports have been resolved in the board of directors' meeting. The Company's Consolidated financial statements and Individual company's financial statements 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 along with the Business Report and earnings distribution proposal has sent and approved by the Audit Committee of the Taiwan Fu Hsing Industrial Co., Ltd.

2. Please refer to Attachment II and III for the Audit Committee's review report, independent auditors' audit report, and the above-mentioned financial statements, pp. [15-37].

Resolution:

Proposal II (Proposed by the board of directors)

Summary: To acknowledge 2022 Earnings Distribution Proposal

Explanation:

1. The proposal of the Company's 2022 earnings distribution has been resolved in the board of directors' meeting and approved by the Audit Committee.
2. Please refer to Attachment IV for the table of earning distribution, pp.[38].

Resolution:

## **Matter of Elections**

( Proposed by the board of directors)

Summary: Full re-election of directors

Explanation:

1. The term of office of the Company's directors expired on May 27, 2023, and it is planned to conduct a

comprehensive re-election in conjunction with this annual shareholders' meeting. All directors are dismissed prior to the end of term of office after the new directors are elected on May 26, 2023 by the shareholders' meeting.

2. According to the Company's "Articles of Incorporation", the shareholders' general meeting plans to elect 10 directors (including 3 independent directors and 7 non-independent directors) for a term of three years, starting from May 26, 2023 to May 25, 2026.

3. Please refer to Attachment V for candidate list of directors (including independent directors) and the related information, pp[39].

Election results:

## **Other Proposals**

(Proposed by the board of directors)

Summary: Removal of the non-compete restrictions on the Company's newly elected directors and the representatives.

Explanation:

1. As stipulated in Article 209 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."

2. In order to make use of the expertise and relevant experience of the Company's directors and their representatives, it is proposed to submit to the annual shareholders' meeting to discuss the removal of the non-compete restriction on the newly elected directors and their representatives in accordance with the law, provided



that in any circumstance, it shall not affect the Company's normal business and harm the Company's interests, pp[41].

**Extempore Motion**

**Adjournment**

**Attachments**

### 【Attachment I 2022 Operation Report】

2022 was a very challenging year. When the impacts of the Covid epidemic, the Russia-Ukraine war, and the logistics congestion gradually faded, high inflation followed and impacted the global economy, and the accompanying large fluctuations in exchange rates, soared raw material costs, and rising capital costs have brought severe challenges to business operations. As a member of the global village, Taiwan Fu Hsing cannot stay out of the situation. Although the profit has hit a new record again since the financial crisis, due to the impact of high material cost caused consumption shrinks resulting from inflation, our revenue was not able to continue to grow as we did in the past five consecutive years. In 2022, our sales declined slightly, and weren't able to create success together. While is facing future challenges, we will still maintain a positive attitude and a steady and firm entrepreneurial spirit. With an international outlook and the strategic goal of sustainable management, we will stay rooted in Taiwan and expand globally, so that Taiwan Fu Hsing will always be a happy company that is filled with positive energy.

#### **The Company's 2022 operation results are stated as the following**

##### **(I) Review the implementation of Business Plan**

Unit: NTD1,000

Item	Amount in 2022	Amount in 2021
Sales revenue	\$9,530,920	\$9,686,119
Operating profit	904,292	763,609
Net income before tax	1,205,213	813,230
Net income after tax	909,759	667,479

##### **(II) Review of Budget Implementation**

Taiwan Fu Hsing did not disclose financial forecast for the year of 2022. However, the actual sales revenue and profit both reached internal budgeted goals.

##### **(III) Analysis of Receipt, Expenditure, and Profitability**

		2022	2021
Financial structure	Debt to Total Asset (%)	27.18	30.72
	Long Fund to Fixed Assets, Plants, and Facilities (%)	242.45	265.12
Business solvency	Current Ratio (%)	289.16	271.03
	Quick Ratio (%)	219.51	192.42
	Interest Protection Multiples	197.77	139.28
Profitability	Return on Assets (%)	10.15	7.53
	Return on Equity (%)	14.19	11.05
	NIBT to Paid In Capital (%)	63.95	43.15
	Net Profit Ratio (%)	9.55	6.89
	Earnings Per Share (NT\$1)	\$4.83	\$3.54

### (III) Research and development works

Manufacturing technologies and R&D abilities have been our core competitiveness. The research and development trend of gate security related products covers the following aspects:

1. The trend of electronic: more and more door locks go with electronic design, and such includes digital combination locks, fingerprint identification locks, smart door locks, etc. These locks have higher security and convenience, so they are increasingly favored by consumers. Hence, the Company will invest more resources in the area's research and development in the future.
2. The trend of diversification: we have observed that consumers like to highlight their own style when shopping. In order to meet the different needs and preferences of consumers, the company is committed to providing more choices in terms of door lock design, including color, shape, and material.

3. The trend of environmental protection: the concern about environmental protection has penetrated into all aspects of life, including the use of environmentally friendly materials for door lock products and its packaging materials. Therefore, in terms of design and material selection, we have begun to adopt environmentally friendly materials, environmentally friendly packaging and green production processes.
4. The smart trend: it has become a trend to equip door locks with smart devices, such as smart doorbells and video surveillance, so that consumers can keep abreast of the situation at home and in the office while ensuring safety.

With the development of science and technology and the continuous improvement of consumer demand, the development trend of door locks presents the direction of electronicization, diversification, environmental protection, and intelligence. In view of this, Taiwan Fu Hsing has developed a variety of mechanical locks that meet market demand; at the same time resources are also added to the development of electronic locks, as shown in the development of a variety of fingerprint locks and networked smart locks.

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

1. The construct of new factory in South-East Asia

In consideration of the Company's long-term operation and development, we plan to build a more integral and more competitive manufacturing base in Southeast Asia. To this end, the Company has successively inspected the investment environment of relevant countries in Southeast Asia, conducted an overall review on key issues such as supply chain integrity, manpower recruitment, and tax incentives, and estimated that the investment amount to be within US\$45 million, which will be invested in various stages. The relevant investment in the construction of a new factory is currently being carried out by the new factory project task force.

2. Business expansion

Although the market environment is still unstable, we actively seek new market opportunities and strive to expand our customer base. First of all, we resumed the foreign customer visits that were suspended due to the

epidemic in the past three years, strengthened the cooperative relationship with existing customers, and further expanded domestic and foreign markets. In addition, the business team also actively expanded potential customers and sought for the growth of new business opportunities. In the face of the reshuffled industrial environment after the epidemic, we will maintain close partnerships with customers based on our solid manufacturing capabilities and R&D capabilities, and continue to move steadily forward on the track of positive development under the leadership of the management team .

### 3. Keep investing in research and development to promote both the quality and quantity of patent

The Company has so far obtained more than 1,200 patent rights from various countries. Even though it is generally predicted that the global economy will slow down due to the impact of interest rate hikes in 2023, and news of layoffs and cost reductions are reported from time to time in many technology industries, "innovation" is always one core business philosophy for Taiwan Fu Hsing, and it is also the cornerstone that leads the Company to grow. In the future, we will continue to listen to customers' needs and pay attention to market trends, promote colleague's patent knowledge and information by guide reading Gazette for Patents of the key markets, and meanwhile actively carry out the layout of patent rights in connection with places we manufacture and places we sell to ensure our products will not be copied and imitated, to win over the favor of consumers, and to provide customers with the most trusted and most secure services.

The International Monetary Fund (IMF) anticipates the global economic growth Directorate-General of Budget, Accounting and Statistics, the Executive Yuan, R.O.C. estimates that Taiwan's annual economic growth rate this year will be 2.12%, which is a new low in the past eight years with a main reason of

destocking problem at the consumer end. Although there are many challenges and uncertainties, Taiwan Fu Hsing will continue holding positive attitude, keep focusing on product innovation, operation efficiency, and market expansion to promote the Company's competitiveness and profitability. We will positively and actively response to market changes, agilely adjust operation strategies, maintain a solid and steady financial management, and keep optimizing the Company operation model to ensure Taiwan Fu Hsing's continuous growth and to create long-term value for our shareholders.

Chairman: LIN, Jui-Chang

General Manager: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

**【Attachment II Audit Committee’s Review Report】**

Report of Audit Committee to the Annual Shareholders’ Meeting

Attn: Taiwan Fu Hsing Industrial Co., Ltd. 2023 Annual 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 individual 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 2022, and found them in order.

March 8<sup>th</sup>, 2023

Audit Committee of Taiwan Fu Hsing Industrial Co., Ltd.

Convener: Chang, Ling-Ling

## 【Attachment III CPA's Audit Report and 2022 Financial Statements】

### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000376

To the Board of Directors and Shareholders 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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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 2022 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 2022 parent company only financial statements are stated as follows:



### ***Cut-off of export sales revenue recognition***

#### Description

Please refer to Note 4(26) 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 losses***

#### Description

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

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

#### How our audit addressed the matter

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

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

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\$58,372 thousand and NT\$42,729 thousand, constituting 1% of the total assets as at December 31, 2022 and 2021, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT\$15,622 thousand and NT\$11,079 thousand, constituting 1% and 2% 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 Standards on Auditing of 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 Standards on Auditing of 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.

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Wang, Kuo-Hua

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Wu, Chien-Chih

For and on behalf of PricewaterhouseCoopers, Taiwan  
March 8, 2023

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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.

TAIWAN FU HSING INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

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

Assets	Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
<b>Current assets</b>			
1100	Cash and cash equivalents	\$ 925,229	\$ 1,047,201
1110	Financial assets at fair value through profit or loss - current	136,718	42,376
1136	Current financial assets at amortised cost	41,582	64,094
1150	Notes receivable, net	23,194	26,966
1170	Accounts receivable, net	1,045,739	1,089,812
1180	Accounts receivable - related parties	6,645	48,449
1210	Other receivables - related parties	771	881
130X	Inventories	461,344	684,723
1476	Other current financial assets	1,451	203
1479	Other current assets, others	72,779	58,057
11XX	<b>Current Assets</b>	<u>2,715,452</u>	<u>3,062,762</u>
<b>Non-current assets</b>			
1517	Non-current financial assets at fair value through other comprehensive income	498,594	382,952
1550	Investments accounted for under equity method	3,535,978	3,248,697
1600	Property, plant and equipment	1,322,146	816,269
1755	Right-of-use assets	44,852	-
1780	Intangible assets	715	1,568
1840	Deferred income tax assets	46,024	50,800
1980	Other non-current financial assets	10,919	10,919
1990	Other non-current assets, others	6,580	2,269
15XX	<b>Non-current assets</b>	<u>5,465,808</u>	<u>4,513,474</u>
1XXX	<b>Total assets</b>	<u>\$ 8,181,260</u>	<u>\$ 7,576,236</u>

(Continued)

TAIWAN FU HSING INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

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

Liabilities and Equity	Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
<b>Current liabilities</b>			
2170	Accounts payable	\$ 306,930	\$ 439,087
2180	Accounts payable - related parties	7 351,814	380,775
2200	Other payables	6(10) 504,761	354,687
2220	Other payables - related parties	7 29,933	55,557
2230	Current income tax liabilities	93,516	58,867
2399	Other current liabilities, others	15,000	22,032
21XX	<b>Current Liabilities</b>	<u>1,301,954</u>	<u>1,311,005</u>
<b>Non-current liabilities</b>			
2570	Deferred income tax liabilities	6(21) 162,673	134,761
2580	Non-current lease liabilities	42,159	-
2640	Accrued pension liabilities	6(11) 29,437	76,960
25XX	<b>Non-current liabilities</b>	<u>234,269</u>	<u>211,721</u>
2XXX	<b>Total Liabilities</b>	<u>1,536,223</u>	<u>1,522,726</u>
<b>Equity</b>			
Share capital			
3110	Share capital - common stock	6(12) 1,884,521	1,884,521
Capital surplus			
3200	Capital surplus	6(13) 567,114	567,114
Retained earnings			
3310	Legal reserve	1,268,103	1,199,351
3320	Special reserve	193,516	207,950
3350	Unappropriated retained earnings	2,819,680	2,388,090
Other equity interest			
3400	Other equity interest	6(15) ( 87,897)	( 193,516)
3XXX	<b>Total equity</b>	<u>6,645,037</u>	<u>6,053,510</u>
Significant contingent liabilities and unrecognised contract commitments			
Significant events after the balance sheet date			
3X2X	<b>Total liabilities and equity</b>	<u>\$ 8,181,260</u>	<u>\$ 7,576,236</u>

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

TAIWAN FU HSING INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31		
		2022 AMOUNT	2021 AMOUNT	
4000	Sales revenue	6(16) and 7	\$ 6,758,383	\$ 6,664,013
5000	Operating costs	6(5)(11)(19)(20) and 7	( 5,622,682)	( 5,592,362)
5900	Net operating margin		1,135,701	1,071,651
	Operating expenses	6(11)(19)(20) and 7		
6100	Selling expenses		( 186,960)	( 153,398)
6200	General & administrative expenses		( 233,872)	( 232,624)
6300	Research and development expenses		( 101,606)	( 97,684)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	1,021	226
6000	Total operating expenses		( 521,417)	( 483,480)
6900	Operating profit		614,284	588,171
	Non-operating income and expenses			
7100	Interest income		16,139	4,736
7010	Other income	6(17)	28,990	118,298
7020	Other gains and losses	6(18)	143,079	41,503
7050	Finance costs		( 211)	( 500)
7070	Share of profit of associates and joint ventures accounted for using equity method, net		301,900	49,001
7000	Total non-operating revenue and expenses		489,897	213,038
7900	<b>Profit (loss) before income tax</b>		1,104,181	801,209
7950	Income tax (expense) benefit	6(21)	( 194,422)	( 133,730)
8200	<b>Profit (loss) for the year</b>		<u>\$ 909,759</u>	<u>\$ 667,479</u>
	<b>Other comprehensive income</b>			
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)	\$ 38,804	\$ 21,099
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(15)	59,937	30,199
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		( 2,634)	( 2,909)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	( 7,760)	( 4,220)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		88,347	49,987
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Other comprehensive income, before tax, exchange differences on translation	6(15)	181,266	( 52,126)
8380	Total Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		( 135,560)	36,620
8360	Components of other comprehensive income that will be reclassified to profit or loss		45,706	( 15,506)
8300	<b>Other comprehensive income for the year</b>		<u>\$ 134,053</u>	<u>\$ 34,481</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 1,043,812</u>	<u>\$ 701,960</u>
	Basic earnings per share	6(22)		
9750	Total basic earnings per share		\$ 4.83	\$ 3.54
9850	Total diluted earnings per share		\$ 4.70	\$ 3.46

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

Chairman: Lin, Jui-Chang

Manager: Chen, Chien-Kun

Accounting Officer: Wu, Hui-Min

TAIWAN FU HSING INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Retained Earnings				Other equity interest		Total equity	
		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
<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
Net income for 2021		-	-	-	-	667,479	-	-	667,479
Other comprehensive (loss) income for 2021	6(6)(15)	-	-	-	-	19,788	( 15,506 )	30,199	34,481
Total comprehensive income		-	-	-	-	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(14)	-	-	-	-	( 489,976 )	-	-	( 489,976 )
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(6)(15)	-	-	-	-	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
<u>2022</u>									
Balance at January 2022		\$ 1,884,521	\$ 567,114	\$ 1,199,351	\$ 207,950	\$ 2,388,090	(\$ 228,320 )	\$ 34,804	\$ 6,053,510
Net income for 2022		-	-	-	-	909,759	-	-	909,759
Other comprehensive (loss) income for 2022	6(6)(15)	-	-	-	-	28,410	45,706	59,937	134,053
Total comprehensive income		-	-	-	-	938,169	45,706	59,937	1,043,812
Distribution of 2021 earnings:									
Legal reserve		-	-	68,752	-	( 68,752 )	-	-	-
Special reserve		-	-	-	( 14,434 )	14,434	-	-	-
Cash dividends	6(14)	-	-	-	-	( 452,285 )	-	-	( 452,285 )
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(6)(15)	-	-	-	-	24	-	( 24 )	-
Balance at December 31, 2022		\$ 1,884,521	\$ 567,114	\$ 1,268,103	\$ 193,516	\$ 2,819,680	(\$ 182,614 )	\$ 94,717	\$ 6,645,037

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

Chairman: Lin, Jui-Chang

Manager: 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, 2022 AND 2021

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

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,104,181	\$ 801,209
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit (gain) loss	12(2)	( 1,021 )	( 226 )
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(18)	5,212	595
Depreciation expense	6(8)(19)	62,159	57,632
Amortization expense	6(19)	2,309	4,758
Share of profit or loss of associates and joint ventures accounted for using equity method		( 301,900 )	( 49,001 )
Dividend income	6(17)	( 25,900 )	( 13,285 )
Interest income		( 16,139 )	( 4,736 )
Interest expense		211	500
Gain on disposal of investments	6(18)	( 672 )	( 65,265 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		( 98,882 )	503,656
Notes receivable		3,772	( 9,014 )
Accounts receivable		45,094	35,403
Accounts receivable - related parties		41,804	23,235
Other receivables - related parties		110	16,139
Inventories		223,379	( 266,414 )
Other financial assets - current		( 217 )	2,233
Other current assets - others		( 14,722 )	( 10,457 )
Changes in operating liabilities			
Notes payable		-	( 113 )
Accounts payable		( 132,157 )	73,679
Accounts payable - related parties		( 28,961 )	( 83,970 )
Other payables		54,971	( 76,142 )
Other payables - related parties		( 25,624 )	20,257
Other current liabilities - others		( 9,724 )	7,120
Net defined benefit liability, non-current		( 8,719 )	( 8,920 )
Cash inflow generated from operations		878,564	958,873
Dividends received		83,591	175,781
Interest received		15,108	5,012
Interest paid		( 211 )	( 500 )
Income tax paid		( 134,846 )	( 214,660 )
Net cash flows from operating activities		<u>842,206</u>	<u>924,506</u>

(Continue )

TAIWAN FU HSING INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		(\$ 153,456 )	(\$ 182,838 )
Proceeds from disposal of financial assets at amortised cost		175,968	252,421
Acquisition of financial assets at fair value through other comprehensive income		( 55,789 )	( 13,093 )
Proceeds from disposal of financial assets at fair value through other comprehensive income		84	1,263
Proceeds from disposal of investments accounted for using equity method		-	160,953
Acquisition of proerty, plant and equipment	6(23)	( 450,394 )	( 27,886 )
Increase in prepaid equipment		( 28,031 )	( 42,095 )
Acquisition of intangible assets		( 275 )	( 679 )
Increase in other financial assets - non- current		-	( 2,253 )
Net cash flows (used in) from investing activities		( 511,893 )	145,793
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Cash dividends paid	6(14)	( 452,285 )	( 489,976 )
Net cash flows used in financing activities		( 452,285 )	( 489,976 )
Net (decrease) increase in cash and cash equivalents		( 121,972 )	580,323
Cash and cash equivalents at beginning of year	6(1)	1,047,201	466,878
Cash and cash equivalents at end of year	6(1)	\$ 925,229	\$ 1,047,201

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

Chairman: Lin, Jui-Chang

Manager: Chen, Chien-Kun

Accounting Officer: Wu, Hui-Min

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000375

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, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

**Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of 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.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

***Cut-off of export sales revenue 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:

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

#### ***Allowance for inventory valuation losses***

##### Description

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

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

#### How our audit addressed the matter

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

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

#### ***Other matter – 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\$69,483 thousand and NT\$58,899 thousand, constituting 0.75% and 0.67% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and the operating revenue amounted to NT\$16,736 thousand and NT\$20,547 thousand, constituting 0.18% and 0.21% 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, 2022 and 2021.

#### ***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 Standards on Auditing 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 Standards on Auditing of 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.

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Wang, Kuo-Hua

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Wu, Chien-Chih

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2023

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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.

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.

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
<b>Current assets</b>			
1100	Cash and cash equivalents	6(1) \$ 2,439,034	\$ 2,019,319
1110	Financial assets at fair value through profit or loss - current	6(2) 136,718	42,376
1136	Current financial assets at amortised cost, net	6(3) and 8 50,582	75,494
1150	Notes receivable, net	6(4) 36,927	46,682
1170	Accounts receivable, net	6(4) 1,422,112	1,775,837
130X	Inventory	6(5) 1,234,644	1,547,997
1476	Other current financial assets	12,868	14,563
1479	Other current assets, others	6(6) 139,381	142,144
11XX	<b>Current Assets</b>	<u>5,472,266</u>	<u>5,664,412</u>
<b>Non-current assets</b>			
1517	Total non-current financial assets at fair value through other comprehensive income	6(7) 498,594	382,952
1600	Property, plant and equipment	6(8) and 8 3,017,461	2,539,747
1755	Right-of-use assets	6(9) 77,335	32,888
1780	Intangible assets	6(10) 25,136	26,469
1840	Deferred income tax assets	6(24) 86,410	106,381
1980	Other non-current financial assets	8 12,632	15,387
1990	Other non-current assets, others	6(11) 18,387	55,154
15XX	<b>Non-current assets</b>	<u>3,735,955</u>	<u>3,158,978</u>
1XXX	<b>Total assets</b>	<u>\$ 9,208,221</u>	<u>\$ 8,823,390</u>

(Continue)

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
<b>Current liabilities</b>			
2150	Notes payable	\$ 7,082	\$ 10,290
2170	Accounts payable	965,321	1,374,094
2200	Other payables 6(12)	730,463	566,738
2230	Current income tax liabilities	140,713	78,838
2399	Other current liabilities, others 6(13) and 8	48,859	60,011
21XX	<b>Current Liabilities</b>	<u>1,892,438</u>	<u>2,089,971</u>
<b>Non-current liabilities</b>			
2540	Long-term borrowings 6(13) and 8	359,389	379,878
2570	Deferred income tax liabilities 6(24)	162,900	135,947
2580	Non-current lease liabilities	42,159	-
2640	Accrued pension liabilities 6(14)	45,535	104,674
25XX	<b>Non-current liabilities</b>	<u>609,983</u>	<u>620,499</u>
2XXX	<b>Total Liabilities</b>	<u>2,502,421</u>	<u>2,710,470</u>
<b>Equity attributable to owners of parent</b>			
Share capital			
3110	Share capital - common stock 6(15)	1,884,521	1,884,521
Capital surplus			
3200	Capital surplus 6(16)	567,114	567,114
Retained earnings 6(17)			
3310	Legal reserve	1,268,103	1,199,351
3320	Special reserve	193,516	207,950
3350	Unappropriated retained earnings (accumulated deficit)	2,819,680	2,388,090
Other equity interest			
3400	Other equity interest 6(18)	( 87,897)	( 193,516)
31XX	<b>Equity attributable to owners of the parent</b>	<u>6,645,037</u>	<u>6,053,510</u>
36XX	Non-controlling interest	60,763	59,410
3XXX	<b>Total equity</b>	<u>6,705,800</u>	<u>6,112,920</u>
	Significant contingent liabilities and unrecognised contract commitments 9		
	Significant events after the balance 11		
3X2X	<b>Total liabilities and equity</b>	<u>\$ 9,208,221</u>	<u>\$ 8,823,390</u>

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

Chairman: Lin, Jui-Chang

Manager: 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, 2022 AND 2021

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

	Items	Notes	Year ended December 31	
			2022	2021
			AMOUNT	AMOUNT
4000	Sales revenue	6(19)	\$ 9,530,920	\$ 9,686,119
5000	Operating costs	6(5)(10)(14)(22)(23) and 7	( 7,682,843)	( 7,997,919)
5900	Net operating margin		1,848,077	1,688,200
	Operating expenses	6(10)(14)(22)(23) and 7		
6100	Selling expenses		( 286,389)	( 319,720)
6200	General & administrative expenses		( 462,859)	( 397,204)
6300	Research and development expenses		( 195,582)	( 208,681)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	1,045	1,014
6000	Total operating expenses		( 943,785)	( 924,591)
6900	Operating profit		904,292	763,609
	Non-operating income and expenses			
7100	Interest income		29,071	15,459
7010	Other income	6(20)	35,838	127,063
7020	Other gains and losses	6(21)	242,137	( 87,020)
7050	Finance costs	6(13)	( 6,125)	( 5,881)
7000	Total non-operating revenue and expenses		300,921	49,621
7900	<b>Profit (loss) before income tax</b>		1,205,213	813,230
7950	Income tax (expense) benefit	6(24)	( 290,659)	( 139,377)
8200	<b>Profit (loss) for the year</b>		\$ 914,554	\$ 673,853

(Continued)

Chairman: Lin, Jui-Chang

Manager: 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, 2022 AND 2021

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

Items	Notes	Year ended December 31	
		2022	2021
		AMOUNT	AMOUNT
<b>Other comprehensive income</b>			
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(14)	
		\$ 35,512	\$ 24,733
8316	Unrealised gain or loss on financial assets at for value through other comprehensive income	6(7)(18)	
		59,937	30,199
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	
		( 7,102)	( 4,945)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		
		88,347	49,987
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Financial statements translation differences of foreign operations	6(18)	
		45,914	( 15,493)
8300	<b>Total other comprehensive income for the year</b>	\$ 134,261	\$ 34,494
8500	<b>Total comprehensive income for the year</b>	\$ 1,048,815	\$ 708,347
Profit, attributable to:			
8610	Owners of the parent	\$ 909,759	\$ 667,479
8620	Non-controlling interest	4,795	6,374
		\$ 914,554	\$ 673,853
Comprehensive income attributable to:			
8710	Owners of the parent	\$ 1,043,812	\$ 701,960
8720	Non-controlling interest	5,003	6,387
		\$ 1,048,815	\$ 708,347
Earnings per share			
9750	Total basic earnings per share	6(25)	
		\$ 4.83	\$ 3.54
9850	Total diluted earnings per share	\$ 4.70	\$ 3.46

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

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Notes	Equity attributable to owners of the parent									
	Retained Earnings					Other equity interest				
	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
<u>Year ended December 31, 2021</u>										
	\$ 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
	-	-	-	-	667,479	-	-	667,479	6,374	673,853
Other comprehensive income (loss) for 2021	6(7)(18)	-	-	-	19,788	( 15,506 )	30,199	34,481	13	34,494
Total comprehensive income	-	-	-	-	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(17)	-	-	-	( 489,976 )	-	-	( 489,976 )	-	( 489,976 )
Cash dividends distributed to non-controlling interest	-	-	-	-	-	-	-	-	( 2,650 )	( 2,650 )
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	( 66,234 )	( 66,234 )
Disposal of investments in equity instruments Disposal of investments in equity instruments income	6(7)(18)	-	-	-	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
<u>Year ended December 31, 2022</u>										
	\$ 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
	-	-	-	-	909,759	-	-	909,759	4,795	914,554
Other comprehensive income (loss) for 2022	6(7)(18)	-	-	-	28,410	45,706	59,937	134,053	208	134,261
Total comprehensive income	-	-	-	-	938,169	45,706	59,937	1,043,812	5,003	1,048,815
Distribution of 2021 earnings:										
Legal reserve	-	-	68,752	-	( 68,752 )	-	-	-	-	-
Special reserve	-	-	-	( 14,434 )	14,434	-	-	-	-	-
Cash dividends	6(17)	-	-	-	( 452,285 )	-	-	( 452,285 )	-	( 452,285 )
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	( 3,650 )	( 3,650 )
Disposal of investments in equity instruments Disposal of investments in equity instruments income	6(7)(18)	-	-	-	24	-	( 24 )	-	-	-
Balance at December 31, 2022	\$ 1,884,521	\$ 567,114	\$ 1,268,103	\$ 193,516	\$ 2,819,680	(\$ 182,614 )	\$ 94,717	\$ 6,645,037	\$ 60,763	\$ 6,705,800

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

Chairman: Lin, Jui-Chang

Manager: 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, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,205,213	\$ 813,230
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit (gain) loss	12(2)	( 1,045 )	( 1,014 )
Net gain on financial assets or liabilities at fair value through profit or loss	6(21)	5,265	( 2,261 )
Depreciation expense	6(8)(9)(22)	191,819	189,867
Amortization expense	6(10)(22)	25,597	45,528
Dividend income		( 25,900 )	( 13,285 )
Interest income		( 29,071 )	( 15,459 )
Interest expense		6,125	5,881
Gain on disposal of investments	6(21)	( 901 )	( 65,317 )
Loss on disposal of property, plant and equipment	6(21)	7,251	395
Impairment loss on property, plant and equipment	6(8)(21)	-	92,728
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		( 98,706 )	521,561
Notes receivable		9,755	( 13,892 )
Accounts receivable		365,063	( 11,082 )
Inventories		326,901	( 366,778 )
Other financial assets - current		1,896	( 1,905 )
Other current assets - others		( 3,843 )	( 12,434 )
Changes in operating liabilities			
Notes payable		( 3,208 )	2,087
Accounts payable		( 418,694 )	2,885
Other payables		69,233	( 86,935 )
Other current liabilities - others		( 13,232 )	9,426
Net defined benefit liability, non-current		( 94,651 )	( 59,658 )
Cash inflow generated from operations		1,524,867	1,033,568
Dividends received		25,900	13,285
Interest received		27,814	15,740
Interest paid		( 6,125 )	( 5,881 )
Income tax paid		( 198,543 )	( 255,576 )
Net cash flows from operating activities		<u>1,373,913</u>	<u>801,136</u>

(Continue )

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		(\$ 162,456)	(\$ 200,908)
Proceeds from disposal of financial assets at amortised cost		187,368	259,091
Acquisition of financial assets at fair value through other comprehensive income		( 55,789)	( 13,093)
Proceeds from disposal of financial assets at fair value through other comprehensive income		84	1,263
Proceeds from disposal of subsidiaries		-	87,031
Acquisition of property, plant and equipment	6(26)	( 519,685)	( 84,409)
Increase in prepaid equipment		( 31,513)	( 81,522)
Proceeds from disposal of property, plant and equipment		13,216	3,220
Acquisition of intangible assets	6(10)	( 275)	( 950)
Decrease(increase) in other financial assets - non current		2,818	160
Increase in other non-current assets -others		( 1,631)	( 6,468)
Net cash flows used in investing activities		( 567,863)	( 36,585)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Repayments of long-term debt	6(27)	( 21,071)	( 21,381)
Cash dividends paid	6(17)	( 452,285)	( 489,976)
Cash dividends distributed to non-controlling interest		( 3,650)	( 2,650)
Net cash flows used in financing activities		( 477,006)	( 514,007)
Effect of exchange rate changes on cash and cash equivalents		90,671	36,520
Net increase in cash and cash equivalents		419,715	287,064
Cash and cash equivalents at beginning of year	6(1)	2,019,319	1,732,255
Cash and cash equivalents at end of year	6(1)	\$ 2,439,034	\$ 2,019,319

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

Chairman: Lin, Jui-Chang

Manager: Chen, Chien-Kun

Accounting Officer: Wu, Hui-Min

## 【Attachment IV Table of Earnings Distribution in 2022】

Taiwan Fu Hsing Industrial Co., Ltd.

### Table of 2022 Earnings Distribution

Unit: NT\$1

Beginning retained earnings		\$1,881,484,370
Add: 2022 net profit after tax	909,759,228	
2022 Other comprehensive income/loss	28,409,627	
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	24,345	938,193,200
Substrate: 10% legal reserve		(93,819,320)
Add: Reversal of Special Reserve		105,620,107
Distributable net profit		2,831,478,357
Distribution items:		
Cash dividend to shareholders (\$2.9/share)		(546,511,293)
Ending un-distributed earnings		\$2,284,967,064

#### Note:

- 1.The year's earnings should be distributed firstly from the 2022 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. 31<sup>st</sup>, 2022.

Chairman: Lin, Jui-Chang

Manager: Chen, Chien-Kun

Accounting Officer: Wu, Hui-Min

**【 Attachment V Candidate lists of directors (including independent directors, and the related information) 】**

Title	Name	Education	Main experience	Reasons for nomination of independent directors for three terms
Director	Lin, Jui-Chang	Soochow University- Accounting	<ul style="list-style-type: none"> <li>▪ Chairman of Taiwan Fu Hsing Industrial Co., Ltd.</li> <li>▪ Director of Zhixing Precision Machinery Co., Ltd.</li> <li>▪ Director of Launch Technologies Co., Ltd</li> <li>▪ Director of Taiflex Scientific Co., Ltd.</li> <li>▪ Director of Advanced International Multitech Co., Ltd.</li> </ul>	NA
Director	Chen, Chien-Kun	Soochow University- Accounting	<ul style="list-style-type: none"> <li>▪ Director of Taiwan Fu Hsing Industrial Co., Ltd.</li> </ul>	NA
Director	Hong Cheng Investment Co., Ltd.	NA	NA	NA
Director	Michael A. Hoer Representative of Fu Zih Investment Development Co., Ltd.	Brigham Young University - MBA	<ul style="list-style-type: none"> <li>▪ Director of Taiwan Fu Hsing Industrial Co., Ltd.</li> <li>▪ Director of Medifast, Inc.</li> </ul>	NA
Director	Chu, Jung-Ho Representative of Fu Zih Investment Development Co., Ltd.	National Sun Yat-Sen University - EMBA	<ul style="list-style-type: none"> <li>▪ Director of Taiwan Fu Hsing Industrial Co., Ltd.</li> </ul>	NA
Director	Lin, Wen-Hsing Representative of Fu Yuan Investment Co., Ltd.	Cheng Hsiu University - Engineering	<ul style="list-style-type: none"> <li>▪ Director of Taiwan Fu Hsing Industrial Co., Ltd.</li> </ul>	NA
Director	Liu, Ju-Shan Representative of Fu Yuan Investment Co., Ltd.	National Taiwan University of Science and Technology Graduate Program – Industrial Management	<ul style="list-style-type: none"> <li>▪ Director of Taiwan Fu Hsing Industrial Co., Ltd.</li> <li>▪ CEO of Waterland Venture Capital</li> <li>▪ Director of Guo Want International Leasing Corp.</li> </ul>	NA
Independent Director	Chang, Ling-Ling	Soochow University- Accounting	<ul style="list-style-type: none"> <li>▪ Independent director of Taiwan Fu Hsing Industrial Co., Ltd.</li> <li>▪ Accountant and Director of Georgia CPAs</li> </ul>	NA

Independent Director	Chen, Yung-Chun	Soochow University- Accounting	<ul style="list-style-type: none"> <li>▪Independent director of Taiwan Fu Hsing Industrial Co., Ltd.</li> <li>▪CFO of the Min Yik Technology Co., Ltd.</li> </ul>	NA
Independent Director	Chuo, Yung-Fu	Australia Murdoch University- MBA	<ul style="list-style-type: none"> <li>▪Independent director of Taiwan Fu Hsing Industrial Co., Ltd.</li> <li>▪The lead architect in Cho Yung Fu Architect Office</li> <li>▪Chairman of ALL MAY Development Co., Ltd.</li> </ul>	NA



## 【 Attachment VI Details of Director's Non-Compete Clauses 】

Title	Name	Name of Other Company	Position
Director	Lin, Jui-Chang	FU HSING AMERICAS, INC.	Director (representative of Taiwan Fu Hsing)
		Zhixing Precision Machinery Co., Ltd.	Director (representative of Taiwan Fu Hsing)
		Arctek Industrial Co., Ltd.	Chairman
		Arctek (Shanghai) Safety Protection Technology Co., Ltd.	Director (representative of Ziyong Hardware (Taicang))
		Fortress Industrial Co., Ltd.	Chairman (representative of Taiwan Fu Hsing)
		Techform Industrial Co., Ltd.	Chairman (representative of Taiwan Fu Hsing)
		Sunion Technology Co., Ltd.	Director (representative of Taiwan Fu Hsing)
Director	Chen, Chien-Kun	馬斯特投資股份有限公司 MASTER UNITED INVESTMENT GROUP LTD.	Chairman (representative of Taiwan Fu Hsing)
		福弘國際股份有限公司 FORMFLEX ENTERPRISE CO.,LTD.	Chairman (representative of Taiwan Fu Hsing)
		福弘金屬工業(常熟)有限公司 FORMFLEX METAL INDUSTRIAL (CHANGSHU) CO.,LTD.	Chairman (representative of FORMFLEX)
		Ziyong Hardware Products (Taicang) Co., Ltd.	Chairman (representative of MASTER)
		Arctek Industrial Co., Ltd.	Director
		Rui Sheng Industrial Co., Ltd.	Chairman
		Arctek (Shanghai) Safety Protection Technology Co., Ltd.	Director (representative of Ziyong Hardware (Taicang))
		Fortress Industrial Co., Ltd.	Director (representative of Taiwan Fu Hsing)
	Techform Industrial Co., Ltd.	Director (representative of Taiwan Fu Hsing)	

Director	Chu, Jung-Ho	FU HSING AMERICAS, INC.	Chairman (representative of Taiwan Fu Hsing)
		Arctek Industrial Co., Ltd.	Director
		Rui Sheng Industrial Co., Ltd.	Director
		福弘金屬工業(常熟)有限公司 FORMFLEX METAL INDUSTRIAL (CHANGSHU) CO., LTD.	Director (representative of FORMFLEX)
		Ziyong Hardware Products (Taicang) Co., Ltd.	Director (representative of MASTER)
		Fortress Industrial Co., Ltd.	Director (representative of Taiwan Fu Hsing)
		Sunion Technology Co., Ltd.	Chairman (representative of Taiwan Fu Hsing)
Director	Lin, Wen-Hsing	Ziyong Hardware Products (Taicang) Co., Ltd.	Director (representative of MASTER)
		福弘金屬工業(常熟)有限公司 FORMFLEX METAL INDUSTRIAL (CHANGSHU) CO., LTD.	Director (representative of FORMFLEX)
Director	Liu, Ju-Shan	Fortress Industrial Co., Ltd.	Director (representative of Taiwan Fu Hsing)

## Appendix

### 【Appendix I Articles of Incorporation】

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

##### Chapter 1 General Principles

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

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

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

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

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

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

Article 4: (Aborted)

##### Chapter 2 Shares

Article 5: The total capital of the Company is two billion four hundred twenty

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

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

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

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

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

Article 8: Application for transfer or pledge of shares shall be filed by the transfer and the transferee, or the pledger and pledgee, both signing their names, with the Company to change account names or register the rights pledged. Where a shareholder obtains the stock via inheritance, gift or other legal reasons, shall further attach 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. When it becomes necessary, a special reserve should be appropriated or reversed in accordance with laws and regulations.

When the Company makes provision for special reserve in accordance with the law, an equivalent amount of special reserve shall be allocated from the amount from undistributed earnings in the previous period to make up the insufficient provision of "net deduction to other equities accumulated in the previous period" before distributing earnings. If there remains any insufficiency, it shall be allocated from the undistributed earnings from the current period, which comprises the after-tax earnings in this period and profits other than after-tax earnings in this period.

After the special surplus reserve is set aside or reversed in accordance with laws and regulations, the remaining surplus is added into the undistributed surplus at the beginning of the same period to be the accumulated distributable earnings for shareholders. The board of directors shall prepare a distribution proposal and submits it to the shareholders' meeting for resolution.

The Company authorizes the board of directors to distribute all or part of dividends and bonuses, capital reserve or legal reserve, if in cash, with more than two-thirds of the directors present and a resolution of more than half of the directors presenting in the meeting, and report in the shareholders' meeting.

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 cash 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 handled in accordance with the Company Act.

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

Article 31: These Articles of Incorporation were enacted on October 20, 1957; First amendment on February 9, 1964; Second amendment on December 20, 1970; Third amendment on April 20, 1975; Fourth amendment on April 26, 1976; Fifth amendment on January 17, 1981; Sixth amendment on March, 1, 1981; Seventh amendment on October 8, 1983; Eighth amendment on April 6, 1984; Ninth amendment on June 23, 1984; 10<sup>th</sup> amendment on April 6, 1986; 11<sup>th</sup> amendment on June 3, 1986; 12<sup>th</sup> amendment on July 24, 1989; 13<sup>th</sup> amendment on May 10, 1990; 14<sup>th</sup> amendment on June 25, 1991; 15<sup>th</sup> amendment on December 30, 1991; 16<sup>th</sup> amendment on June 16, 1992; 17<sup>th</sup> amendment on December 17, 1992; 18<sup>th</sup> amendment on June 17, 1993; 19<sup>th</sup> amendment on April 27, 1994; 20<sup>th</sup> amendment on October 26, 1994; 21<sup>st</sup> amendment on April 22, 1995; 22<sup>nd</sup> amendment on May 22, 1996; 23<sup>rd</sup> amendment on April 19, 1997; 24<sup>th</sup> amendment on April 16, 1999; 25<sup>th</sup> amendment on May 19, 2000; 26<sup>th</sup> amendment on May 22, 2001; 27<sup>th</sup> amendment on May 31, 2002; 28<sup>th</sup> amendment on May 31, 2005; 29<sup>th</sup> amendment on May 30, 2006; 30<sup>th</sup> amendment on May 30, 2008; 31<sup>st</sup> amendment on May 27, 2009; 32<sup>nd</sup> amendment on May 27, 2010; 33<sup>rd</sup> amendment on June 15, 2011; 34<sup>th</sup> amendment on June 15, 2012; 35<sup>th</sup> amendment on June 17, 2015; 36<sup>th</sup> amendment on June 24, 2016; 37<sup>th</sup> amendment on June 21, 2019; 38<sup>th</sup> amendment on May 28, 2020; 39<sup>th</sup> amendment on May 27<sup>th</sup>, 2022.

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

## 【Appendix II 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 and meeting commencement)

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, Paragraph 1 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 becomes unavailable prior to the end of the pre-scheduled agenda (including special motions), the shareholders'

meeting may resolve for an alternative 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 after being submitted by the board of directors and approved by the Shareholders' Meeting. The same applies in case of a revision.

## 【Appendix III Rules for Election of Directors】

Taiwan Fu Hsing Industrial Co., Ltd.

### Rules for Election of Directors

Article I: The election of directors of the Company shall comply with this Rules for Election of Directors (the “Rules”).

Article II: The election of directors of the Company adopts the "cumulative voting system". When electing directors, each share has the same voting rights as the number of directors to be elected, which can be used to vote in one person collectively or vote a number of persons. The name of the elector may be replaced by the shareholder's account number printed on the ballot paper.

The election of the Company's directors shall adopt the candidate nomination system in accordance with Article 192-1 of the Company Act, and shareholders shall elect directors from the list of candidates.

Article III: The number of directors of the Company to be elected shall be in accordance with the number specified in the Company's Articles of Incorporation, and a candidate to whom the ballots cast representing the highest number of votes shall be deemed an elected director. If two or more candidates receive the same number of votes, which consequently exceeds the number of directors to be elected, such candidates shall draw lots to decide the winner. If such candidate(s) is(/are) not present, the chairman shall draw lots on behalf of the candidate(s).

Article IV: The Board of Directors shall prepare and distribute the ballots, which should be numbered in accordance with shareholders' account number and clearly stated on the number of voting rights of each shareholder.

Article V: Before the beginning of the election, the chairman shall designate a number of shareholders to supervise the casting of the ballots and a number of persons to count the ballots, each of which shall then respectively perform their relevant functions accordingly.

Article VI: The voters voting for a candidate(s) shall fill in in the “candidate” column on the ballot such candidate’ s name or account number. In the event that the candidate is a government or a corporate shareholder, the voters voting for such candidate shall fill in the “candidate” column on the ballot with the name of such government or corporate shareholder, as well as the name of representative of such government or corporate shareholder. when there are multiple representatives, the names of all representatives shall be listed.

Article VII: A ballot is deemed void if any of the following circumstances occurs:

1. Those who do not use ballots prepared by persons with the right to convene.
2. Any ballot that is cast with the names of two or more candidates. Any blank ballot.
3. Any ballot with characters other than the candidate’ s account name (name) or shareholder account number (ID number) .
4. Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.
5. Where the candidate voted for is a shareholder of the Company, such candidate’ s account name and shareholder account number filled in in the ballot is inconsistent with that on the shareholder registry.
6. Any blank ballot in the ballot box.

Article VIII: Deleted.

Article IX: The ballots shall be counted immediately after they are cast. The results should be announced by the Chair on the spot.

Article X: Matters not specified in the Rules shall be governed by the Company Act and any other relevant laws and regulations.

Article XI: The Rules shall become effective upon resolution at the shareholders’ meeting. The same applies in case of a revision.

Article XII: The Rule is established on May 22, 2001. The 2<sup>nd</sup> revision was made on May 28, 2020. The 3<sup>rd</sup> revision was made on May 28<sup>th</sup>, 2021.



**【Appendix IV Directors’ shareholding status】**

Data drawn on: March 28, 2023

Title	Name	Post 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 Zih Investment Development Co., Ltd.	May 28, 2020	3 years	10,091,307	5.35%	10,091,307	5.35%
Director	Michael A.Hoer Representative of Fu Zih 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	Chuo, 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)