

Security Code: 9924



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

**2021  
Meeting of Shareholders  
Handbook**

**Date & Time: 9:00am May 28<sup>th</sup>, 2021 (Friday)**

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

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## I. Meeting agenda

Taiwan Fu Hsing Industrial Co., Ltd.  
Meeting Agenda of the 2021 Shareholders' Meeting

Date & Time: 9:00am, May 28<sup>th</sup>, 2021 (Friday)

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

### Meeting Procedures

1. Report of number of shareholders presenting at the meeting
2. Meeting call to order
3. Address by Chairman
4. Management presentation
  - A. Report of 2020 operations
  - B. Audit Committee's review report on the 2020 Financial Statements
  - C. Report of emoluments paid to employees and directors in 2020
  - D. Report of process regarding proposals submitted by shareholders
5. Matters for acknowledgment
  - A. To acknowledge 2020 Financial Statements
  - B. To acknowledge 2020 Earnings Distribution Proposal
6. Matters for Discussion
  - A. To amend some articles in the "Rules of Procedures for Shareholders' Meeting"
  - B. To amend some articles in the "Procedures on Election of Directors "
  - C. To amend some articles in the "Work Procedures to Loan Funds to Others"
7. Extempore Motions
8. Adjournment

#### 4. Management Presentation

##### Report 1

Summary: The 2020 Operation Report

Explanation: Please see Attachment I for 2020 Operation Report, pp. [8-12]

##### Report 2

Summary: Audit Committee's review on the 2020 financial statements

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

##### Report 3

Summary: Report of emoluments distributed to employees and directors in 2020

Explanation:

1.Emoluments are paid according to Article 26-1 of the Article of Incorporation

2.The company plans to make a provision of NT\$212,174,951 as remuneration paid to employees in 2020 and NT\$18,316,000 as remunerations paid to directors in 2020

3.The above-mentioned remuneration proposal had been resolved on the Board of Directors' Meeting on Jan. 29<sup>th</sup>, 2021 and was determined to distribute in cash.

##### Report 4

Summary: Report of process regarding proposals submitted by shareholders.

Explanation: According to Article 172-1 of the Company Act, shareholders that hold 1% or above of the company's outstanding shares may submit written motions to the Shareholders' Meeting for discussion. However, one shareholder can submit only one motion with less than 300 words. The company opened up to accept shareholders' proposals from Mar. 22<sup>nd</sup>, 2021 to Apr. 1<sup>st</sup>, 2021. During the aforementioned period, the company did not receive any proposals from any shareholders.

## 5. Matters for Acknowledgement

### Proposal 1 (Proposed by the Board of Directors)

Summary: To acknowledge 2020 Financial Statements

Explanation:

1. The company's 2020 Financial Reports were audited by independent auditors, WANG Kuo-Hua and WU Chien-Chih, of the PwC Taiwan and were given audit report of Unqualified Opinion. The above-mentioned Financial Reports have been approved by the Board and examined along with the Business Report and earnings distribution proposal by the Audit Committee of the Fu Hsing Industrial Co., Ltd.
2. Please refer to Attachment II, Attachment III to Attachment XII for the Audit Committee's review report, independent auditors' audit report, and the above-mentioned Financial Statements, pp. [13-36].

Resolution:

### Proposal 2 (Proposed by the Board of Directors)

Summary: To acknowledge 2020 Earnings Distribution

Explanation:

1. The Board of Directors has resolved to distribute cash dividend of NT\$2.6 per share from the company's 2020 earnings.
2. Please refer to Earnings Distribution Table in Attachment XIII, pp. [37].
3. Upon the resolution in the Meeting of Shareholders, it is proposed that the Chairman be fully authorized for resolving the ex-dividend date, ex-rights date, and other relevant issues.

Resolution:

## 6. Matters for Discussion

### Proposal 1 (Proposed by the Board of Directors)

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

Explanation:

1. It is planned to amend partial clauses listed in the company’s “Rules of Procedures for Shareholders’ Meeting” based on the Correspondence of Tai-Zheng-Zhi-Li-No.1100001446 released on Jan. 28<sup>th</sup>, 2021 by TWSE to amend the provided sample template for XXX Co., Ltd. Rules of Procedure of Shareholders Meeting.
2. Please refer to Attachment XIV for the amendment table on pp [38].

Resolution:

### Proposal 2 (Proposed by the Board of Directors)

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

Explanation:

1. It is planned to amend partial clauses listed in the company’s “Procedures on Election of Directors” based on the Correspondence of Tai-Zheng-Zhi-Li-No.1090009468 released on June 3<sup>rd</sup>, 2020 by TWSE to amend the provided sample template for XXX Co., Ltd. Procedures on Election of Directors.
2. Please refer to Attachment XV for the amendment table on pp [40].

Resolution:

### Proposal 3 (Proposed by the Board of Directors)

Summary: To amend some articles in the “Work Procedures to Loan Funds to Others”

Explanation:

1. It is planned to amend partial clauses listed in the company’s “Work Procedures to Loan Funds to Others” in order to meet with the Company’s actual operational

needs and better the improvements requested by TWSE on Oct. 14<sup>th</sup>, 2020 during an internal audit substantive examination.

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

Resolution:

7.Extempore Motions

8.Adjournment

## II. Attachments

### 【Attachment I 2020 Operation Report】

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

The novel corona-virus epidemic that started in early 2020 has not stopped and has brought about great changes and impacts to global lifestyles. For saving the fast-descending economy, western nations led by the U.S. carry out strategies, including quantitative easing (QE) and low interest rate, which results in NTD's substantial appreciation. Moreover, the on-going US-China trade war and tariff issues further bring about great challenges to export-dominated Taiwan Fu Hsing's operation. Fortunately, with all's devotion, we've been working hard to overcome all the difficulties. In 2020, Taiwan Fu Hsing still handed in good results; our consolidated revenues and operating profits kept reaching the new high. I hereby especially thank all Taiwan Fu Hsing's shareholders for your consistent support and encouragement. Our management team are resolved to achieve our mission and merit your trust. We will not relax and work cautiously to maintain Taiwan Fu Hsing's operation following a positive and growing track.

**The Company's 2020 operation results are stated as the following:**

**( 1 ) Review the implementation of Business Plan**

Unit: NTD1,000

List	2020	2019	Increase (Decrease)	Increase (Decrease) by %
Revenues (Net)	\$9,033,976	\$8,681,906	\$352,070	4%
Operating Profit	1,219,309	1,139,882	79,427	7%
Net Income Before Tax	1,105,138	1,154,223	-49,085	-4%
Net Income After Tax	823,839	825,693	-1,854	0%

## ( 2 ) Review of Budget Implementation

Not available. Taiwan Fu Hsing did not disclose financial forecast for the year of 2020.

## ( 3 ) Analysis of Receipt, Expenditure, and Profitability

List		2020	2019
Financial Structure	Debt to Total Asset (%)	33.88	32.96
	Long Fund to Fixed Assets, Plants, and Facilities (%)	240.51	231.73
Business Solvency	Current Ratio (%)	249.72	266.16
	Quick Ratio (%)	191.59	212.36
	Interest Protection Multiples	154.24	148.73
Profitability	Return on Assets (%)	9.55	10.24
	Return on Equity (%)	14.24	15.11
	NIBT to Paid In Capital (%)	58.64	61.25
	Net Profit Ratio (%)	9.12	9.51
	Earnings Per Share (NTD)	\$4.37	\$4.38

## ( 4 ) Research & Development Works

Developing new products and new technology has always been one important operational direction and tradition for Taiwan Fu Hsing. In 2020, while was facing epidemic impacts and pressures from increasing material costs that came immediately after, Taiwan Fu Hsing continued to seek technological breakthroughs in order to maintain our products' competitiveness and ensure a stable quality. In terms of commercial locks, we had completed the development of the new mechanism and various new functions to expand the scope of

application and continue to enlarge market coverage with wider product lines.

In the aspect of household mechanical locks, we had also completed the innovation and design of new mechanism and the development of various brand new appearances. We not only expanded such product's added value but also provided more diversified selections to our products and home design.

In the area of electronic locks, when new appearances were continuously released, we also actively imported in the brand new biometric technology and IoT technology. Meanwhile, we started to build up the layout in cloud platform. Following the expansion of our R&D team, we had significantly increased the researching and developing capacity in computer software and hardware, so that we can accelerate the market for customers to embrace smart homes.

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

**1. Deliberately response to adverse impacts caused by currency fluctuation and material pricing**

Along with the removal of more nations' lock-down bans, we saw the long lost sign of economy recovery, and yet, in the meantime, the prices of major metal materials, such as steel, copper, zinc, and nickel, kept hitting all-time high. On the other hand, the US and EU's QE policy and low interest strategy brought in a great quantity of foreign funds and caused a substantial appreciation of Taiwanese dollars, as well as brought great impact to the Company's operation. To response to the above-mentioned adverse factors, Taiwan Fu Hsing will adopt manners, such as adjusting procurement behavior, optimizing manufacturing procedures, utilizing various financial derivatives, etc..., to reduce the overall impacts.

**2. Continue to pay close attention to the development of the epidemic**

Although the vaccine of Covid-19 has been presented one after another, it still will take quite some time to reach herd immunity

both in Taiwan and globally. Therefore, we will dynamically adjust our sustainable operation project, planned last year, and continue to separate staff's moving lines, truly execute all the epidemic prevention measures in order to maintain stable capacity utilization.

### **3. Truly carry out corporate social responsibility and social care**

In spite of the challenging operational environment, Taiwan Fu Hsing never reduces its devotion to the society, while, on the other part, is still looking for further growth. In the past year, in addition to keep sponsoring WeiWuYing Art Center's activities and holding large size art, culture, and physical training related activities, such as Fu Hsing Cup tennis competition and Fu Hsing Cup Golf Competition, we also sponsored and participated in the following programs:

- 1.Humanistic Education Foundation – The Math Thinking Land
- 2.The Pier-2 Art Center – Youth Innovative Design Festival
- 3.Non-profit organization “One-Forty” – Made curriculum plans for non-Taiwanese employees to attend classes in Mandarin, Money Management, etc...

During this year, we will still hold our belief in taking from the society and using it for the society and strive for delivering on our role as a corporate citizen to pursue a sustainable future.

The International Monetary Fund (IMF) anticipated the global economic growth this year can reach 5.5%. In Taiwan, the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan R.O.C. estimated Taiwan's economic growth rate in 2021 to be 4.6%. Both economy outlooks show the highest expectation in the recent years; however, we should not be pleased with such optimistic forecasts. At this moment, we are still facing a difficult macro environment. Factors like weak US dollar, soaring material cost, US-China trade war, and global shortage of containers, etc... are still testing our abilities to respond and operate. We will still maintain our consistent pragmatic attitude to response to all situations, continue to cooperate closely with our clients, and properly allocate each factory's resources with the hope to make a smooth breakthrough in the

post-epidemic era and create another operational success.

Chairman:

LIN, Jui-Chang

General Manager

CHEN, Chien-Kun

Accounting Officer

WU, Hui-Min

**【Attachment II Audit Committee's Report】**

**Report of Audit Committee to the Annual Shareholders' Meeting**

Attn: Taiwan Fu Hsing Industrial Co., Ltd. 2021 General Shareholders' Meeting

In accordance with the Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee have examined the company's operation report and motions of earnings distribution along with the company's financial reports and the consolidated financial reports that were audited and signed by Accountants, WANG Kuo-Hua and WU Chien-Chih, of the PwC Taiwan and submitted by the Board of Directors for the year ending 2020, and found them in order.

March 9<sup>th</sup>, 2021

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

Convener: CHANG, Ling-Ling

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

### INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE

PWCR20000400

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, 2020 and 2019, 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, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### *Basis for opinion*

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

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company’s 2020 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 2020 parent company only financial statements are stated as follows:

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

#### Description

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

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

#### How our audit addressed the matter

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

- A. We understood, assessed and tested the design and the execution of internal controls on revenue recognition; and
- B. We performed cut-off tests on 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:

A. We assessed the reasonableness of provision policies and procedures on allowance for inventory valuation losses, including inventory clearance, the reasonableness of obsolete inventory, and the consistency of accounting estimates; and

B. We verified that the information on the inventory valuation loss statement was consistent with its policies, randomly checked individual inventory number and inventory clearance, and then assessed the appropriateness of allowance for inventory valuation losses.

### ***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$227,958 thousand and NT\$185,904 thousand, constituting 3% and 3% of the total assets as at December 31, 2020 and 2019, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT\$12,828 thousand and NT\$21,370 thousand, constituting 1% and 3% of the total comprehensive income for the years then ended, respectively.

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### *Auditors' responsibilities for the audit of the parent company only financial statements*

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

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Wang, Kuo-Hua

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Wu, Chien-Chin

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2021

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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.

【 Attachment IV Individual Balance Sheets 】

TAIWAN FUHSING INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 466,878	6	\$ 798,952	12
1110	Financial assets at fair value through profit or loss - current	6(2)	545,353	7	45	-
1136	Current financial assets at amortised cost	6(3)	133,677	2	162,780	2
1150	Notes receivable, net	6(4)	17,952	-	19,494	-
1170	Accounts receivable, net	6(4)	1,124,989	15	891,671	13
1180	Accounts receivable - related parties	6(4) and 7	71,684	1	30,504	1
1210	Other receivables - related parties	7	17,020	-	25,537	-
130X	Inventories	6(5)	418,309	6	418,695	6
1476	Other current financial assets		2,712	-	2,698	-
1479	Other current assets, others		47,600	1	56,853	1
11XX	<b>Current Assets</b>		<u>2,846,174</u>	<u>38</u>	<u>2,407,229</u>	<u>35</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	322,602	4	277,526	4
1550	Investments accounted for under equity method	6(7)	3,490,072	46	3,319,531	48
1600	Property, plant and equipment	6(8)	800,059	11	791,922	12
1780	Intangible assets		3,581	-	2,510	-
1840	Deferred income tax assets	6(21)	56,929	1	48,135	1
1980	Other non-current financial assets		8,666	-	8,290	-
1990	Other non-current assets, others		6,846	-	5,508	-
15XX	<b>Non-current assets</b>		<u>4,688,755</u>	<u>62</u>	<u>4,453,422</u>	<u>65</u>
1XXX	<b>Total assets</b>		<u>\$ 7,534,929</u>	<u>100</u>	<u>\$ 6,860,651</u>	<u>100</u>

(Continued)

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

TAIWAN FUHSING INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019	
		AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>					
2150	Notes payable	\$ 113	-	\$ -	-
2170	Accounts payable	365,408	5	313,311	5
2180	Accounts payable - related parties	7 464,745	6	230,508	3
2200	Other payables	6(9) 429,479	6	363,464	5
2220	Other payables - related parties	7 35,300	1	103,250	2
2230	Current income tax liabilities	105,480	1	99,897	1
2399	Other current liabilities, others	14,912	-	17,218	-
21XX	<b>Current Liabilities</b>	<u>1,415,437</u>	<u>19</u>	<u>1,127,648</u>	<u>16</u>
<b>Non-current liabilities</b>					
2570	Deferred income tax liabilities	6(21) 170,987	2	170,670	3
2640	Accrued pension liabilities	6(10) 106,979	1	102,084	1
25XX	<b>Non-current liabilities</b>	<u>277,966</u>	<u>3</u>	<u>272,754</u>	<u>4</u>
2XXX	<b>Total Liabilities</b>	<u>1,693,403</u>	<u>22</u>	<u>1,400,402</u>	<u>20</u>
<b>Equity</b>					
Share capital					
3110	Share capital - common stock	6(11) 1,884,521	25	1,884,521	28
Capital surplus					
3200	Capital surplus	6(12) 567,114	8	567,114	8
Retained earnings					
3310	Legal reserve	6(13) 1,117,684	15	1,035,700	15
3320	Special reserve	262,532	4	161,211	2
3350	Unappropriated retained earnings				
	(accumulated deficit)	2,217,625	29	2,074,235	30
Other equity interest					
3400	Other equity interest	6(14) ( 207,950)	( 3)	( 262,532)	( 3)
3XXX	<b>Total equity</b>	<u>5,841,526</u>	<u>78</u>	<u>5,460,249</u>	<u>80</u>
Significant contingent liabilities and unrecognised contract commitments 9					
Significant events after the balance sheet date 11					
3X2X	<b>Total liabilities and equity</b>	\$ 7,534,929	100	\$ 6,860,651	100

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【 Attachment V Individual Income Statement 】

TAIWAN FUHSING INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Year ended December 31,			
		2020		2019	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(15) and 7	\$ 6,496,926	100	\$ 6,153,109	100
5000 Operating costs	6(5)(19)(20) and 7	( 5,140,561 )	( 79 )	( 4,943,391 )	( 80 )
5900 Net operating margin		<u>1,356,365</u>	<u>21</u>	<u>1,209,718</u>	<u>20</u>
Operating expenses	6(19)(20) and 7				
6100 Selling expenses		( 183,249 )	( 3 )	( 182,042 )	( 3 )
6200 General & administrative expenses		( 242,536 )	( 4 )	( 230,990 )	( 4 )
6300 Research and development expenses		( 102,764 )	( 2 )	( 95,115 )	( 1 )
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	<u>130</u>	<u>-</u>	<u>( 1,435 )</u>	<u>-</u>
6000 Total operating expenses		<u>( 528,419 )</u>	<u>( 9 )</u>	<u>( 509,582 )</u>	<u>( 8 )</u>
6900 Operating profit		<u>827,946</u>	<u>12</u>	<u>700,136</u>	<u>12</u>
Non-operating income and expenses					
7100 Interest income	6(16) and 7	6,193	-	13,915	-
7010 Other income	6(17)	18,194	-	13,177	-
7020 Other gains and losses	6(18)	( 54,450 )	( 1 )	( 21,952 )	-
7050 Finance costs		( 81 )	-	( 8 )	-
7070 Share of profit of associates and joint ventures accounted for using equity method, net		<u>223,970</u>	<u>4</u>	<u>315,681</u>	<u>5</u>
7000 Total non-operating revenue and expenses		<u>193,826</u>	<u>3</u>	<u>320,813</u>	<u>5</u>
7900 Profit before income tax		<u>1,021,772</u>	<u>15</u>	<u>1,020,949</u>	<u>17</u>
7950 Income tax (expense) benefit	6(21)	( 197,933 )	( 3 )	( 195,256 )	( 3 )
8200 Profit for the year		<u>\$ 823,839</u>	<u>12</u>	<u>\$ 825,693</u>	<u>14</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(10)	( \$ 12,432 )	-	( \$ 1,286 )	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(14)	44,811	1	( 24,518 )	( 1 )
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		1,971	-	( 4,827 )	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	<u>2,486</u>	<u>-</u>	<u>257</u>	<u>-</u>
8310 Components of other comprehensive income that will not be reclassified to profit or loss		<u>36,836</u>	<u>1</u>	<u>( 30,374 )</u>	<u>( 1 )</u>
<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(14)	( 100,252 )	( 2 )	( 45,213 )	( 1 )
8380 Total Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		<u>110,830</u>	<u>2</u>	<u>( 31,590 )</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss		<u>10,578</u>	<u>-</u>	<u>( 76,803 )</u>	<u>( 1 )</u>
8300 Other comprehensive income for the year		<u>\$ 47,414</u>	<u>1</u>	<u>( \$ 107,177 )</u>	<u>( 2 )</u>
8500 Total comprehensive income for the year		<u>\$ 871,253</u>	<u>13</u>	<u>\$ 718,516</u>	<u>12</u>
Basic earnings per share	6(22)				
9750 Total basic earnings per share		<u>\$ 4.37</u>		<u>\$ 4.38</u>	
9850 Total diluted earnings per share		<u>\$ 4.26</u>		<u>\$ 4.27</u>	

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【 Attachment VI Individual Statement of Changes in Equity 】

TAIWAN FU HSING INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
 (Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings			Other equity interest		Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains or losses on financial assets measured at fair value through other comprehensive income	
<b>2019</b>									
Balance at January 1, 2019		\$ 1,884,521	\$ 567,114	\$ 966,388	\$ 48,991	\$ 1,888,215	(\$ 146,589 )	(\$ 14,622 )	\$ 5,194,018
Net income for 2019		-	-	-	-	825,693	-	-	825,693
Other comprehensive loss for 2019	6(6)(14)	-	-	-	-	( 5,856 )	( 76,803 )	( 24,518 )	( 107,177 )
Total comprehensive income (loss)		-	-	-	-	819,837	( 76,803 )	( 24,518 )	718,516
Distribution for 2018 earnings:									
Legal reserve		-	-	69,312	-	( 69,312 )	-	-	-
Special reserve		-	-	-	112,220	( 112,220 )	-	-	-
Cash dividends	6(13)	-	-	-	-	( 452,285 )	-	-	( 452,285 )
Balance at December 31, 2019		\$ 1,884,521	\$ 567,114	\$ 1,035,700	\$ 161,211	\$ 2,074,235	(\$ 223,392 )	(\$ 39,140 )	\$ 5,460,249
<b>2020</b>									
Balance at January 1, 2020		\$ 1,884,521	\$ 567,114	\$ 1,035,700	\$ 161,211	\$ 2,074,235	(\$ 223,392 )	(\$ 39,140 )	\$ 5,460,249
Net income for 2020		-	-	-	-	823,839	-	-	823,839
Other comprehensive (loss) income for 2020	6(6)(14)	-	-	-	-	( 7,975 )	10,578	44,811	47,414
Total comprehensive income		-	-	-	-	815,864	10,578	44,811	871,253
Distribution for 2019 earnings:									
Legal reserve		-	-	81,984	-	( 81,984 )	-	-	-
Special reserve		-	-	-	101,321	( 101,321 )	-	-	-
Cash dividends	6(13)	-	-	-	-	( 489,976 )	-	-	( 489,976 )
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(6)(14)	-	-	-	-	807	-	( 807 )	-
Balance at December 31, 2020		\$ 1,884,521	\$ 567,114	\$ 1,117,684	\$ 262,532	\$ 2,217,625	(\$ 212,814 )	\$ 4,864	\$ 5,841,526

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【Attachment VII Individual Cash Flow Statement】

TAIWAN FUHSING INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
 (Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,021,772	\$ 1,020,949
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss/Reversal of allowance for bad debts	12(2)	( 130 )	1,435
Net (gain) loss on financial assets or liabilities at fair value through profit or loss		( 8,781 )	6,832
Depreciation expense	6(8)(19)	56,081	54,522
Amortisation expense	6(19)	6,476	3,331
Share of profit of associates and joint ventures accounted for under the equity method		( 223,970 )	( 315,681 )
Dividend income	6(17)	( 10,477 )	( 9,788 )
Interest income	6(17)	( 6,193 )	( 13,915 )
Interest expense		81	8
Gain on disposal of investments	6(6)(18)	( 1,574 )	( 721 )
Loss on disposal of investments accounted for under the equity method		-	9
Loss on disposal of property, plant and equipment	6(18)	221	51
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		( 535,760 )	193,984
Notes receivable		1,542	5,378
Accounts receivable		( 233,188 )	( 33,686 )
Accounts receivable due from related parties		( 41,180 )	17,307
Other receivable due from related parties		2,482	18,076
Inventories		386	( 114,663 )
Increase in other financial assets-current		( 1,896 )	( 19 )
Other current assets - others		9,253	( 18,390 )
Increase in other non-current assets -others		( 116 )	( 5,654 )
Changes in operating liabilities			
Notes payable		113	( 90 )
Accounts payable		52,097	13,404
Accounts payable - related parties		234,237	( 178,348 )
Other payable		67,166	67,927
Other payable to related parties		( 67,950 )	78,885
Other current liabilities		( 2,306 )	446
Net defined benefit liability, non-current		( 7,537 )	( 8,417 )
Cash inflow generated from operations		310,849	783,172
Dividends received		199,894	172,466
Interest received		8,075	13,768
Interest paid		( 81 )	( 8 )
Income tax paid		( 198,340 )	( 161,628 )
Net cash flows from operating activities		<u>320,397</u>	<u>807,770</u>

(Continued)

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

TAIWAN FUHSING INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2020	2019
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease in other receivables - related parties (loan to others)	7	\$ 6,035	\$ 4,526
Acquisition of financial assets at amortised cost		( 363,139 )	( 162,780 )
Proceeds from disposal of financial assets at amortised cost		392,242	103,072
Acquisition of financial assets at fair value through other comprehensive income		( 41,671 )	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		40,407	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		1,000	-
Acquisition of investments accounted for under the equity method		( 123,562 )	( 29,000 )
Proceeds from disposal of investments accounted for under the equity method		-	196
Proceeds from liquidation of investments accounted for under the equity method		2,246	-
Acquisition of property, plant and equipment	6(23)	( 50,604 )	( 37,323 )
Increase in prepayments for business facilities		( 19,917 )	( 24,588 )
Proceeds from disposal of property, plant and equipment		54	51
Acquisition of intangible assets		( 5,210 )	( 2,572 )
Increase other financial assets - non-current		( 376 )	( 2,798 )
Net cash flows used in investing activities		( 162,495 )	( 151,216 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Cash dividends paid	6(13)	( 489,976 )	( 452,285 )
Net cash flows used in financing activities		( 489,976 )	( 452,285 )
Net (decrease) increase in cash and cash equivalents		( 332,074 )	204,269
Cash and cash equivalents at beginning of year	6(1)	798,952	594,683
Cash and cash equivalents at end of year	6(1)	\$ 466,878	\$ 798,952

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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

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

### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR20000378

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, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

#### *Basis for opinion*

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. 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 2020 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 2020 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 cutoff of export sales revenue recognition as a key audit matter.

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

#### 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\$507,719 thousand and NT\$635,690 thousand, constituting 6% and 8% of the consolidated total assets as at December 31, 2020 and 2019, respectively, and the operating revenue amounted to NT\$265,267 thousand and NT\$281,875 thousand, constituting 3% and 3% of the consolidated total operating revenue for the years then ended, respectively.

#### **Other matter – Parent company only financial reports**

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Taiwan Fu Hsing Industrial Co., Ltd. as at and for the years ended December 31, 2020 and 2019.

#### **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

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

cease operations, or has no realistic alternative but to do so.

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

#### **Auditors' responsibilities for the audit of the consolidated financial statements**

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

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

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.

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.

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

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.

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.

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.

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

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Wang, Kuo-Hua

Wu, Chien-Chin

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2021

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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.

【 Attachment IX Consolidated Balance Sheets 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,732,255	19	\$ 2,248,951	27
1110	Financial assets at fair value through profit or loss - current	6(2)	560,355	6	45	-
1136	Current financial assets at amortised cost, net	6(3)	133,677	2	167,781	2
1150	Notes receivable, net	6(4)	37,290	-	29,159	-
1170	Accounts receivable, net	6(4)	1,790,353	20	1,476,241	18
130X	Inventories	6(5)	1,231,723	14	940,489	11
1476	Other current financial assets		12,711	-	7,187	-
1479	Other current assets, others	6(6)	151,368	2	117,316	2
11XX	<b>Current Assets</b>		<u>5,649,732</u>	<u>63</u>	<u>4,987,169</u>	<u>60</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	322,602	4	277,526	3
1550	Investments accounted for under equity method	6(8)	-	-	4,643	-
1600	Property, plant and equipment	6(9) and 8	2,809,471	31	2,800,440	34
1755	Right-of-use assets	6(10)	34,003	-	35,426	1
1780	Intangible assets	6(11)	29,524	-	29,349	-
1840	Deferred income tax assets	6(25)	87,712	1	79,932	1
1980	Other non-current financial assets	8	17,994	-	31,624	-
1990	Other non-current assets, others	6(12)	68,481	1	117,107	1
15XX	<b>Non-current assets</b>		<u>3,369,787</u>	<u>37</u>	<u>3,376,047</u>	<u>40</u>
1XXX	<b>Total assets</b>		<u>\$ 9,019,519</u>	<u>100</u>	<u>\$ 8,363,216</u>	<u>100</u>

(Continued)

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(13)	\$ -	-	\$ 15,000	-
2150	Notes payable		8,203	-	38,788	-
2170	Accounts payable		1,397,779	16	1,001,835	12
2200	Other payables	6(14)	667,804	7	605,010	7
2230	Current income tax liabilities		131,938	1	132,942	2
2280	Current lease liabilities		-	-	1,036	-
2399	Other current liabilities, others	6(15) and 8	56,684	1	79,129	1
21XX	<b>Current Liabilities</b>		<u>2,262,408</u>	<u>25</u>	<u>1,873,740</u>	<u>22</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(15) and 8	468,483	5	547,620	7
2570	Deferred income tax liabilities	6(25)	171,600	2	172,422	2
2640	Accrued pension liabilities	6(16)	153,595	2	154,190	2
2645	Guarantee deposits received		-	-	8,130	-
25XX	<b>Non-current liabilities</b>		<u>793,678</u>	<u>9</u>	<u>882,362</u>	<u>11</u>
2XXX	<b>Total Liabilities</b>		<u>3,056,086</u>	<u>34</u>	<u>2,756,102</u>	<u>33</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Share capital - common stock	6(17)	1,884,521	21	1,884,521	22
Capital surplus						
3200	Capital surplus	6(18)	567,114	6	567,114	7
Retained earnings						
3310	Legal reserve	6(19)	1,117,684	12	1,035,700	12
3320	Special reserve		262,532	3	161,211	2
3350	Unappropriated retained earnings		2,217,625	25	2,074,235	25
Other equity interest						
3400	Other equity interest	6(20)	( 207,950)	( 2)	( 262,532)	( 3)
31XX	<b>Equity attributable to owners of the parent</b>		<u>5,841,526</u>	<u>65</u>	<u>5,460,249</u>	<u>65</u>
36XX	Non-controlling interest		<u>121,907</u>	<u>1</u>	<u>146,865</u>	<u>2</u>
3XXX	<b>Total equity</b>		<u>5,963,433</u>	<u>66</u>	<u>5,607,114</u>	<u>67</u>
Significant contingent liabilities and unrecognised contract commitments 9						
Significant events after the balance sheet date 11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 9,019,519</u>	<u>100</u>	<u>\$ 8,363,216</u>	<u>100</u>

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【 Attachment X Consolidated Income Statements 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

For the year ended December 31

Items	Notes	2020		2019	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(21)	\$ 9,033,976	100	\$ 8,681,906	100
5000 Operating costs	6(5)(16)(23)(24)	( 6,869,217)	( 76)	( 6,624,866)	( 76)
5900 Net operating margin		2,164,759	24	2,057,040	24
Operating expenses	6(16)(23)(24) and 7				
6100 Selling expenses		( 312,371)	( 4)	( 315,266)	( 4)
6200 General and administrative expenses		( 426,914)	( 5)	( 403,294)	( 5)
6300 Research and development expenses		( 205,283)	( 2)	( 196,710)	( 2)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	( 882)	-	( 1,888)	-
6000 Total operating expenses		( 945,450)	( 11)	( 917,158)	( 11)
6900 Operating profit		1,219,309	13	1,139,882	13
Non-operating income and expenses					
7100 Interest income		18,268	-	28,335	-
7010 Other income		49,209	1	27,810	-
7020 Other gains and losses	6(22)	( 172,166)	( 2)	( 31,990)	-
7050 Finance costs		( 7,212)	-	( 7,813)	-
7060 Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(8)	( 2,270)	-	( 2,001)	-
7000 Total non-operating income and expenses		( 114,171)	( 1)	14,341	-
7900 Profit before income tax		1,105,138	12	1,154,223	13
7950 Income tax expense	6(25)	( 272,488)	( 3)	( 311,032)	( 4)
8200 Profit for the year		\$ 832,650	9	\$ 843,191	9

(Continued)

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Items	Notes	For the year ended December 31			
		2020		2019	
		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(16)			
		(\$ 6,156)	-	(\$ 8,134)	-
8316	Unrealised gain or loss on financial assets at for value through other comprehensive income	6(7)(20)			
		44,811	1	( 24,518)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)			
		1,231	-	1,627	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
		39,886	1	( 31,025)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(20)			
		10,771	-	( 77,182)	( 1)
8360	Components of other comprehensive income that will be reclassified to profit or loss				
		10,771	-	( 77,182)	( 1)
8300	<b>Total other comprehensive income (loss) for the year</b>				
		\$ 50,657	1	(\$ 108,207)	( 1)
8500	<b>Total comprehensive income for the year</b>				
		\$ 883,307	10	\$ 734,984	8
Profit, attributable to:					
8610	Owners of the parent				
		\$ 823,839	9	\$ 825,693	9
8620	Non-controlling interest				
		8,811	-	17,498	-
		\$ 832,650	9	\$ 843,191	9
Comprehensive income attributable to:					
8710	Owners of the parent				
		\$ 871,253	10	\$ 718,516	8
8720	Non-controlling interest				
		12,054	-	16,468	-
		\$ 883,307	10	\$ 734,984	8
Earnings per share					
9750	Total basic earnings per share	6(26)			
		\$	4.37	\$	4.38
9850	Total diluted earnings per share				
		\$	4.26	\$	4.27

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【 Attachment XI Consolidated Statement of Changes in Equity 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
 (Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent									
		Retained Earnings					Other equity interest				
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains or loss on financial assets at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
<u>2019</u>											
Balance at January 2019		\$ 1,884,521	\$ 567,114	\$ 966,388	\$ 48,991	\$ 1,888,215	(\$ 146,589 )	(\$ 14,622 )	\$ 5,194,018	\$ 131,045	\$ 5,325,063
Net income for 2019		-	-	-	-	825,693	-	-	825,693	17,498	843,191
Other comprehensive loss for 2019	6(7)(20)	-	-	-	-	( 5,856 )	( 76,803 )	( 24,518 )	( 107,177 )	( 1,030 )	( 108,207 )
Total comprehensive income (loss)		-	-	-	-	819,837	( 76,803 )	( 24,518 )	718,516	16,468	734,984
Distribution of 2018 earnings:											
Legal reserve		-	-	69,312	-	( 69,312 )	-	-	-	-	-
Special reserve		-	-	-	112,220	( 112,220 )	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	( 452,285 )	-	-	( 452,285 )	-	( 452,285 )
Cash dividends distributed to non-controlling interest		-	-	-	-	-	-	-	-	( 648 )	( 648 )
Balance at December 31, 2019		\$ 1,884,521	\$ 567,114	\$ 1,035,700	\$ 161,211	\$ 2,074,235	(\$ 223,392 )	(\$ 39,140 )	\$ 5,460,249	\$ 146,865	\$ 5,607,114
<u>2020</u>											
Balance at January 2020		\$ 1,884,521	\$ 567,114	\$ 1,035,700	\$ 161,211	\$ 2,074,235	(\$ 223,392 )	(\$ 39,140 )	\$ 5,460,249	\$ 146,865	\$ 5,607,114
Net income for 2020		-	-	-	-	823,839	-	-	823,839	8,811	832,650
Other comprehensive (loss) income for 2020	6(7)(20)	-	-	-	-	( 7,975 )	10,578	44,811	47,414	3,243	50,657
Total comprehensive income		-	-	-	-	815,864	10,578	44,811	871,253	12,054	883,307
Distribution of 2019 earnings:											
Legal reserve		-	-	81,984	-	( 81,984 )	-	-	-	-	-
Special reserve		-	-	-	101,321	( 101,321 )	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	( 489,976 )	-	-	( 489,976 )	-	( 489,976 )
Cash dividends distributed to non-controlling interest		-	-	-	-	-	-	-	-	( 13,450 )	( 13,450 )
Changes in ownership interests in subsidiaries	6(29)	-	-	-	-	-	-	-	-	( 23,562 )	( 23,562 )
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(7)(20)	-	-	-	-	807	-	( 807 )	-	-	-
Balance at December 31, 2020		\$ 1,884,521	\$ 567,114	\$ 1,117,684	\$ 262,532	\$ 2,217,625	(\$ 212,814 )	\$ 4,864	\$ 5,841,526	\$ 121,907	\$ 5,963,433

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【 Attachment XII Consolidated Cash Flow Statement 】

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,105,138	\$ 1,154,223
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	882	1,888
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(22)	( 8,783 )	24,408
Depreciation expense	6(9)(10)(23)	190,487	164,228
Amortization expense	6(23)	42,157	29,501
Share of profit or loss of associates and joint ventures accounted for using equity method	6(8)	2,270	2,001
Dividend income		( 10,477 )	( 9,788 )
Interest income		( 18,268 )	( 28,334 )
Interest expense		7,212	7,813
Gain on disposal of investments	6(7)(22)	( 1,691 )	( 909 )
Loss on disposal of property, plant and equipment	6(22)	1,964	1,282
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		( 550,644 )	176,596
Notes receivable		( 8,131 )	7,275
Accounts receivable		( 311,084 )	( 20,480 )
Inventories		( 282,946 )	17,632
Other financial assets - current		( 5,348 )	7,918
Other current assets - others		( 37,699 )	991
Changes in operating liabilities			
Notes payable		( 30,585 )	( 74,182 )
Accounts payable		380,779	( 13,414 )
Other payables		66,174	67,956
Other current liabilities - others		( 45,855 )	( 4,566 )
Net defined benefit liability, non-current		6,137	5,766
Cash inflow generated from operations		491,689	1,517,805
Dividends received		10,477	9,788
Interest received		20,133	28,178
Interest paid		( 7,212 )	( 8,046 )
Income tax paid		( 285,735 )	( 282,247 )
Net cash flows from operating activities		229,352	1,265,478

(Continued)

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

**TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2020	2019
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		(\$ 363,139 )	(\$ 167,781 )
Proceeds from disposal of financial assets at amortised cost		397,243	114,991
Acquisition of financial assets at fair value through other comprehensive income		( 41,671 )	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		40,407	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		1,000	-
Acquisition of proerty, plant and equipment	6(27)	( 149,884 )	( 260,581 )
Increase in prepaid equipment		( 23,666 )	( 68,702 )
Proceeds from disposal of property, plant and equipment		4,234	1,531
Acquisition of intangible assets	6(11)	( 5,533 )	( 3,679 )
Decrease (increase) in other financial assets - non-current		13,703	( 7,475 )
Increase in other non-current assets -others		( 26,977 )	( 70,629 )
Net cash flows used in investing activities		( 154,283 )	( 462,325 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term loans	6(28)	125,000	104,000
Decrease in short-term loans	6(28)	( 140,000 )	( 89,000 )
Payments of lease liabilities	6(28)	( 1,036 )	( 2,758 )
Proceeds from long-term borrowings	6(28)	-	260,000
Repayments of long-term debt	6(28)	( 94,904 )	( 51,639 )
(Decrease) increase in guarantee deposits received		( 8,130 )	8,130
Cash dividends paid	6(19)	( 489,976 )	( 452,285 )
Acquisition of ownership interests in subsidiaries	6(29)	( 23,562 )	-
Cash dividends distributed to non-controlling interest		( 13,450 )	( 648 )
Net cash flows used in financing activities		( 646,058 )	( 224,200 )
Effect of exchange rate changes on cash and cash equivalents		54,293	( 31,957 )
Net (decrease) increase in cash and cash equivalents		( 516,696 )	546,996
Cash and cash equivalents at beginning of year	6(1)	2,248,951	1,701,955
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,732,255</u>	<u>\$ 2,248,951</u>

Chairman: LIN, Jui-Chang

President: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

**【Attachment XIII Earnings Distribution Table】**

**Taiwan Fu Hsing Industrial Co., Ltd.  
2020 Earnings Distribution Table**

Unit: NT\$1.00

Beginning retained earnings		1,400,953,895
Add: 2020 net profit after tax	823,838,539	
2020 Other income/loss	(7,975,060)	
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	806,576	816,670,055
Substrate: 10% legal reserve		(81,667,006)
Add: Reversal of Special Reserve		54,583,081
Distributable net profit		2,190,540,025
Distribution items:		
Cash dividend to shareholders (\$2.6/share)		(489,975,642)
Ending un-appropriated earnings		1,700,564,383

Note:

- 1.The year's earnings should be distributed firstly from the 2020 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>, 2020.

Chairman: LIN, Jui-Chang

Manager: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

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

Amended articles	Current articles
<p><u>Article 8</u> (Number of attendance) The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the signatures on the sign-in book or the attendance cards submitted plus the number of shares exercising the voting right in writing or electronically. The chairman of the Meeting shall pronounce the commencement of the meeting, and <u>meanwhile announce information in relation to the number of shares with no voting rights and the total number of shares in attendance.</u> when it is time scheduled for meeting, but may pronounce procrastination of the commencement up to twice, if the Meeting is not attended by the shareholders representing more than half of the issued shares; and such procrastination all together shall not exceed one hour. When the Meeting is not attended by the shareholders representing more than one third of the issued shares after procrastination twice, the chairman will pronounce a failed convention. (The followings omitted)</p>	<p><u>Article 8</u> (Number of attendance) The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the signatures on the sign-in book or the attendance cards submitted plus the number of shares exercising the voting right in writing or electronically. The chairman of the Meeting shall pronounce the commencement of the meeting when it is time scheduled for meeting, but may pronounce procrastination of the commencement up to twice, if the Meeting is not attended by the shareholders representing more than half of the issued shares; and such procrastination all together shall not exceed one hour. When the Meeting is not attended by the shareholders representing more than one third of the issued shares after procrastination twice, the chairman will pronounce a failed convention. (The followings omitted)</p>
<p><u>Article 13</u> ( Election of Directors) Election of directors at the Shareholders’ meeting shall be held by the Company’s regulations on relevant election and appointment; the election results, including the list of the directors-elect and the numbers of their gained voting rights, <u>as well as the names of the other candidates, who failed to be chosen as directors, and the number of votes they obtained during the election.</u> shall be announced on the spot. The ballots cast in election referred to in the</p>	<p><u>Article 13</u> ( Election of Directors) Election of directors at the Shareholders’ meeting shall be held by the Company’s regulations on relevant election and appointment; the election results, including the list of the directors-elect and the numbers of their gained voting rights, shall be announced on the spot. The ballots cast in election referred to in the preceding paragraph shall be sealed in</p>

<p>preceding paragraph shall be sealed in envelopes, signed by the checking persons, and preserved for at least one year, or, if a legal proceeding is filed under Article 189 of the Company Act, till such legal proceeding ends.</p>	<p>envelops, signed by the checking persons, and preserved for at least one year, or, if a legal proceeding is filed under Article 189 of the Company Act, till such legal proceeding ends.</p>
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**【Attachment XV Amendment table of Procedures on Election of Directors】**

Amended articles	Current articles
<p><u>Article 6</u>                      The voter must fill in the name <u>or account name</u> of the candidate to be supported in the column of “Elected Person” on the ballot <del>and may add the shareholder account number. In the case of juristic person as the supported candidate, the voter must clearly fill in the name of the juristic person, the name of the juristic person’s representative, and add the juristic person’s shareholder account number.</del> However, in the case of government party or juristic person as the supported candidate, the voter must fill in the name of the governmental institution or juristic person, as well as the name of its representative(s). When there are more than one representative, the names of representatives should be added separately.</p>	<p><u>Article 6</u>                      The voter must fill in the name of the candidate to be supported in the column of “Elected Person” on the ballot and may add the shareholder account number. In the case of juristic person as the supported candidate, the voter must clearly fill in the name of the juristic person, the name of the juristic person’s representative, and add the juristic person’s shareholder account number.</p>
<p><u>Article 7</u>                      _A ballot is invalid under any of the following circumstances:                      1. Those do not use the ballot <del>required in Article 4</del> prepared by the convener.                      2. <del>The number of the supported candidate written on the ballot exceeds the number of person allowed.</del> There are two or more than two names filled in on the same ballot.                      3. In addition to the name of the supported candidate <del>(including the names of a juristic person and its representative) and the supported candidate’s shareholder account number</del> or the account name, other texts are shown on the ballot.                      4. The writing is unclear and indecipherable, or has been altered.                      5. The candidate whose name is entered on the ballot does not conform to <del>the list of shareholders</del> the director candidate list.                      The name of the supported candidate filled</p>	<p><u>Article 7</u>                      A ballot is invalid under any of the following circumstances:                      1. Those do not use the ballot required in Article 4.                      2. The number of the supported candidate written on the ballot exceeds the number of person allowed.                      3. In addition to the name of the supported candidate (including the names of a juristic person and its representative) and the supported candidate’s shareholder account number, other texts are shown on the ballot.                      4. The writing is unclear and indecipherable.                      5. The candidate whose name is entered on the ballot does not conform to the list of shareholders.                      The name of the supported candidate filled in is the same as the name of other shareholder, but the shareholder account</p>

<p><del>in is the same as the name of other shareholder, but the shareholder account number is not filled in for identification. A blank ballot is placed in the ballot box.</del></p>	<p>number is not filled in for identification.</p>
<p>Article 12 This Procedure was made on May 22, 2001. The 2<sup>nd</sup> amendment was on May 28, 2020. <u>The 3<sup>rd</sup> amendment was on May 28, 2021.</u></p>	<p>Article 12 This Procedure was made on May 22, 2001. The 2<sup>nd</sup> amendment was on May 28, 2020.</p>

**【Attachment XVI Amendment table of the “Work Procedures to Loan Funds to Others”】**

Amended articles	Current articles
<p>(Article 1 and 2 Omitted)</p> <p>Article 3 Procedure            3-1 Entities to which the Company may loan funds            3-1-1 Companies or businesses that have business dealings with the Company            3-1-2 Companies or businesses that have short-term financing needs</p>	<p>(Article 1 and 2 Omitted)</p> <p>Article 3 Procedure            3-1 Entities to which the Company may loan funds            3-1-1 Companies or businesses that have business dealings with the Company            3-1-2 Companies or businesses that have short-term financing needs</p>
<p>3-2 Aggregate amount allowed to loan to others and the duration of loans            3-2-1 The aggregate amount loaned to others is limited to at highest 30% of the Company's net value.            3-2-2 The amount of such fund permitted to a single borrower:            (1) If the fund is loaned to companies or businesses that have business dealings with the Company, the aggregate amount of the loan to the single party is limited to at highest no more than 20% of the Company's net value as stated in the Company's most recent financial statement. Such loan provided to a single party must not exceed the total transaction amount with that single party in the most recent one year.            (2) If the fund is loaned to companies or business that have short-term financing needs, the aggregate amount of the loan to the single party is limited to no more than 10% of the Company's net value as stated in the Company's most recent financial statement. Such loan provided to a single party must not exceed 50% of that single party's net value stated in its most recent financial statement.</p>	<p>3-2 Aggregate amount allowed to loan to others and the duration of loans            3-2-1 The aggregate amount loaned to others is limited to at highest 30% of the Company's net value.            3-2-2 The amount of such fund permitted to a single borrower:            (1) If the fund is loaned to companies or businesses that have business dealings with the Company, the aggregate amount of the loan to the single party is limited to no more than 20% of the Company's net value as stated in the Company's most recent financial statement. Such loan provided to a single party must not exceed the total transaction amount with that single party in the most recent one year.            (2) If the fund is loaned to companies or business that have short-term financing needs, the aggregate amount of the loan to the single party is limited to no more than 10% of the Company's net value as stated in the Company's most recent financial statement. Such loan provided to a single party must not exceed 50% of that single party's net value stated in its most recent financial statement.</p>

<p>3-2-3 Duration of the fund, if is provided to companies or businesses that have business dealings with the Company, must not exceed three year; duration of the fund, if is provided to companies or businesses that have short-term financing needs, must not exceed one year.</p> <p>3-2-4</p> <p>3-2-4 Where a subsidiary of the Company intends to make loans to others, the aggregate amount of such loan is limited to less than 30% of the loaning company's net value as stated in the nearest term's financial report and for each individual loan the loaning amount is limited to less than 20% of the loaning company's net value as stated in the nearest term's financial report. And the loaning duration for such is generally one year.</p> <p>For loans among the Company's 100% directly or indirectly owned foreign subsidiaries or for loans that have made by the Company's directly or indirectly owned foreign subsidiaries to the Company, the duration of such loans may not be limited to one year; but still is limited to no more than three year.</p> <p>3-2-5 If a public company's financial report is prepared in accordance with the International Financial Reporting Standards (IFRS), its net value as calculated following the Regulations Governing the Preparation of Financial Reports by Securities Issuers means balance sheet equity attributable to the owners of the parent company.</p>	<p>3-2-3 Duration of the fund provided for meeting short-term financing need must not exceed one year.</p> <p>3-2-4 Where a subsidiary of the Company intends to make loans to others, the aggregate amount of such loan is limited to less than 30% of the loaning company's net value as stated in the nearest term's financial report, and for each individual loan the loaning amount is limited to less than 20% of the loaning company's net value as stated in the nearest term's financial report. And the loaning duration for such is generally one year.</p> <p>For loans among the Company's 100% directly or indirectly owned foreign subsidiaries or for loans that have made by the Company's directly or indirectly owned foreign subsidiaries to the Company, the duration of such loans may not be limited to one year.</p> <p>3-2-5 If a public company's financial report is prepared in accordance with the International Financial Reporting Standards (IFRS), its net value as calculated following the Regulations Governing the Preparation of Financial Reports by Securities Issuers means balance sheet equity attributable to the owners of the parent company.</p>
<p>(3-3 ~ 3-8 Omitted) (4 Omitted)</p>	<p>(3-3 ~ 3-8 Omitted) (4 Omitted)</p>

### III Appendix

#### Appendix 1 Articles of Incorporation

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

###### Chapter 1 General Principles

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

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

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

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

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

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

Article 4: Aborted

## Chapter 2 Shares

- Article 5: The total capital of the Company is two billion four hundred twenty four million New Taiwan Dollars divided into two hundred forty two million shares, at ten New Taiwan Dollars per share, issued in installments by the Board of Directors under authorization. Of the total capital, one hundred million dollars, divided into ten million shares, at ten dollars per share, is reserved for issuance of stock warrants, preferred shares with warrants or equity warrant bonds, and may be issued in installments by resolution of the Board of Directors.
- Article 5-1: The Company may, at the request by Taiwan Depository & Clearing Corporation, change to issue all securities of greater par value to meet the requirement of stock process.
- Article 6: Shares certificates of the Company shall be in registered form, affixed with signatures or seals of three or more directors, and shall be issued after certification by the laws. The Company may elect not to have share certificate printed on the shares issued. Shares issued by the previous passage shall be registered with the institution for securities depository.
- Article 7: The Company shall register the names and addresses of its shareholders in the list of shareholders and keep their seal specimens at the Company for record. Share dividend collection or exercise of other rights shall all be processed with such seal, which, if damaged, lost or changed, shall be processed by the “Regulations Governing the Administration of Shareholder Services of Public Companies” set out by the authority concerned.
- Article 8: Application for transfer or pledge of shares shall be filed by the transfer and the transferee, or the pledger and pledgee, both signing their names, with the Company to change account names or register the rights pledged. Where a shareholder obtains the stock via inheritance, gift or other legal reasons, shall further attach legal documents. No transfer, inheritance or gift of the shares may be asserted against the Company without having been recorded in the shareholders’ register, with the name of the receiver put and the Company’s seal affixed on the stocks.
- Article 9: Where a stock certificate is lost, the applicant shall notify the

Company of the same and apply, within five days, to the courts under the Code of Civil Procedure for public announcement of the event. When the court ruling of the stock certificates being void is made, the applicant shall apply to the Company for issuance of replacement stocks by attaching documents evidencing such court judgment.

The Company may commission a stock transfer agency to process the registration, change, transfer, pledge and declaration of loss of the shareholders and share certificates referred to in the previous passage.

Article 10: The Company may charge for the cost as appropriate on the transfer of stocks or replacement issuance for a loss, or re-issuance for reason of consolidation, division, destruction, etc.

Article 11: All transfers of the shares of the Company will be suspended within sixty days prior to the meeting date of the general shareholders meeting, thirty days prior to the meeting date of the special shareholders meeting, or five days prior to the date of distribution of dividend, bonus or other benefits.

### Chapter 3 Shareholders' Meetings

Article 12: Shareholders' meetings shall be of two types, general meetings and special meetings. General meetings shall be convened at least once a year, within six months from the end of each fiscal year. Special meetings shall be convened in accordance with the law, whenever necessary.

Article 13: Shareholders may designate a proxy to attend a shareholders' meeting with a power of attorney printed and released by the Company, signed and affixed with the seal specimen kept at the Company by the shareholders in accordance with "Regulations regarding the use of proxy in shareholders' meetings of public firms".

Article 14: The shareholders' meeting is presided by the president of the Board of Directors or proceeds by Article 208 of the Company Act in the case that the president is on leave or is absent for any reason.

Article 15: Except those shares being restricted or excluded under the Company Act, each share of the Company has one voting right.

Article 16: Except otherwise provided by relevant laws, a resolution of the

shareholders' meeting shall be adopted by the majority of the votes represented by the attending shareholders who hold the majority of the Company's issued shares.

Article 17: The resolution adopted by the shareholders meeting shall be recorded as minutes, signed by or affixed with the seal of the chairperson and distributed to shareholders within twenty (20) days after the meetings.

The preparation and distribution of the meeting's minutes referred to in the preceding paragraph may be made electronically.

The distribution of the meeting's minutes referred to in the first paragraph may be made by public pronouncement.

#### Chapter 4 Directors

Article 18: The Company shall have seven to ten directors in the Board, who will be elected from among the persons with disposing capacity by the Board of Shareholders. The term of office for directors is three years. The company adopts candidate nomination system in accordance with the Company Act. Shareholders should elect directors from among the directors candidate list according to Article 198 and Article 192-1 of the Company Act. Directors are eligible for re-election. Among the Board seats, shareholders should elect at least two independent directors, and the total number of independent directors should not be less than one fifth of the total board seats. The terms "professional qualification", "shareholding", "concurrent serving restriction", and "independency" in relation to independent directors shall have the meanings as determined under regulations made by the securities supervisory body.

The total number of registered shares of the Company held by all directors shall be handled subject to the regulations of the securities supervisory body.

The directors of the company shall be elected in accordance with Article 198 of the Company Act, with independent and

non-independent directors elected at the same time, but in separately calculated numbers. Candidates receiving more votes are elected as the company's directors and independent directors.

Article 18-1: The 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: 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.

Article 27: Each year, if there is surplus after closing, the Company shall, after paying income tax and covering all losses till then, set aside 10 percent of the surplus profits as legal reserve, except when such legal reserve amounts to the total capital. The Board of Directors shall then propose an earning distribution proposal and send to the Shareholders' Meeting for resolution.

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

Article 28: Aborted.

## Chapter 7 Supplementary Regulations

Article 29: Matters not provided in these Articles of Incorporation shall be in accordance with the Company Act.

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

Article 31: These Articles of Incorporation were enacted on October 20, 1957;

First amendment on February 9, 1964; Second amendment on December 20, 1970; Third amendment on April 20, 1975; Fourth amendment on April 26, 1976; Fifth amendment on January 17, 1981; Sixth amendment on March, 1, 1981; Seventh amendment on October 8, 1983; Eighth amendment on April 6, 1984; Ninth amendment on June 23, 1984; 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.

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

Appendix 2 Rules and Procedures of Shareholders' Meeting

Taiwan Fu Hsing Industrial Co., Ltd.

Rules and Procedures of Shareholders Meeting

Article 1 (Basis)

In order to establish a sound governance system of the Company's shareholders' meeting, fulfill monitoring and reinforce managerial function, these rules are set forth in accordance with Article 5 of the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" for observance.

Unless otherwise provided by laws or articles, the Company's shareholders' meeting shall be conducted in accordance with these rules and procedures.

Article 2 (Convention and notice of Shareholders' Meeting)

Unless otherwise provided by relevant laws, the Company's Shareholders' Meeting shall be convened by the Board of Directors.

The Company shall prepare, in electronic form, a notice of Shareholders' Meeting, power of attorney form, relevant approvals, agenda, reasons and explanations of issues such as election or dismissal of directors and post on the website of open data 30 days prior to a general meeting or 15 days prior to a special meeting. The Company shall also post the manual of procedures of Shareholders' Meeting and supplementary materials on the meeting in electronic form on the same website 21 days prior to a general meeting or 15 days prior to a special meeting. The said manual and supplementary materials shall be made available 15 days prior to a Shareholders' Meeting to shareholders at request at any time and be displayed at the site of the Company and its appointed stock agency and shall be handed out at the venue of the meeting.

Notices and announcements shall expressly contain the reason of convention; a notice may be made electronically with the consent from the recipients.

Election or dismissal of directors, modifications to the articles of incorporation, corporate disbandment, merger, division or the matters specified in Paragraph 1, Article 185 of the Company Act and Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the reasons of convention and may not be proposed as ad hoc motions.

Shareholders holding one percent or more of the total issued shares may propose in writing to the Company a proposal for discussion at a general meeting, provided that only one matter shall be allowed in each single proposal.

The Board of Directors may dismiss any proposal by the shareholder(s) that is in any of the cases provided in Paragraph 4, Article 172-1 of the Company Act.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten days.

The number of words of a proposal submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting and take part in the discussion of such proposal.

The company shall, prior to the date of giving the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and list in the

notice of shareholders' meeting the proposals conforming to the requirements set out in this Article. With regard to the shareholder proposals that are dismissed, the cause of such dismissal and explanation shall be presented by the Board of Directors at the shareholders' meeting.

Article 3 (Proxy)

A shareholder may appoint a proxy to attend a general meeting on his behalf by producing a power of attorney prepared by the Company expressly stating the scope of power authorized to the proxy.

A shareholder may produce only one power of attorney and appoint only one proxy for each general meeting, and shall serve such power of attorney to the Company no later than five days prior to the meeting date. In case the Company receives two or more power of attorney forms from one shareholder, the first one arriving at the Company shall prevail unless it is revoked by an explicit statement.

After the service of his power of attorney of a proxy to the Company, in case the shareholder intends to attend the shareholders' meeting in person or to exercise his voting right in written or electronic form, a proxy rescission notice shall be filed with the Company at least two days prior to the date of the shareholders' meeting; otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 4 (Place and time of the meeting)

The Shareholders' Meeting shall be held where the Company is or at any other appropriate place that is convenient for the shareholders to attend. The Meeting shall commence not earlier than 9:00 a.m. no later than 3:00 p.m.

Article 5 (Preparation for sign-in)

The Company shall expressly specify on the notice of meeting the sign-in time and place and other important matters for shareholders.

The sign-in time referred to in the preceding paragraph shall open at least thirty minutes prior to the commencement of the meeting. The place of sign-in shall be marked clearly and have adequate number of competent persons to receive the shareholders.

A shareholder in person or his proxy (hereinafter called the "Shareholder") shall attend the Shareholders' Meeting by presenting his attendance card, sign-in card or other certificate of attendance. The company must not ask for additional certified document from shareholders with the presence of the original certificate of attendance. A solicitor of power of attorney shall also carry his I.D. document for checking.

The Company shall have sign-in book for the attending shareholders to sign on, or, otherwise, they will turn in their sign-in cards instead.

The Company shall hand the agenda handbook, annual report, attendance certificate, speech notes, resolution ballots and other meeting materials to the attending shareholders, and, additionally, voting ballots if election of directors is to be held.

Where the government or a corporation is a shareholder, more than one person as the proxy may attend the Shareholders' Meeting. Where a corporation attends the Meeting on behalf, only one person may attend.

#### Article 6

(Chairman of Shareholders' Meeting and other attendance)

Where a Shareholders' Meeting is convened by the Board of Directors, the meeting is presided by the President of the Board, or, when the President is on leave or unable to perform his duty for any reason, by the Deputy President, or, when there is no Deputy President or the Deputy President is on leave or unable to perform his duty for any reason, by an executive director designated by the President, or, if there are no executive directors, any person designated by the President, or, if the President designates none, by anyone elected from among the executive directors or the directors.

Where an executive director or a director presides the Meeting as provided in the preceding paragraph, he shall have taken the office for more than six months and be comprehended of the Company's financial and business status. The same applies when the Meeting is convened by a person who represents a corporate director.

It is advisable that a Shareholders' Meeting being convened by the company's Chairman in person and is attended by more than half of the total number of the directors personally presenting. The attendance situation shall also be recorded in the meeting minutes of the Shareholders' Meeting. A Shareholders' Meeting convened by any other person outside the Board of Directors that has the right to convene is convened by such person; when the Meeting is convened by two or more such persons, it shall be presided by one person elected from among these persons.

The Company may designate attorneys at law, accounts or related persons to attend the Shareholders' meeting.

Article 7 (Audio/video recording of the session)

The Company shall make uninterrupted audio and video recording of the process of shareholders signing in, the complete meeting session and the process of voting and ballot counting, commencing from the time of shareholders signing in.

The recording materials referred to in the preceding paragraph shall be preserved for at least one year, or, if a legal proceeding is filed by a shareholder under Article 189 of the Company Act, till such legal proceeding ends.

Article 8 (Number of attendance)

The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the signatures on the sign-in book or the attendance cards submitted plus the number of shares exercising the voting right in writing or electronically. The chairman of the Meeting shall pronounce the commencement of the meeting when it is time scheduled for meeting, but may pronounce procrastination of the

commencement up to twice, if the Meeting is not attended by the shareholders representing more than half of the issued shares; and such procrastination all together shall not exceed one hour.

When the Meeting is not attended by the shareholders representing more than one third of the issued shares after procrastination twice, the chairman will pronounce a failed convention.

When a lack of a quorum exists after procrastination for twice referred to in the preceding paragraph, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present and a notice of such tentative resolution shall be given to each of the shareholders, and reconvene a Shareholders' meeting within one month, pursuant to Article 175 of the Company Act. If bearer share certificates have been issued, such tentative resolution shall also be publicly announced.

If the shares represented by the shareholders present reach a majority of all the issued shares while the Meeting is not ended, the chairman may re-bring the tentative resolutions up for voting at the shareholders' meeting pursuant to Article 174 of the Company Act.

#### Article 9 (meeting process)

The agenda of a Shareholders' Meeting shall be set by the Board of Directors and may not be changed without a resolution of the Meeting, if the meeting is convened by the Board of Directors.

Where a Shareholders' Meeting is convened by any person outside the Board of Directors with the right to convene, the provisions of the preceding paragraph apply mutatis mutandis.

Unless otherwise resolved at the Meeting, the chairman may not announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. In the event that the chairman adjourns the Meeting in violation of these Rules and Procedures, the other members of Board of Directors shall promptly assist by attending the Meeting

and elect, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

The proposed resolutions should have sufficient description and discussion, and the chairman may announce to end the discussion of any resolution and go into voting if he deems it appropriate.

Article 10 (Shareholders' speech)

When a shareholder wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's account number (or the number of Attendance card) and the name of the shareholder for the chairman to decide the sequence of speech.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than twice (each time not exceeding three minutes). The chairman may stop a shareholder's speech if it violates the above provision or exceeds the scope of the discussion item.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder may interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

After the speech of a shareholder, the chairman may respond himself or appoint an appropriate person to respond.

Article 11 (Voting right; Conflict of interest)

Voting at the Shareholders' meeting is according to count of shares.

In resolutions of the Meeting, the number of shares of the shareholders without voting right shall not be counted in the total number of issued shares.

In respect of an item at the Meeting, if a shareholder being stakeholder such that he might be against the interest of the Company, he may not take part in the voting, nor may he exercise the voting right on behalf any other shareholder.

The number of shares being denied of voting right referred to in the preceding paragraph shall not be counted in the number of voting rights by the attending shareholders.

Except for trust enterprises or shareholders' service agencies approved by competent authorities, when a person who acts as the proxy for two or more shareholders, the number of votes represented by him shall not exceed three percent of the total number of votes of the issued shares and, if in excess, the portion of excessive votes represented by such proxy shall not be counted.

Article 12 (Methods for voting, balloting scrutinizing and vote counting )

Unless restricted or without voting right prescribed in Paragraph 2, Article 179 of the Company Act, each share of the shareholder has a voting right.

The voting power at a shareholders' meeting of the Company 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 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 by the Company's regulations on relevant election and appointment; the election results, including the list of the directors-elect and the numbers of their gained voting rights, shall be announced on the spot.

The ballots cast in election referred to in the preceding paragraph shall be sealed in envelopes, signed by the checking persons, and preserved for at least one year, or, if a legal proceeding is filed under Article 189 of the Company Act, till such legal proceeding ends.

Article 14 (Meeting minutes and signatures)

The resolutions of the shareholders' meeting shall be recorded in the meeting minutes. Meeting minutes shall be signed or chopped by the chairman of the meeting and distributed to all shareholders within twenty days after the meeting. They may be prepared and distributed electronically.

The distribution referred to in the preceding paragraph may be performed by the Company by publishing on the website of open data.

The meeting minutes shall accurately record the place, day, month and year of the meeting; the name of the chairman; the voting method, outlines of discussion process and the results

thereof, and shall be preserved permanently throughout the existence of the Company.

Article 15 (Public notices)

The Company shall prepare, in the specified format, the statistic tables of the number of shares obtained by solicitors and that of proxies, and show the tables clearly in the venue of the shareholders' meeting on the meeting day.

The Company shall upload to the website of open data, within the time specified, the contents of the resolutions of the shareholders' meeting, if any, that contain important messages prescribed by the laws and Taiwan Stock Exchange Corporation.

Article 16 (Meeting order)

The staff members holding the shareholders' meeting shall wear a badge or armband.

The chairman may conduct the security guard to assist in keeping order of the meeting place.

Where microphones are provided in the meeting place, the chairman may refrain any shareholder that speaks by using other devices from speaking.

Shareholders who violate the rules of the meeting and refuse to obey the chairman's correction, and still obstructs the session after having been inhibited, the chairman may order the security guards to remove them from the venue.

Article 17 (Intermission)

During the meeting, the chairman may, at his discretion, announce time for intermission.

In case of incident of force majeure, the chairman may decide to temporarily suspend the meeting and announce, depending on the situation, when the meeting will resume. If the venue will not be used again prior to the end of the prescheduled agenda (including special motions), the shareholders' meeting may resolve in another venue to resume the meeting.

The shareholders' meeting may resolve within five days to suspend or to resume the meeting according to Article 182 of the Company Act.

Article 18 These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

## Appendix 3 Shareholding status of directors

### Shareholding Status of Directors

Date Drawn on: Mar. 30, 2021

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