

Taiwan Hon Chuan Enterprise Co., Ltd.

2017 Annual Shareholders' Meeting Minutes

(Translation)

Time and Date : 9:00 a.m., June 15, 2017

Place : Hon Chuan Headquarters (International Convention Hall)

(3F, No.6, 2Rd. Taichung Industrial Park, Taiwan)

Attendants :

Total issued and outstanding shares: 292,878,879 shares.

Total shares represented by shareholders present in person or by proxy:

195,865,109 shares;

Percentage of shares held by shareholders present in person or by proxy: 66.87%.

Directors present : Dai, Hung-Chuan, Tsao, Hsih-Chung, Liu, Yun-Chang, Lin, Chuan-Nui,
Chang, Chun-Shu, Dai, Hung-I

Supervisors present : Lin, Chun-Chih

Chairman : Dai, Hung-Chuan (the Chairman of the Board of Directors)

Recorder : Chen, Hui-Fang

The Shareholders presented have reached the quorum, Chairman announced to commence the meeting.

A. Report Items

Item 1 : 2016 Business Report. Please submit for review.

Explanatory Notes :

- (1) 2016 Business Report, Financial Statements and CPA Audit Report are attached as Attachment 1 and 2.
- (2) Please review.

Item 2 : Supervisors' Review Report on the 2016 Financial Statements. Please submit for review.

Explanatory Notes :

- (1) The Company's 2016 financial statements have been duly audited and certified by the CPA and further audited by the Supervisors. The CPA and the Supervisors issue auditors' report and supervisors' audit report respectively. Please refer to Attachment 2 and 3.
- (2) Please review.

Item 3 : 2016 Employees' Compensation and Directors' Remuneration Report. Please submit for review.

Explanatory Notes :

- (1) In accordance with the 28th Article of the Company's Articles of Incorporation.
- (2) The 2016 profit of the Company is NT\$1,364,913,658. (That represents the pretax income before distribution of employees' compensation and directors' remuneration) The Company proposes to distribute 1.74% or NT\$ 23,750,500 as 2016 employees' compensation and 0.78% or NT\$ 10,604,013 as directors' remuneration. The payment will be made in cash.
- (3) The above employees' compensation and directors' remuneration have been approved by the Remuneration Committee held on March 15, 2017.
- (4) After shareholders' meeting resolves, the Company shall proceed the distribution of employees' compensation and directors' remuneration.
- (5) Please review.

B. Approvals

Approval 1: Approval of 2016 Financial Statements and Business Report. Please ratify. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) The 2016 Financial Statements and Business Report have been duly audited and certified by the CPA firm of Deloitte & Touche, and have

been approved by the Board of Directors, and have also been reviewed and audited by the Supervisors and presented their audit report.

(2) The 2016 Financial Statements and Business Report are attached as Attachment 2.

(3) Please ratify.

Voting Results :

195,352,420 shares were represented at the time of voting (including votes casted electronically: 107,590,513); 160,212,714 votes were in favor of the proposal (including votes casted electronically: 82,589,063); 33,999 votes were casted against the proposal (including votes casted electronically: 33,999); 0 vote were casted invalidly of the proposal; 35,105,707 votes were abstained of the proposal (including votes casted electronically: 24,967,451). The proportion of 82.01% in favor of the proposal was casted.

RESOLVED, that the above proposal hereby was approved as proposed.

Approval 2: Approval of 2016 Profit Distribution Proposal. Please ratify.

(Proposed by the Board of Directors)

Explanatory Notes :

(1) The Company's net profit after tax for 2016 was NTD 1,178,223,666 and adding the unappropriated retained earnings of previous years amounted NTD 2,115,691,883, the accumulated allocable earnings from profits was NTD 3,293,915,549 and to be allocated in accordance with the Articles of Incorporation.

(2) Proposal for Distribution of 2016 Profit as shown below and is attached as Attachment 4.

I . Legal capital reserve, NTD 117,822,367.

II . Special reserve, NTD 776,159,774.

III . Shareholders' Dividend –Cash dividend NTD\$ 2.5 per share, NTD 732,197,198.

(3) If the number of total shares outstanding, prior to the ex-dividend date for the distribution, has changed so that the ratios of dividends are affected, the Board of Directors is authorized to make such

adjustments.

(4) Please ratify.

Voting Results :

195,352,420 shares were represented at the time of voting (including votes casted electronically: 107,590,513); 160,214,252 votes were in favor of the proposal (including votes casted electronically: 82,590,601); 37,842 votes were casted against the proposal (including votes casted electronically: 37,842); 0 vote were casted invalidly of the proposal; 35,100,326 votes were abstained of the proposal (including votes casted electronically: 24,962,070). The proportion of 82.01% in favor of the proposal was casted.

RESOLVED, that the above proposal hereby was approved as proposed.

C. Discussion and Election

Proposal 1 : To amend the Articles of Incorporation. Please proceed to discuss.

(Proposed by the Board of Directors)

Explanatory Notes :

- (1) To comply with the establishment of independent directors and Audit Committee and take into account of the actual needs of the Company, the Company hereby proposes to amend its Articles of Incorporation.
- (2) Please refer to Attachment 5 for details of the proposed amendments.
- (3) Please refer to Appendix 1 in Meeting Agenda for original version of the Articles of Incorporation.
- (4) Please proceed to discuss.

Voting Results :

195,352,420 shares were represented at the time of voting (including votes casted electronically: 107,590,513); 160,173,527 votes were in favor of the proposal (including votes casted electronically: 82,549,876); 43,086 votes were casted against the proposal (including votes casted electronically: 43,086); 0 vote were casted invalidly of the proposal; 35,135,807 votes were abstained of the proposal (including votes casted electronically: 24,997,551). The proportion of 81.99% in favor of the proposal was casted.

RESOLVED, that the above proposal hereby was approved as proposed.

Proposal 2 : To amend the “Procedures for Acquisition or Disposal of Assets”.

Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) To comply with the establishment of independent directors and Audit Committee and the applicable acts, the Company hereby proposes to amend its “Procedures for Acquisition or Disposal of Assets”.
- (2) Please refer to Attachment 6 for details of the proposed amendments.
- (3) Please refer to Appendix 2 in Meeting Agenda for original version of the “Procedures for Acquisition or Disposal of Assets”.
- (4) Please proceed to discuss.

Voting Results :

195,352,420 shares were represented at the time of voting (including votes casted electronically: 107,590,513); 160,171,403 votes were in favor of the proposal (including votes casted electronically: 82,547,752); 44,210 votes were casted against the proposal (including votes casted electronically: 44,210); 0 vote were casted invalidly of the proposal; 35,136,807 votes were abstained of the proposal (including votes casted electronically: 24,998,551). The proportion of 81.99% in favor of the proposal was casted.

RESOLVED, that the above proposal hereby was approved as proposed.

Proposal 3 : To amend the “Rules and Procedures for Shareholders’ Meeting”.

Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) To comply with the establishment of independent directors and Audit Committee, the Company hereby proposes to amend its “Rules and Procedures for Shareholders’ Meeting”.
- (2) Please refer to Attachment 7 for details of the proposed amendments.
- (3) Please refer to Appendix 3 in Meeting Agenda for original version of the “Rules and Procedures for Shareholders’ Meeting”.
- (4) Please proceed to discuss.

Voting Results :

195,352,420 shares were represented at the time of voting (including votes casted electronically: 107,590,513); 160,174,942 votes were in favor of the proposal (including votes casted electronically: 82,551,291); 44,209 votes were casted against the proposal (including votes casted electronically: 44,209); 0 vote were casted invalidly of the proposal; 35,133,269 votes were abstained of the proposal (including votes casted electronically: 24,995,013). The proportion of 81.99% in favor of the proposal was casted.

RESOLVED, that the above proposal hereby was approved as proposed.

Proposal 4 : To amend the “Procedures for Election of Directors and Supervisors”.

Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) To comply with the establishment of independent directors and Audit Committee, the Company hereby proposes to amend its “Procedures for Election of Directors and Supervisors”.
- (2) Please refer to Attachment 8 for details of the proposed amendments.
- (3) Please refer to Appendix 4 in Meeting Agenda for original version of the “Procedures for Election of Directors and Supervisors”.
- (4) Please proceed to discuss.

Voting Results :

195,352,420 shares were represented at the time of voting (including votes casted electronically: 107,590,513); 160,173,942 votes were in favor of the proposal (including votes casted electronically: 82,550,291); 44,209 votes were casted against the proposal (including votes casted electronically: 44,209); 0 vote were casted invalidly of the proposal; 35,134,269 votes were abstained of the proposal (including votes casted electronically: 24,996,013). The proportion of 81.99% in favor of the proposal was casted.

RESOLVED, that the above proposal hereby was approved as proposed.

Proposal 5 : To amend the “Procedures for Loaning of Company Funds to other Parties”. Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) To comply with the establishment of independent directors and Audit Committee, the Company hereby proposes to amend its “Procedures for Loaning of Company Funds to other Parties”.
- (2) Please refer to Attachment 9 for details of the proposed amendments.
- (3) Please refer to Appendix 5 in Meeting Agenda for original version of the “Procedures for Loaning of Company Funds to other Parties”.
- (4) Please proceed to discuss.

Voting Results :

195,352,420 shares were represented at the time of voting (including votes casted electronically: 107,590,513); 160,160,255 votes were in favor of the proposal (including votes casted electronically: 82,536,604); 44,086 votes were casted against the proposal (including votes casted electronically: 44,086); 0 vote were casted invalidly of the proposal; 35,148,079 votes were abstained of the proposal (including votes casted electronically: 25,009,823). The proportion of 81.98% in favor of the proposal was casted.

RESOLVED, that the above proposal hereby was approved as proposed.

Proposal 6 : To amend the “Procedures for Endorsements and Guarantees”.

Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) To comply with the establishment of independent directors and Audit Committee, the Company hereby proposes to amend its “Procedures for Endorsements and Guarantees”.
- (2) Please refer to Attachment 10 for details of the proposed amendments.
- (3) Please refer to Appendix 6 in Meeting Agenda for original version of the “Procedures for Endorsements and Guarantees”.
- (4) Please proceed to discuss.

Voting Results :

195,352,420 shares were represented at the time of voting (including votes casted electronically: 107,590,513); 160,163,254 votes were in favor of the proposal (including votes casted electronically: 82,539,603); 51,359 votes were casted against the proposal (including votes casted electronically: 51,359); 0 vote were casted invalidly of the proposal; 35,137,807 votes were abstained of the proposal (including votes casted electronically: 24,999,551). The proportion of 81.98% in favor of the proposal was casted.

RESOLVED, that the above proposal hereby was approved as proposed.

Proposal 7: To amend the “Procedures for Trading Derivatives”. Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) To comply with the establishment of independent directors and Audit Committee and the actual demand, the Company hereby proposes to amend its “Procedures for Trading Derivatives”.
- (2) Please refer to Attachment 11 for details of the proposed amendments.
- (3) Please refer to Appendix 7 in Meeting Agenda for original version of the “Procedures for Trading Derivatives”.
- (4) Please proceed to discuss.

Voting Results :

195,352,420 shares were represented at the time of voting (including votes casted electronically: 107,590,513); 160,168,173 votes were in favor of the proposal (including votes casted electronically: 82,544,522); 46,440 votes were casted against the proposal (including votes casted electronically: 46,440); 0 vote were casted invalidly of the proposal; 35,137,807 votes were abstained of the proposal (including votes casted electronically: 24,999,551). The proportion of 81.98% in favor of the proposal was casted.

RESOLVED, that the above proposal hereby was approved as proposed.

Proposal 8 : Directors Election. Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) The original directors and supervisors' term of office has expired. In accordance with Article 16 of the Company's Articles of Incorporation and related provisions of Company Act, the Company hereby proposes to re-elect completely after the resolution by the Boards of Directors.
- (2) According to Article 16 of the Company's Articles of Incorporation, the Company shall have seven to nine directors, including three independent directors. For the new term, the Company shall elect nine directors, three independent directors included. All of the directors are served for a term of three years and shall be eligible for re-election. Moreover, in accordance with Article 23 of the Company's Articles of Incorporation, the Company shall establish Audit Committee, composed of all independent directors, to replace supervisors.
- (3) In accordance with Article 16 of the Company's Articles of Incorporation, the election of directors shall be done through the candidate nomination system and elected from the slate of director candidates. The educational and professional background and other related information of directors (and independent directors) candidates are attached as Attachment 12.
- (4) The tenure of the newly elected directors is three years, which commences on June 15, 2017 and expires on June 14, 2020.

Election Results :

List of Directors Elected

Name	Votes Received
Dai, Hung-Chuan	173,152,982
Tsao, Hsih-Chung	172,636,034
Dai, Hung-I	149,917,105
Chang, Chun-Shu	149,886,058
Lin, Chuan-Nui	147,886,710
Liu, Yun-Chang	117,486,609

List of Independent Directors Elected

Name	Votes Received
Hung, Chao-Nan	143,208,239
Huang, Hsiang-Ying	135,234,736
Kung, Yi-Lu	134,994,947

Proposal 9 : Release New Directors and Its Representatives from

Non-Competition Restrictions. Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) In accordance with Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business shall explain in the meeting of shareholders the essential contents of such an act and obtain permission.
- (2) To leverage the expertise and relevant experience of directors, the Company hereby proposes to release newly elected directors and its representatives from non-competition restrictions.
- (3) Please proceed to discuss.

Details of newly elected directors who do any investment or business which is within the scope of the Company's business:

Position in the Company	Name	Current Position in Other Companies	Title of the position
Director	Dai, Hung-Chuan	Hon Chuan (Thailand) Co., Ltd. Hon Chuan Malaysia Sdn. Bhd. Hon Chuan FD Packaging Co., Ltd. PT Hon Chuan Indonesia Hon Chuan Vietnam Co., Ltd. Hon Chuan (Myanmar) Co., Ltd. Honly Food & Beverage Co., Ltd.	Director Director Director Director Director Director Director
Director	Tsao, Hsih-Chung	Hon Chuan (Thailand) Co., Ltd. Hon Chuan FD Packaging Co., Ltd. PT Hon Chuan Indonesia Hon Chuan Vietnam Co., Ltd. Honly Food & Beverage Co., Ltd. Hon Chuan (Myanmar) Co., Ltd. Hon Chuan Malaysia Sdn. Bhd.	Director Director Director Director Director Director Director
Director	Liu, Yun-Chang	Hon Chuan Enterprise (Suzhou) Company Limited Suzhou Hong Xin Food Packing Company Limited Hon Chuan Food Packing (Qingxin) Company Limited Hon Chuan Enterprise (Changsha) Co., Ltd. Hon Chuan Food Packing (Jinan) Company Limited Hon Chuan Food Packing (Taiyuan) Company Limited Hon Chuan Food Packing (Zhangzhou) Company Limited Hon Chuan Food Packing (Chuzhou) Company Limited Hon Chuan Food Packing (Xiantao) Company Limited PT Hon Chuan Indonesia	Director Director Director Director Director Director Director Director Director Director Director
Director	Chang, Chun-Shu	Hon Chuan Enterprise (Changsha) Co., Ltd.	Director

Voting Results :

195,352,420 shares were represented at the time of voting (including votes casted electronically: 107,590,513); 120,383,093 votes were in favor of the proposal (including votes casted electronically: 42,759,442); 33,165,397 votes were casted against the proposal (including votes casted electronically: 33,165,397); 0 vote were casted invalidly of the proposal; 41,803,930 votes were abstained of the proposal (including votes casted electronically: 31,665,674). The proportion of 61.62% in favor of the proposal was casted.

RESOLVED, that the above proposal hereby was approved as proposed.

D. Other Business and Special Motion: None.

E. Meeting Adjourned

Business Report

Looking back to the year of 2016, it had a modest economic recovery worldwide. Even though overall beverage industry of the FMCG sector is increasing persistently, market competition is getting intense. In this circumstance, our brand clients experience severe tests about their market sensitivity. Meanwhile, how Taiwan Hon Chuan handles key accounts and catches trends of end consumers becomes the critical success factors. In 2016, the price of raw materials was falling which indirectly impacted our products' price. As a result, the revenue a bit slid compared to 2015 even we got an increased sales volume. However, we still had a great achievement in 2016 by diversifying our client bases, adjusting production lines, enhancing capacity utilization, implementing budget control and purchase negotiation strategy and developing innovative products. In 2016, our consolidated sales totaled at NTD\$16,510,678,000, decreased by 0.41% from NTD\$16,578,377,000 in 2015. The profit before tax amounted to NTD\$1,497,823,000, increased by 45.27% from NTD\$1,031,083,000 last year. The profit after tax reached NTD\$1,190,294,000, 34.32% higher than NTD\$886,141,000 in 2015. The earning per share is 4.02 dollars for the year of 2016 conclusively.

In the recent years, Hon Chuan has strengthened our business competitiveness by diversifying our client bases, expanding into new market domains, adjusting production lines and optimizing products' combination. In 2016, our business in china had shown a turn from loss to profit and handed in a wonderful performance which presented a great animation. Although there are lots of challenges in 2017, Hon Chuan hopes to enhance overall performance by strengthening our business competitiveness and accomplishing strategic layout. The operations in Taiwan, China and South East Asia are expected to grow this year based on the backbone of increasing orders from investing advanced capacity, new market exploration and long-term committed clients. Last year, Hon Chuan extended its footprint to Mozambique in Africa, in which there are over one billion people craving for FMCG in the next decade. With dedication to the frontier of the African market, we are looking forward to a sustainably rapid growth for our packaging and beverage sectors. Besides, research & development and innovation are the lifeblood of Hon Chuan. We will continue to promote QR Code applications built into our packaging materials for emerging e-commerce, and creative designs of various caps and bottles in a move to provide value-added service to our clients.

In response to ever-changing global markets, our management team will commit ourselves to product innovation, market expansion, cost reduction and personnel cultivation by way of expedient commercial strategies, steady growing path, and bottom-up resources integration. Hon Chuan will continue to commit itself to cost saving and budget controlling,

in order to enhance our overall corporate competitiveness.

Looking ahead, Hon Chuan will strive to our belief; “focusing on our core business, developing global markets, respecting our customers, caring for our employees and paying more contributions to social responsibility”. We aim to develop our corporate base in Taiwan, and apply our successful experience into China, South East Asia, Africa and other potential regions. We look forward to entering into a new era of Hon Chuan through our continuing efforts in 2017.

Thank you very much for your supports and advices as shareholders of Taiwan Hon Chuan sincerely.

Chairman :
Dai, Hung-Chuan

President :
Tsao, Hsih-Chung

Chief Accounting officer :
Cheng, Ya-wen

Independent Auditors' Report (Consolidated Financial Statements)

The Board of Directors and Shareholders
Taiwan Hon Chuan Enterprise Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Hon Chuan Enterprise Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter section below), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the reports of other auditors are sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2016 are stated as follows :

Revenue recognition

The Group manufactures and sells plastic caps and PET bottles and provides beverage packaging service. Because revenues from the top 5 clients of the Group are significant to the Group's revenues and profits, we have listed revenue recognition as a key audit matter. Please refer to Note 4 to the consolidated financial statements for the accounting policies on revenue recognition.

The key audit procedures we have performed in respect of the above area included the following:

1. We have understood and tested the design and operating effectiveness of the key controls over revenue recognition.
2. We selected samples from the daily sales reports for the top 5 clients for the year ended December 31, 2016 and we checked the reports against the customer order list, pre-approved original purchase order, quotation of prices and delivery order.
3. We verified the entries to the revenue subsidiary ledger by selecting sample entries for the top 5 clients and we checked the entries against the original order, quotation of prices, delivery order, invoice and receipt voucher. We also checked the entries against the documents acknowledged by customers for their receipt, delivery and order.

Evaluation of impairment inventory

The Group's inventory is measured at the lower of cost or net realizable value. The determination of net realizable value involved the use of significant judgments and estimates by the management. Thus, the evaluation of impairment of inventory is identified as a key audit matter. Please refer to Notes 4, 5 and 12 to the consolidated financial statements for the information about inventory.

The key audit procedures we have performed in respect of the above area included the following:

1. We understood and teste the design and operating effectiveness of the key controls over inventory.
2. We selected samples of inventory and checked that the value is the lower of cost or net realizable value. We evaluated whether expected sales price and variable expenses ratio are reasonable. We examined the accuracy of the calculation of net realizable value.
3. We observed year-end inventory taking. We selected samples and examined whether there were any defects or damages and confirmed the reasonableness of recognized loss on market price decline.

Other Matter

We did not audit the financial statements of PT Hon Chuan Indonesia, Hon Chuan Vietnam Co., Ltd. and Hon Chuan Malaysia Sdn. Bhd. as of and for the years ended December 31, 2016 and 2015. The total assets of these consolidated subsidiaries were 15.54% (NT\$4,256,344 thousand) and 14.78% (NT\$4,304,962 thousand) of the consolidated assets as of December 31, 2016 and 2015, respectively. The net sales of these subsidiaries were 9.21% (NT\$1,520,507 thousand) and 8.31% (NT\$1,378,255 thousand) of the consolidated net sales in 2016 and 2015, respectively. These investees' statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of other auditors.

We have also audited the parent company only financial statements of Taiwan Hon Chuan Enterprise Co., Ltd. as of and for the years ended December 31, 2016 and 2015 on which we have issued an unmodified and other matter opinion and an unqualified modified opinion.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter 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.

The engagement partners on the audit resulting in this independent auditors' report are Hsiao-Fang Yen and Done-Yuin Tseng.

Deloitte & Touche
Taichung, Taiwan
Republic of China
March 24, 2017

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

ASSETS	2016		2015	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,414,908	9	\$ 2,421,959	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	83,123	-	19,226	-
Debt investments with no active market - current (Notes 4 and 10)	31,613	-	40,440	-
Notes receivable from unrelated parties (Note 4)	158,671	1	158,484	1
Trade receivables from unrelated parties (Notes 4 and 11)	2,274,230	8	2,361,649	8
Trade receivables from related parties (Notes 4 and 31)	3,144	-	1,899	-
Inventories (Notes 4 and 12)	1,745,646	6	1,749,055	6
Other current assets (Notes 16 and 32)	<u>1,046,093</u>	<u>4</u>	<u>1,314,954</u>	<u>5</u>
Total current assets	<u>7,757,428</u>	<u>28</u>	<u>8,067,666</u>	<u>28</u>
NONCURRENT ASSETS				
Available for sale financial assets - noncurrent (Notes 4 and 8)	9,231	-	11,250	-
Financial assets measured at cost - noncurrent (Notes 4 and 9)	40,005	-	40,091	-
Long-term investments at equity-method (Notes 4 and 14)	28,639	-	32,501	-
Property, plant and equipment (Notes 4, 15 and 32)	17,991,011	66	18,796,260	65
Computer software (Note 4)	5,860	-	11,988	-
Goodwill (Notes 4 and 17)	382,813	2	64,496	-
Deferred tax assets (Notes 4 and 25)	165,705	1	171,323	1
Prepayments for equipment	647,003	2	1,524,882	5
Other noncurrent assets (Note 16)	<u>363,611</u>	<u>1</u>	<u>397,163</u>	<u>1</u>
Total noncurrent assets	<u>19,633,878</u>	<u>72</u>	<u>21,049,954</u>	<u>72</u>
TOTAL	<u>\$ 27,391,306</u>	<u>100</u>	<u>\$ 29,117,620</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 32)	\$ 6,660,381	24	\$ 8,011,602	27
Short-term bills payable (Note 18)	300,000	1	-	-
Notes payable to unrelated parties	200,045	1	201,358	1
Trade payables to unrelated parties	622,514	2	457,678	2
Current tax liabilities (Notes 4 and 25)	108,505	1	77,709	-
Current portion of long-term liabilities (Notes 4, 18, 19 and 32)	258,000	1	832,147	3
Preferred stock liabilities (Notes 4 and 20)	583,188	2	-	-
Other current liabilities (Notes 21 and 31)	<u>917,266</u>	<u>3</u>	<u>868,278</u>	<u>3</u>
Total current liabilities	<u>9,649,899</u>	<u>35</u>	<u>10,448,772</u>	<u>36</u>
NONCURRENT LIABILITIES				
Long-term borrowings (Notes 4, 18 and 32)	4,978,194	19	4,984,285	17
Deferred tax liabilities (Notes 4 and 25)	36,105	-	52,869	-
Preferred stock liabilities (Notes 4 and 20)	-	-	574,064	2
Net defined benefit liabilities - noncurrent (Notes 4 and 22)	36,522	-	40,300	-
Other noncurrent liabilities (Note 21)	<u>14,413</u>	<u>-</u>	<u>14,333</u>	<u>-</u>
Total noncurrent liabilities	<u>5,065,234</u>	<u>19</u>	<u>5,665,851</u>	<u>19</u>
Total liabilities	<u>14,715,133</u>	<u>54</u>	<u>16,114,623</u>	<u>55</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Common stock	2,928,789	11	3,098,479	11
Capital surplus	5,127,397	19	5,412,868	19
Retained earnings				
Legal reserve	1,181,738	4	1,086,842	4
Special reserve	444,446	2	421,790	1
Unappropriated earnings	3,293,916	12	3,205,307	11
Other equity	(1,220,606)	(5)	(444,446)	(2)
Treasury shares	<u>-</u>	<u>-</u>	<u>(835,335)</u>	<u>(3)</u>
Total equity attributable to owners of the parent	<u>11,755,680</u>	<u>43</u>	<u>11,945,505</u>	<u>41</u>
NON-CONTROLLING INTERESTS	<u>920,493</u>	<u>3</u>	<u>1,057,492</u>	<u>4</u>
Total equity	<u>12,676,173</u>	<u>46</u>	<u>13,002,997</u>	<u>45</u>
TOTAL	<u>\$ 27,391,306</u>	<u>100</u>	<u>\$ 29,117,620</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 24, 2017)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2016		2015	
	Amount	%	Amount	%
SALES (Notes 4 and 31)	\$16,510,678	100	\$16,578,377	100
COST OF GOODS SOLD (Notes 4, 12, 24 and 31)	<u>13,108,263</u>	<u>79</u>	<u>13,512,705</u>	<u>81</u>
GROSS PROFIT	<u>3,402,415</u>	<u>21</u>	<u>3,065,672</u>	<u>19</u>
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	801,332	5	739,555	5
General and administrative expenses	865,206	5	998,425	6
Research and development expenses	<u>64,680</u>	<u>1</u>	<u>63,577</u>	<u>-</u>
Total operating expenses	<u>1,731,218</u>	<u>11</u>	<u>1,801,557</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>1,671,197</u>	<u>10</u>	<u>1,264,115</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 20 and 24)	(231,701)	(1)	(237,735)	(1)
Net foreign exchange loss (Note 4)	(81,758)	(1)	(85,678)	(1)
Other gains and losses (Notes 4 and 24)	<u>140,085</u>	<u>1</u>	<u>90,381</u>	<u>-</u>
Total non-operating income and expenses	<u>(173,374)</u>	<u>(1)</u>	<u>(233,032)</u>	<u>(2)</u>
PROFIT BEFORE INCOME TAX	1,497,823	9	1,031,083	6
INCOME TAX EXPENSE (Notes 4 and 25)	<u>307,529</u>	<u>2</u>	<u>144,942</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,190,294</u>	<u>7</u>	<u>886,141</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	(7,387)	-	(408)	-
Income tax expense related to items that may be reclassified subsequently (Note 25)	1,256	-	69	-
Items that may be reclassified subsequently to profit or loss:				

Exchange differences on translating foreign operations	(961,340)	(6)	(862,180)	(5)
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(Continued)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2016		2015	
	Amount	%	Amount	%
Unrealized gain on available-for-sale financial assets	\$ (1,901)	-	\$ (7,042)	-
Other comprehensive income (loss) for the year, net of income tax	(969,372)	(6)	(869,561)	(5)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 220,922</u>	<u>1</u>	<u>\$ 16,580</u>	<u>-</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,178,224	7	\$ 948,965	6
Non-controlling interests	<u>12,070</u>	<u>-</u>	<u>(62,824)</u>	<u>(1)</u>
	<u>\$ 1,190,294</u>	<u>7</u>	<u>\$ 886,141</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 395,933	2	\$ 210,024	1
Non-controlling interests	<u>(175,011)</u>	<u>(1)</u>	<u>(193,444)</u>	<u>(1)</u>
	<u>\$ 220,922</u>	<u>1</u>	<u>\$ 16,580</u>	<u>-</u>
EARNINGS PER SHARE (Note 26)				
Basic	\$ 4.02		\$ 3.26	
Diluted	<u>\$ 3.97</u>		<u>\$ 3.20</u>	

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

(With Deloitte & Touche auditors' report dated March 24, 2017)

(Concluded)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent										Non-controlling Interests (Note 13)	Total Equity
	Share Capital (Note 23)	Capital Surplus (Notes 4 and 23)	Retained Earnings (Notes 4, 22 and 23)			Other Equity		Treasury Shares (Note 23)	Total			
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets					
BALANCE AT JANUARY 1, 2015	\$ 2,598,479	\$ 3,283,868	\$ 990,221	\$ 421,790	\$ 3,034,967	\$ 287,387	\$ 6,769	\$ -	\$ 10,623,481	\$ 1,045,909	\$ 11,669,390	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	223,727	223,727	
Appropriation of 2014 earnings												
Legal reserve	-	-	96,621	-	(96,621)	-	-	-	-	-	-	
Cash dividends distributed by the Corporation	-	-	-	-	(681,665)	-	-	-	(681,665)	-	(681,665)	
Issue of ordinary shares for cash	500,000	2,095,000	-	-	-	-	-	-	2,595,000	-	2,595,000	
Share-based payment transaction	-	34,000	-	-	-	-	-	-	34,000	-	34,000	
Buy-back of ordinary shares	-	-	-	-	-	-	-	(835,335)	(835,335)	-	(835,335)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(18,700)	(18,700)	
Net profit for the year ended December 31, 2015	-	-	-	-	948,965	-	-	-	948,965	(62,824)	886,141	
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	(339)	(731,560)	(7,042)	-	(738,941)	(130,620)	(869,561)	
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	948,626	(731,560)	(7,042)	-	210,024	(193,444)	16,580	
BALANCE AT DECEMBER 31, 2015	3,098,479	5,412,868	1,086,842	421,790	3,205,307	(444,173)	(273)	(835,335)	11,945,505	1,057,492	13,002,997	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	50,684	50,684	
Appropriation of 2015 earnings												
Legal reserve	-	-	94,896	-	(94,896)	-	-	-	-	-	-	
Special reserve	-	-	-	22,656	(22,656)	-	-	-	-	-	-	
Cash dividends distributed by the Corporation	-	-	-	-	(585,758)	-	-	-	(585,758)	-	(585,758)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(12,672)	(12,672)	
Cancellation of treasury shares	(169,690)	(285,471)	-	-	(380,174)	-	-	835,335	-	-	-	
Net profit for the year ended December 31, 2016	-	-	-	-	1,178,224	-	-	-	1,178,224	12,070	1,190,294	
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	(6,131)	(774,259)	(1,901)	-	(782,291)	(187,081)	(969,372)	
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	1,172,093	(774,259)	(1,901)	-	395,933	(175,011)	220,922	
BALANCE AT DECEMBER 31, 2016	\$ 2,928,789	\$ 5,127,397	\$ 1,181,738	\$ 444,446	\$ 3,293,916	\$ (1,218,432)	\$ (2,174)	\$ -	\$ 11,755,680	\$ 920,493	\$ 12,676,173	

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

(With Deloitte & Touche auditors' report dated March 24, 2017)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$1,497,823	\$1,031,083
Adjustments for:		
Depreciation and amortization expenses	2,154,420	2,026,906
Finance costs	231,701	237,735
Unrealized net loss (gain) on foreign currency exchange	103,279	146,332
Net loss (gain) on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(53,025)	(62,568)
Impairment loss recognized (reversal of impairment loss) on non-financial assets	(7,858)	15,894
Loss (gain) on disposal of property, plant and equipment	5,788	27,998
Loss (gain) recognized on associates under equity method	4,441	13,080
Impairment loss recognized (reversal of impairment loss) on trade receivables	894	12,080
Impairment loss on financial assets	86	-
Others	2,557	(446)
Compensation cost of share-based payment transaction	-	34,000
Net loss (gain) on disposal of investment	-	(16,461)
Impairment loss recognized on property, plant and equipment	-	13,886
Net changes in operating assets and liabilities		
Financial assets held for trading	(11,188)	32,678
Notes receivable	(225)	9,686
Trade receivables	91,077	(214,008)
Inventories	(4,292)	394,184
Other current assets	73,501	77,408
Notes payable	(1,262)	(15,666)
Trade payables	197,668	(86,575)
Net defined benefit liabilities	(11,165)	(6,590)
Other current liabilities	500,409	(48,860)
Cash generated from operations	4,774,629	3,621,776
Interest paid	(209,704)	(214,491)
Income tax paid	(242,461)	(241,401)
Net cash generated from operating activities	<u>4,322,464</u>	<u>3,165,884</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in prepayments for equipment	(1,164,022)	(1,752,637)
Payments for property, plant and equipment	(702,260)	(766,310)
Net cash outflow on acquisition of subsidiaries (Note 27)	(340,928)	-
Proceeds from disposal of property, plant and equipment	132,834	91,967
Acquisition of associates	(30,401)	-
Disposal of associates	29,221	-

Repayment debt investments with no active market at maturity	5,834	-
Increase in refundable deposits	(1,052)	-
		(Continued)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2016	2015
Other investing activities	(1,152)	(36,697)
Proceeds from sale of available-for-sale financial assets	\$ -	\$ 61,686
Purchase of available-for-sale financial assets	-	(45,225)
Purchase of financial assets measured at cost	-	(15,000)
Decrease in refundable deposits	-	(1,875)
Proceeds of the return of capital on financial assets measured at cost	<u>-</u>	<u>879</u>
Net cash used in investing activities	<u>(2,071,926)</u>	<u>(2,463,212)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	1,817,880	3,086,000
Repayments of long-term borrowings	(1,794,101)	(3,758,695)
Proceeds from (repayments of) short-term borrowings	(1,302,186)	(852,335)
Dividends paid to owners of the Corporation	(585,758)	(681,665)
Repayments of corporate bonds	(575,500)	-
Proceed from short-term bills payable	300,000	-
Changes in non-controlling interests	28,967	223,727
Dividends paid to non-controlling interests	(12,672)	(18,700)
Proceeds from issue of ordinary shares	-	2,595,000
Payments for buy-back of ordinary shares	-	(835,335)
Payments for increase of interests in subsidiaries	<u>-</u>	<u>(72,751)</u>
Net cash generated from (used in) financing activities	<u>(2,123,370)</u>	<u>(314,754)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(134,219)</u>	<u>(31,772)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,051)	356,146
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,421,959</u>	<u>2,065,813</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$2,414,908</u>	<u>\$2,421,959</u>

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

(With Deloitte & Touche auditors' report dated March 24, 2017)

(Concluded)

Taiwan Hon Chuan Enterprise Co., Ltd.

Supervisors' Audit Report

The Board of Directors has prepared the Company's 2016 Financial Statements and the Consolidated Financial Statements, which have been audited by the CPA firm of Deloitte & Touche. We have reviewed the Financial Statements, Business Report and profit allocation proposal and do not find any discrepancy. According to Article 219 of the Company Act, we hereby submit this report.

To

2017 Annual Shareholders' Meeting of Taiwan Hon Chuan Enterprise Co., Ltd.

Taiwan Hon Chuan Enterprise Co., Ltd.

Supervisor : Lin, Chun-Chih

Supervisor : Tsao, Yu-Yu

Supervisor : Hsih-Yueh Development Co., Ltd. (Representative : Hsu, Cheng-Chuan)

May 12, 2017

Taiwan Hon Chuan Enterprise Co., Ltd.

Proposal for Distribution of 2016 Profits

	Unit : NTD
<u>Items</u>	<u>Amount</u>
Unappropriated retained earnings of previous years	2,501,996,524
Loss of disposing treasury stock	(380,173,808)
Remeasurement of defined benefit obligation	<u>(6,130,833)</u>
Unappropriated retained earnings after adjustment	2,115,691,883
Net Income of 2016	1,178,223,666
10% for legal capital reserve	(117,822,367)
Special reserve	<u>(776,159,774)</u>
Retained Earnings Available for Distribution as of 2016	2,399,933,408
Shareholders' Dividend (NTD\$ 2.5 per share)	<u>(732,197,198)</u>
Unappropriated Retained Earnings	<u><u>1,667,736,210</u></u>

(Note1) Shareholders' Dividend -- Cash : 292,878,879 shares * NTD\$ 2.5 = NTD\$ 732,197,198

(Note2) The cash dividend distribution will be calculated to the nearest NT dollar. For fractional shares distributed which are less than one dollar that will be adjusted by the chairman who is authorized to contact specific person to deal with it.

(Note3) Board of Directors is authorized to determine the ex-dividend date for the cash dividend distributions upon the approval of the profit distribution proposal at the Annual Meeting of Shareholders.

(Note4) In response to the implementation of Imputation System, when computing tax levied at the rate of ten percent on undistributed surplus earnings in accordance with Article 66-9 of Income Tax Act, the Company will adopt specific identification method to distribute preferably from earnings of recent years based upon official letter No. 871941343 issued by Ministry of Finance on April 30, 1998.

(Note5) Afterward, if there is any reason to influence the total amount of outstanding shares of the Company, based on the proposed total amount of cash distributed to shareholders which resolved by this shareholders' meeting and actual amount of outstanding shares on the base day of interest distribution, please authorize the chairman to adjust distribution rate.

Explanatory Notes :

1. Unappropriated retained earnings of previous years : It represents the unappropriated retained earnings after making distribution of 2015 profits by the resolution of 2016 Shareholders' Meeting and is compiled based upon TIFRS GAAP.

Chairman :
Dai, Hung-Chuan

President :
Tsao, Hsih-Chung

Chief Accounting officer :
Cheng, Ya-wen

Taiwan Hon Chuan Enterprise Co., Ltd.

“Articles of Incorporation” Amendment Comparison Table

Date : 2017.06.15 (Amended)

Article No.	Original	Proposed Revision	Description
Article 16	<p>Chapter 4 Board of Directors Supervisor</p> <p>The Company shall have seven to nine directors and <u>three supervisors</u>, all to be elected by shareholders with full legal capacity and with the election be done through the candidate nomination system for a term of three years and shall be eligible for re-election.</p> <p>Said directors shall include no less than three independent directors, and the independent directors shall be no less than one-fifths of directors' seats. The independent directors shall be elected from the list of candidates in a shareholders' meeting.</p> <p>The qualification, shareholding, restriction on part-time jobs, nomination and election of independent directors and other matters to be complied with shall be handled in compliance with Company Act and other relevant requirement of the competent security authority.</p> <p>The company may acquire liability insurance for all directors and supervisors every year.</p>	<p>Chapter 4 Board of Directors Audit Committee</p> <p>The Company shall have seven to nine directors, all to be elected by shareholders with full legal capacity and with the election be done through the candidate nomination system for a term of three years and shall be eligible for re-election.</p> <p>Said directors shall include no less than three independent directors, and the independent directors shall be no less than one-fifths of directors' seats. The independent directors shall be elected from the list of candidates in a shareholders' meeting.</p> <p>The qualification, shareholding, restriction on part-time jobs, nomination and election of independent directors and other matters to be complied with shall be handled in compliance with Company Act and other relevant requirement of the competent security authority.</p> <p>The company may acquire liability insurance for all directors every year.</p>	Amended in accordance with founding Audit Committee to replace supervisors

Article 16-1	When the Company's <u>directors and supervisors</u> perform Company duties, the Company may pay remuneration regardless of whether the Company operates at a profit or loss. The Board of Directors is authorized with powers to resolve the rates of such remuneration based on the extent of their participation in the Company's business operations or value of their contribution, at a level consistent with general practices in the industry. If the Company operates at a profit, they also may allocate remuneration in accordance with Article 28.	When the Company's <u>directors</u> perform Company duties, the Company may pay remuneration regardless of whether the Company operates at a profit or loss. The Board of Directors is authorized with powers to resolve the rates of such remuneration based on the extent of their participation in the Company's business operations or value of their contribution, at a level consistent with general practices in the industry. If the Company operates at a profit, they also may allocate remuneration in accordance with Article 28.	Amended in accordance with founding Audit Committee to replace supervisors
Article 17	In the event <u>more than one-third of the directors or all the supervisors are discharged</u> , a shareholders' meeting shall be convened to elect replacement directors or supervisors. The term shall be subject to the original term of the directors or supervisors.	In the event <u>more than one-third of the directors are discharged</u> , a shareholders' meeting shall be convened to elect replacement directors. The term shall be subject to the original term of the directors.	Amended in accordance with founding Audit Committee to replace supervisors
Article 17-1	The functions of the board of directors shall be as follows: 1. Proposing the amendments to the Articles of Incorporation; 2. Setting up and winding up branches; 3. Reviewing budgets, closing of accounts, and business reports; 4. Determining, supervising and executing the business plan; 5. Approving the investment in other companies or acquirement of the shares of other companies; 6. Appointing and discharging the accountants who certify the financial reports for the Company;	The functions of the board of directors shall be as follows: 1. Proposing the amendments to the Articles of Incorporation; 2. Setting up and winding up branches; 3. Reviewing budgets, closing of accounts, and business reports; 4. Determining, supervising and executing the business plan; 5. Approving the investment in other companies or acquirement of the shares of other companies; 6. Appointing and discharging the accountants who certify the financial reports for the Company;	Amended in accordance with actual demand

	<p>7. Appointing and discharging corporate officials at the level of deputy general manager and higher;</p> <p><u>8. Proposing and resolving the assignment, sale, rent, pledge, hypothecation or disposition by any other means of all or substantial part of the Company's operating assets;</u></p> <p><u>9. Approving the Company's application for financing, guarantees, acceptance, and any other credit facility in an amount exceeding NT\$50,000,000 with any financial institution or any third party, in case the amount is below NT\$50,000,000, the application shall be submitted subsequently in the immediately next meeting of the Board of Directors for recordation;</u></p> <p><u>10. Approving the capital expenses in an amount exceeding NT\$100,000,000;</u></p> <p><u>11. Approving the endorsement, guarantee and acceptance in the name of the Company in favor of a person, which in an amount exceeding NT\$30,000,000, in case the amount is below NT\$30,000,000, the exceptional provision in the preceding paragraph shall apply mutatis mutandis;</u></p> <p><u>12. Approving material transactions between the Company and its related parties (including affiliates);</u></p> <p><u>13. Approving the acquiring, assigning, licensing, renting and material technology transfer contracts regarding the</u></p>	<p>7. Appointing and discharging corporate officials at the level of deputy general manager and higher;</p> <p><u>8. Preparing proposals for increase or decrease capital;</u></p> <p><u>9. Proposing appropriation of earnings or make up of loss;</u></p> <p><u>10. Proposing acquisition and disposal of important assets;</u></p> <p><u>11. Approving external endorsements and guarantees of company;</u></p> <p><u>12. Approving important contractor or other material matters;</u></p> <p><u>13. Other duties and powers granted by or in accordance with the Company Act or shareholders' resolutions.</u></p>	
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	<u>technology, patent, trademark and copyright, and the amending and terminating thereof;</u> <u>14. Approving important contracts or other material matters.</u>		
Article 18	In case the Company is unable to elect new <u>directors or supervisors</u> immediately after the expiration of the term of their office, the existing <u>directors and supervisors</u> shall continue to perform their duties until re-election within a time limit given by the competent authority.	In case the Company is unable to elect new <u>directors</u> immediately after the expiration of the term of their office, the existing <u>directors</u> shall continue to perform their duties until re-election within a time limit given by the competent authority.	
Article 23	<u>The supervisors may exercise their supervising duties independently, attend the meeting of the Board of Directors and state opinion, but shall not have voting rights.</u>	<u>In accordance with Article 14-4 of Securities and Exchange Act, the Company shall establish an Audit Committee, which consists of all independent directors. The power and relevant affairs of Audit Committee and its members shall be devised in compliance with laws and regulations of competent authority.</u>	Amended in accordance with founding Audit Committee to replace supervisors
Article 27	At the end of each fiscal year, the Board of Directors shall prepare (1) business report, (2) financial statements, (3) proposal for appropriation of earnings or covering of loss, etc., and <u>deliver the same to the supervisors for audit thirty days before the ordinary shareholders' meeting.</u>	At the end of each fiscal year, the Board of Directors shall prepare (1) business report, (2) financial statements, (3) proposal for appropriation of earnings or covering of loss, etc., and <u>deliver the same to shareholders' meeting for approval.</u>	Amended in accordance with founding Audit Committee to replace supervisors
Article 28	<u>If the Company is profitable, it shall set aside no less than 1% of the profit as employee compensation. Employee's compensation maybe distributed in the form of shares or in cash, and employees qualified to receive such compensation may include employees from affiliates companies who meet certain</u>	<u>Annual profit before income tax, employees' compensation, and directors' remuneration shall be resolved by board of directors to set aside no less than 1% of said profit as employee compensation and a maximum of 3% of said profit as remuneration to directors. Employee's compensation may be distributed</u>	Amend the sentence "If the Company is profitable" Amended in accordance with founding

	<p><u>qualifications. Company shall set aside at a maximum of 3% of the profit as remuneration to directors and supervisors.</u></p> <p>The issues relevant to distribution of employee compensation and Director compensation shall be set by resolutions of the Board of Directors. If the Company has accumulated losses, it shall first deduct the accumulated losses, and then calculate the compensation from the remaining amount.</p>	<p><u>in the form of shares or in cash, and employees qualified to receive such compensation may include employees from affiliates companies who meet certain qualifications.</u></p> <p>The issues relevant to distribution of employee compensation and <u>director remuneration</u> shall be set by resolutions of the Board of Directors. If the Company has accumulated losses, it shall first deduct the accumulated losses, and then calculate the compensation from the remaining amount.</p>	<p>Audit Committee to replace supervisors</p>
Article 29	<p>Upon closing of accounts, <u>if there shall be any net profit, the Company shall first pay the corporate income tax in accordance with law</u>, make up the losses for the preceding years, then set aside a legal reserve of 10% of the net profit unless the statutory surplus reserve has reached the total capital and then set aside or rotate special reserves; Any further remaining amount shall be added to the unallocated surplus from the prior year as shareholder dividend and bonus. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved at a shareholders'</p> <p>The dividend policy of the Company shall be made according to the Company's current and future plan, considering investment environment, fund requirements,</p>	<p>Upon closing of accounts, <u>if there shall be any net profit, the Company shall make up the losses for the preceding years, then set aside a legal reserve of 10% of the net profit unless the statutory surplus reserve has reached the total capital and then set aside or rotate special reserves; Any further remaining amount shall be added to the unallocated surplus from the prior year as shareholder dividend and bonus. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved at a shareholders' meeting.</u></p> <p>The dividend policy of the Company shall be made according to the Company's current and future plan, considering investment environment, fund requirements,</p>	<p>Amend the word "profit"</p>

	<p>overall competition and taking into account the interests of shareholders.</p> <p>The Company may appropriate more than 30% of net profits of current year for dividends to shareholders. However, when accumulated un-appropriated earnings is less than 10% of capital, the Company may decide not to distribute dividend.</p> <p>The shareholders dividend shall be in the form of cash dividends or stock dividend. More than (or equal to) 50% of the total amount of shareholders' dividend shall be in the form of cash dividends.</p>	<p>overall competition and taking into account the interests of shareholders.</p> <p>The Company may appropriate more than 30% of net profits of current year for dividends to shareholders. However, when accumulated un-appropriated earnings is less than 10% of capital, the Company may decide not to distribute dividend.</p> <p>The shareholder dividend shall be in the form of cash dividend or stock dividend. More than (or equal to) 50% of the total amount of shareholders dividend shall be in the form of cash dividend.</p>	
Article 32	<p>These Articles of Incorporation were adopted on 16 June 1969. The First Amendment was made on 5 November 1973.</p> <p>.....The 41th Amendment was made on 29 June 2015. The 42th Amendment was made on 22 June 2016.</p>	<p>These Articles of Incorporation were adopted on 16 June 1969. The First Amendment was made on 5 November 1973.</p> <p>.....The 41th Amendment was made on 29 June 2015. The 42th Amendment was made on 22 June 2016. <u>The 43th Amendment was made on 15 June 2017.</u></p>	Add revision date

Taiwan Hon Chuan Enterprise Co., Ltd.

“Procedures for Acquisition or Disposal of Asset”

Amendment Comparison Table

Date : 2017.06.15 (Amended)

Article No.	Original	Proposed Revision	Description
Article 4	<p>Article 4 Appraisal Procedures</p> <p>1. In acquisition or disposal of Real Property or equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, unless otherwise transacting with a government agency, engaging others to build on the land owned or rented by the Company, or acquiring or disposing of equipment for operating purpose, the Company (including the subsidiaries) shall obtain an appraisal report prior to the date of occurrence from a professional appraiser and shall further comply with the following provisions:</p> <p>1-1 In principle, normal price shall be the reference basis for appraisal price. Where it gives a limited price, specified price or special price, shall note whether it is in accordance with the regulation of Article 10 or 11 of Technical Standard for Land</p>	<p>Article 4 Appraisal Procedures</p> <p>1. In acquisition or disposal of Real Property or equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, unless otherwise transacting with a government agency, engaging others to build on the land owned or rented by the Company, or acquiring or disposing of equipment for operating purpose, the Company (including the subsidiaries) shall obtain an appraisal report prior to the date of occurrence from a professional appraiser and shall further comply with the following provisions:</p> <p>1-1 In principle, normal price shall be the reference basis for appraisal price. Where it gives a limited price, specified price or special price, shall note whether it is in accordance with the regulation of Article 10 or 11 of Technical Standard for Land</p>	Amended in accordance with the applicable regulations and the foundation of Audit Committee

	<p>Valuation. Where due to special circumstances it is necessary to give a limited price or specified price as a reference basis for the transaction price, the transaction shall be <u>approved by the Board of Directors in advance, informed to supervisors</u> and reported on the next shareholders' meeting. The same procedure shall be followed for any future changes to the terms and conditions of the transaction. Appraisal report shall evaluate respectively the appraisal results of normal price, limited price or specified price and list in detail the limited or specified condition, and whether it meets the current condition or not. It shall also explain the reason and rationality of the discrepancy with normal price, and express clearly whether that limited price or specified price may be a reference basis for transaction price.</p> <p>(be omitted)</p>	<p>Valuation. Where due to special circumstances it is necessary to give a limited price or specified price as a reference basis for the transaction price, the transaction shall be <u>submitted to the Audit Committee for approval in advance, and be approved by the Board of Directors</u> and reported on the next shareholders' meeting. The same procedure shall be followed for any future changes to the terms and conditions of the transaction. Appraisal report shall evaluate respectively the appraisal results of normal price, limited price or specified price and list in detail the limited or specified condition, and whether it meets the current condition or not. It shall also explain the reason and rationality of the discrepancy with normal price, and express clearly whether that limited price or specified price may be a reference basis for transaction price.</p>	
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		(be omitted)	
Article 5	Article 5 Related Party Transactions (be omitted) 2. When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading in government bonds, bond trading with repurchase and/or reverse purchase arrangement, <u>or subscription or redemption of domestic money market funds</u> , the Company may not proceed to enter into a transaction contract and make a payment until the following matters have been <u>approved by the Board of Directors and supervisors</u> : (be omitted) 2-7 Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8-2 herein, and "within one year" as used herein refers	Article 5 Related Party Transactions (be omitted) 2. When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading in government bonds, bond trading with repurchase and/or reverse purchase arrangement, <u>or subscription or redemption of domestic money market funds which issued by Domestic Securities Investment Trust Enterprises</u> , the Company may not proceed to enter into a transaction contract and make a payment until the following matters have been <u>approved by the Audit Committee and the Board of Directors</u> : (be omitted) 2-7 Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall	Amended in accordance with the applicable regulations and the foundation of Audit Committee

	<p>to the year preceding the date of occurrence of the current transaction. Items that <u>have been submitted to the Board of Directors for approval and approved by the supervisors</u> may be excluded. (be omitted)</p> <p>4-2 <u>The Supervisors</u> shall handle the relevant matters in accordance with Article 218 of Taiwan Company Act. (be omitted)</p>	<p>be made in accordance with Article 8-2 herein, and "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that <u>have been approved by the Audit Committee and the Board of Directors</u> may be excluded. (be omitted)</p> <p>4-2 <u>The Audit Committee</u> shall handle the relevant matters in accordance with Article 218 of Taiwan Company Act. (be omitted)</p>	
Article 7	<p>Article 7 Merger, Spin-off, Acquisition, and transfer of shares</p> <p>1. The Company that conducts a merger, spin-off, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a certified public accountant, lawyer, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for discussion and approval. When participating in a merger, spin-off, acquisition or transfer of shares, the Company shall prepare a report to the shareholders that</p>	<p>Article 7 Merger, Spin-off, Acquisition, and transfer of shares</p> <p>1. The Company that conducts a merger, spin-off, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a certified public accountant, lawyer, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for discussion and approval. <u>Where the Company merges the subsidiary, or merges between the subsidiaries, in which the Company owns, directly or indirectly, 100% of</u></p>	Amended in Accordance with the applicable regulations.

	<p>contain material contractual terms and conditions and matters relevant to the merger, spin-off or acquisition prior to the shareholders meeting and deliver to shareholders such report together with shareholders meeting notice and the expert opinion referred to in the preceding paragraph for shareholders' reference. However, the above requirement shall not apply if the merger, spin-off or acquisition is exempted by law from obtaining the shareholders' approval. Where the shareholders meeting of any one of the companies participating in a merger, spin-off or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restrictions, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, spin-off or acquisition shall immediately explain to the public the reason, the follow-up measures and the preliminarily scheduled date of the next shareholders' meeting.</p> <p>(be omitted)</p>	<p><u>issued shares or capital; thereof shall not obtain the said opinion on the reasonableness issued by experts.</u></p> <p>When participating in a merger, spin-off, acquisition or transfer of shares, the Company shall prepare a report to the shareholders that contain material contractual terms and conditions and matters relevant to the merger, spin-off or acquisition prior to the shareholders meeting and deliver to shareholders such report together with shareholders meeting notice and the expert opinion referred to in the preceding paragraph for shareholders' reference. However, the above requirement shall not apply if the merger, spin-off or acquisition is exempted by law from obtaining the shareholders' approval. Where the shareholders meeting of any one of the companies participating in a merger, spin-off or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restrictions, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, spin-off or acquisition shall immediately explain to the public the reason, the follow-up measures and the preliminarily scheduled date of</p>	
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		the next shareholders' meeting. (be omitted)	
Article 8	<p>Article 8 The procedures for Public Announcement</p> <p>Under any of the following circumstances, when acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by laws and regulations within two days commencing immediately from the Date of Occurrence:</p> <p>1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this requirement shall not apply to transactions of selling or purchasing government bonds or bonds with call or put options, or subscription or redemption of domestic money market funds.</p> <p>(be omitted)</p> <p>4. Where an asset transaction other than any of those referred to in the previous 3 subparagraphs, a disposal of</p>	<p>Article 8 The procedures for Public Announcement</p> <p>Under any of the following circumstances, when acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by laws and regulations within two days commencing immediately from the Date of Occurrence:</p> <p>1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this requirement shall not apply to transactions of selling or purchasing government bonds or bonds with call or put options, or subscription or redemption of domestic money market funds <u>which issued by Domestic Securities Investment Trust Enterprises.</u></p> <p>(be omitted)</p> <p>4. Where the type of asset</p>	Amended in Accordance with the applicable regulations.

	<p>receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>4-1 Trading of government bonds.</p> <p>4-2 Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</p> <p>4-3 Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</p> <p>4-4 Where the type of asset acquired or disposed is equipment for operating purpose, the transaction counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>4-5 Acquisition or disposal by a public company in the construction</p>	<p>acquired or disposed is equipment for operating purpose, the transaction counterparty is not a related party, and the transaction amount meets one of the following provision:</p> <p>4-1 While the Company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>4-2 While the Company's paid-in capital is more than NT\$10 billion, the transaction amount reaches NT\$1 billion or more.</p> <p>5. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is more than NT\$500 million.</p> <p>6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the</p>	
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	<p>business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>4-6 Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.</p> <p>5. The original contract of transaction has conditions of alternation, expiration or dismissal.</p> <p>6. Merger, demerger, acquisition, or transfer of shares is not finished as expected date of the contract.</p> <p>7. The original content of announcement and report has changed.</p> <p>(be omitted)</p>	<p>transaction reaches NT\$500 million.</p> <p>7. Where an asset transaction other than any of those referred to in the previous 6 subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>7-1 Trading of government bonds.</p> <p>7-2 Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock</p>	
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	<p>The Company shall compile monthly reports on the status of derivatives products trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, <u>all the items shall be again publicly announced and reported.</u></p>	<p>company, in accordance with the rules of the Taipei Exchange.</p> <p>7-3 Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds which issued by Domestic Securities Investment Trust Enterprises.</p> <p>(be omitted)</p> <p>The Company shall compile monthly reports on the status of derivatives products trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, <u>all the items shall be again publicly announced and reported within 2 days commencing immediately from the Date of Awareness.</u></p>	
Article 11	<p>Article 11</p> <p>1. The Procedures and other provisions which in accordance with the laws shall be approved by the</p>	<p>Article 11</p> <p>1. The Procedures shall be approved by the Audit Committee and submitted to the Board of Directors for</p>	Amended in accordance with the applicable regulations

	<p>Board of Directors. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to all supervisors.</p> <p>2. If the Company has elected independent directors in accordance with relevant law, when the Procedures are submitted to board of directors' meeting for discussion as required by preceding paragraph, the Board of Directors shall fully take each independent director's opinions into consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.</p> <p>The Procedures shall be submitted to the Board of Directors for further approval and reported to the most recent shareholders' meeting for approval. The same applies when the procedures are amended.</p>	<p>further approval and reported to the most recent shareholders' meeting for approval. The same applies when the procedures are amended. If a director holds dissenting opinions of Company's matters and there were records for it or in written statement, the Company shall submit materials of the director's dissenting opinions to the shareholders' meeting for discussion.</p> <p>2. If the Company has elected independent directors in accordance with relevant law, when the Procedures are submitted to board of directors' meeting for discussion as required by preceding paragraph, the Board of Directors shall fully take each independent director's opinions into consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.</p>	<p>and the foundation of Audit Committee</p>
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Taiwan Hon Chuan Enterprise Co., Ltd.
“Rules and Procedures for Shareholders' Meeting”
Amendment Comparison Table

Date : 2017.06.15 (Amended)

Article No.	Original	Proposed Revision	Description
Article 16	<p>Unless otherwise provided by the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting.</p> <p>A motion may be resolve by way of vote, or shall be deemed passed if no objection to the motion is expressed by all of the shareholders present at the meeting after the solicitation of the chairman, which shall have the same effect as if it was voted by casting ballots.</p> <p>Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote. The election of <u>directors or supervisors</u> at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by The Company, and the</p>	<p>Unless otherwise provided by the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting.</p> <p>A motion may be resolve by way of vote, or shall be deemed passed if no objection to the motion is expressed by all of the shareholders present at the meeting after the solicitation of the chairman, which shall have the same effect as if it was voted by casting ballots.</p> <p>Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote. The election of <u>directors</u> at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by The Company, and the voting results</p>	Amended in accordance with founding Audit Committee

	<p>voting results shall be announced on-site immediately, including the names of those elected as <u>directors or supervisors</u> and the numbers of votes with which they were elected.</p>	<p>shall be announced on-site immediately, including the names of those elected as <u>directors</u> and the numbers of votes with which they were elected.</p>	
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Taiwan Hon Chuan Enterprise Co., Ltd.

“Procedures for Election of Directors” Amendment

Comparison Table

Date : 2017.06.15 (Amended)

Article No.	Original	Proposed Revision	Description
Title	<u>Procedures for Election of Directors and Supervisors</u>	<u>Procedures for Election of Directors</u>	Amended in accordance with Articles of Incorporation
Article 1	Election of <u>directors and supervisors</u> shall be conducted in accordance with relevant laws and the procedures specified herein.	Election of <u>directors</u> shall be conducted in accordance with relevant laws and the procedures specified herein.	Amended in accordance with Articles of Incorporation
Article 2	Election of <u>directors and supervisors</u> shall be held at the shareholders' meeting.	Election of <u>directors</u> shall be held at the shareholders' meeting.	Amended in accordance with Articles of Incorporation
Article 3	Any shareholder with full legal capacity may be elected to be <u>directors or supervisors</u> of the Company in accordance with the procedures specified herein.	Any shareholder with full legal capacity may be elected to be <u>directors</u> of the Company in accordance with the procedures specified herein.	Amended in accordance with Articles of Incorporation
Article 4	The registered cumulative voting method shall be used for election of <u>the directors and supervisors</u> . The name of voter may be replaced with the attendance card serial numbers printed on the ballots. Each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one candidate or divided to vote for several candidates.	The registered cumulative voting method shall be used for election of the <u>directors</u> . The name of voter may be replaced with the attendance card serial numbers printed on the ballots. Each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one candidate or divided to vote for several candidates. <u>The elections of independent directors and non-independent directors shall be conducted at the</u>	Amended in accordance with Articles of Incorporation

		<u>same time, but the numbers to be elected shall be separately calculated.</u>	
Article 5	<p>Based upon the number of vacancy in positions specified in the Articles of Incorporation, <u>candidates with the higher number of votes shall be elected as directors or supervisors respectively.</u> When two or more candidates receive the same number of votes, thus exceeding the specified number of positions, such candidates shall draw lots to determine the winner, and the Chairman shall draws lots on behalf of any candidate not in attendance.</p> <p><u>If being elected as directors and supervisors at the same time, the candidate shall waive one of the positions. The candidate whose numbers of votes is second highest shall fill the vacancy.</u></p>	<p>Based upon the number of vacancy in positions specified in the Articles of Incorporation, <u>candidates with the higher number of votes shall be elected as independent directors or directors respectively.</u> When two or more candidates receive the same number of votes, thus exceeding the specified number of positions, such candidates shall draw lots to determine the winner, and the Chairman shall draws lots on behalf of any candidate not in attendance.</p>	Amended in accordance with Articles of Incorporation

Taiwan Hon Chuan Enterprise Co., Ltd.

“Procedures for Loaning of Company Funds to Other Parties”

Amendment Comparison Table

Date : 2017.06.15 (Amended)

Article No.	Original	Proposed Revision	Description
Article 8	<p>2. The Company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify <u>all the supervisors</u> in writing of any material violation found. For any major violation, managers and personnel in charge shall be punished.</p> <p>3. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to <u>all the supervisors</u>, and shall complete the rectification according to the timeframe set out in the plan.</p>	<p>2. The Company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify <u>Audit Committee</u> in writing of any material violation found. For any major violation, managers and personnel in charge shall be punished.</p> <p>3. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to <u>Audit Committee</u>, and shall complete the rectification according to the timeframe set out in the plan.</p>	Amended in accordance with founding Audit Committee
Article 10	<p>3. Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with Regulations</p>	<p>3. Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with Regulations</p>	

	<p>Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the company's Operational Procedures for Loaning Funds to Others. The company may loan funds to others only after the evaluation results under this paragraph and Article 5-3_ <u>have been resolved by the board of directors</u>. The company shall not empower any other person to make such decision.</p>	<p>Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the company's Operational Procedures for Loaning Funds to Others. The company may loan funds to others only after the evaluation results under this paragraph and Article 5-3_ <u>have been approved by Audit Committee and resolved by the board of directors</u>. The company shall not empower any other person to make such decision.</p>	
Article 11	<p>The Company shall formulate its Operational Procedures for Loaning Funds which implements <u>after approved by the board of directors, submitted to all the supervisors and resolved by shareholders' meeting</u>. The same shall apply to any amendments to the Procedures. Where any director expresses dissent and it is contained in the minutes or a written statement, the company shall <u>submit the dissenting opinion to all supervisors and the shareholders' meeting for discussion</u>.</p>	<p>The Company shall formulate its Operational Procedures for Loaning Funds which <u>shall be implemented after being approved by the Audit Committee and subsequently approved by the Board and the shareholders' meeting</u>. Any amendment is <u>subject to the same procedure</u>. Where any director expresses dissent and it is contained in the minutes or a written statement, the company shall <u>submit the dissenting opinion for discussion by the shareholders' meeting</u>.</p>	

Taiwan Hon Chuan Enterprise Co., Ltd.
“Procedures for Endorsements and Guarantees”
Amendment Comparison Table

Date : 2017.06.15 (Amended)

Article No.	Original	Proposed Revision	Description
Article 4	8. In case the above limits have to be exceeded to accommodate business needs, <u>the approval from the Board of Directors should be obtained</u> and over half of all the directors should jointly endorse the potential loss that may be brought about by excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.	8. In case the above limits have to be exceeded to accommodate business needs, <u>the approval from the Audit Committee and a resolution of the Board of Directors should be obtained</u> and over half of all the directors should jointly endorse the potential loss that may be brought about by excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.	Amended in accordance with founding Audit Committee
Article 5	4. If, due to changes of circumstances, the entity for which an endorsement/guarantee is made no longer meets the criteria set forth herein, or the amount of endorsement/guarantee exceeds the limits, the Company shall provide a corrective plan and submit to <u>all supervisors</u> , and the proposed correction actions	4. If, due to changes of circumstances, the entity for which an endorsement/guarantee is made no longer meets the criteria set forth herein, or the amount of endorsement/guarantee exceeds the limits, the Company shall provide a corrective plan and submit to <u>the Audit Committee</u> , and the proposed correction actions	Amended in accordance with founding Audit Committee

	<p>shall be implemented within the period specified in the plan.</p> <p>6. When the net worth of a subsidiary for which the Company provides endorsements and/or guarantees is less than 50% of its paid-in capital, the Company shall provide a corrective plan and submit to <u>all supervisors</u>, and the proposed correction actions shall be implemented within the period specified in the plan.</p>	<p>shall be implemented within the period specified in the plan.</p> <p>6. When the net worth of a subsidiary for which the Company provides endorsements and/or guarantees is less than 50% of its paid-in capital, the Company shall provide a corrective plan and submit to <u>the Audit Committee</u>, and the proposed correction actions shall be implemented within the period specified in the plan.</p>	
Article 6	<p>1. Internal auditors shall perform the audit on the Company's endorsement/guarantee profile every quarter and produce written auditing reports. In the case a material violation is found, internal auditor shall immediately notify <u>all supervisors</u>.</p>	<p>1. Internal auditors shall perform the audit on the Company's endorsement/guarantee profile every quarter and produce written auditing reports. In the case a material violation is found, internal auditor shall immediately notify <u>the Audit Committee</u>.</p>	Amended in accordance with founding Audit Committee
Article 9	<p>3. <u>The Procedures and any amendment thereof shall be implemented after being approved by the Board of Directors, submitted to all supervisors and subsequently approved by the Shareholders' Meeting. If any director objects to any provision of the Procedures or any amendment thereto and such objection is recorded in the meeting minutes or written statement, the Company shall submit such documents regarding the directors' objection to all supervisors and the Shareholders' Meeting for discussion.</u></p>	<p>3. <u>The Procedures and any amendment thereof shall be implemented after being approved by the Audit Committee and subsequently approved by the Board of Directors and the Shareholders' Meeting. If any director objects to any provision of the Procedures or any amendment thereto and such objection is recorded in the meeting minutes or written statement, the Company shall submit such documents regarding the directors' objection to the Shareholders' Meeting for discussion.</u></p>	Amended in accordance with founding Audit Committee

Taiwan Hon Chuan Enterprise Co., Ltd.

“Procedures for Trading Derivatives”

Amendment Comparison Table

Date : 2017.06.15 (Amended)

Article No.	Original	Proposed Revision	Description
Article 1	Article 1 Objective 1. Procedures for Trading Derivatives (“Procedures”) are enacted to establish the risk management and internal control system for derivative transactions, in order to fulfill information disclosure and protect investors. 2. <u>These operating procedures are adopted in accordance with the provisions which promulgated by Securities and Futures Commission of Ministry of Finance (SFC), per Letter Ref. No. (91)-Taiwan-Finance-Securities (I)- 0910006105 Dated Dec 10, 2002.</u>	Article 1 Objective Procedures for Trading Derivatives (“Procedures”) are enacted to establish the risk management and internal control system for derivative transactions, in order to fulfill information disclosure and protect investors.	
Article 2	5. Total amount of contact and the upper limit of loss 5-1 Total amount of contract <u>The total amount of contract related to hedging operation of foreign exchange shall not exceed the import/export foreign exchange position from yearly financial forecasts. Any excess shall be approved by</u>	5. Total amount of contact and the upper limit of loss 5-1 Total amount of contract <u>The total amount of contract shall take the net position of current and expected assets and liabilities of the Company as the upper limit.</u> 5-2 The upper limit of loss <u>Regarding hedging transactions, the upper</u>	

	<p><u>the Board of Directors.</u></p> <p>5-2 The upper limit of loss <u>Regarding hedging transactions, the upper limit of loss is 5% of the contract amount for all contracts in aggregate, and for any individual contract, the upper limit of loss is 10% of individual contract.</u></p>	<p><u>limit of loss is 20% of the contract amount for any individual contract or for all contracts in aggregate.</u></p>	
Article 4	<p>The Company shall report and make a public announcement of the derivative transactions <u>in accordance with the provision promulgated by Securities and Futures Commission of Ministry of Finance.</u></p>	<p>The Company shall report and make a public announcement of the derivative transactions <u>engaged by it and its subsidiary which is not domestic public company every month in accordance with relevant regulations.</u></p>	
Article 6	<p>4. Derivatives positions held shall be evaluated at least once <u>per week</u>; however, Derivatives transactions required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior executives authorized by the Board of Directors.</p>	<p>4. Derivatives positions held shall be evaluated at least once <u>per month</u>; however, Derivatives transactions required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior executives authorized by the Board of Directors.</p>	
Article 7	<p>The internal auditor shall periodically evaluate the suitability of internal controls in connection with derivative transactions and conduct monthly audit on how well related departments adhere to the Procedures and prepare an audit report. If any major violation is discovered, a written report is needed to notify <u>all supervisors</u> and personnel in charge shall be punished.</p>	<p>The internal auditor shall periodically evaluate the suitability of internal controls in connection with derivative transactions and conduct monthly audit on how well related departments adhere to the Procedures and prepare an audit report. If any major violation is discovered, a written report is needed to notify <u>Audit Committee</u> and personnel in charge shall be punished.</p>	

Article 8	<p>1. The Procedures shall be <u>resolved by the Board of Directors, submitted to all supervisors and reported on the shareholders' meeting for approval. If any director expresses objection on the record or in written statement, the Company shall submit such documents regarding the directors' objection to all supervisors and the Shareholders' Meeting for discussion. The same procedure applies to any future amendments.</u></p>	<p>1. The Procedures shall be <u>approved by Audit Committee, resolved by the Board of Directors and reported on the shareholders' meeting for approval. The same procedure applies to any future amendments. If any director expresses objection on the record or in written statement, the Company shall record in the minutes of the Board of Directors' meeting.</u></p>	
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The Slate of Director Candidates

Name	Main education	Main Experience	Concurrent Position	Shareholding
Dai, Hung Chuan	(1) Master Degree in Structural Engineering, University of California, Berkeley, U.S.A (2) MBA, Columbia University, U.S.A (3) Bachelor Degree in Civil Engineering, National Taiwan University, Taiwan	(1) Chairman of HON CHUAN (2) A Chartered Structural and Civil Engineer in ROC (3) Technical Specialist of Public Works Department, Taichung City Government (4) Associated Technical Specialist of Construction Management Division, Construction and Planning Agency Ministry of the Interior	Chairman of HON CHUAN	3,665,019
Tsao, Hsih Chung	(1) Elite Presidents' Camp of Peking University, China (2) Sun Yat-Sen Institute of Policy Research and Development (the tenth term) (3) Wharton School of the University of Pennsylvania, U.S.A	(1) General manager of HON CHUAN (2) The recipient of the 13th China Youth Career Initiation Honor Award (3) The Outstanding Food Entrepreneur Award of Taiwan Association for Food Science and Technology in 2000	(1) General manager and President of HON CHUAN (2) Chairman of Hsih-Yueh Development Co., Ltd. (3) The 13 th Director of Cultural and Educational Foundation, Taichung City	4,372,243
Chang, Chun Shu	Graduated from National Taichung Institute of Commerce, Taiwan	Director of HON CHUAN	Director of HON CHUAN	2,667,234
Dai, Hong I	Master Degree in urban design, University of Sydney, Australia	A Chartered Architect in ROC	(1) Director of HON CHUAN (2) Dai Hongyi Architects (3) Chairman of Ren Sun Construction Co., Ltd. (4) A member of Urban design advisory committee, Taichung City (5) Assistant professor, Department of Landscape design, National Chin-Yi University of Technology (6) An arbitrator of Chinese Arbitration Association, Taipei	5,890,111

Lin, Chuan Nui	Research class of General manager, Tunghai University, Taiwan	Vice General manager of HON CHUAN	Director of HON CHUAN	2,780,795
Liu, Yun Chang	(1) Department of Distribution Management, National Chin-Yi University of Technology, Taiwan (2) EMBA, Beijing University, China	(1) The Outstanding Enterprise Manager Award Of R.O.C in 1995 (2) The Outstanding Food Entrepreneur Award of Taiwan Association for Food Science and Technology in 2002 (3) The Distinguished Alumni Award of National Chin-Yi University of Technology in 2010	Vice President of HON CHUAN	689,303

The Slate of Independent Director Candidates

Name	Main education	Main Experience	Concurrent Position	Shareholding
Hung, Chao Nan	Master Degree in Politics, Arkansas State University, U.S.A	(1) The 4th member of the Control Yuan (2008-2014) (2) Legislator, reappointment for 8 times, Chungkuo Kuomintang (1981-2005)	None	0
Huang, Hsiang Ying	(1) Ph. D. in Cameralistics and Economics, Central University of Finance and Economics, Peking, China (2) Master Degree in Accounting, National Chengchi University, Taiwan (3) Bachelor Degree in Accounting, Fu Jen Catholic University, Taiwan	(1) Partnership Accountant of BDO Taiwan Joint Accounting Firm (2) Lecturer in Ling Tung University and Tunghai University, Taiwan; Lecturer, Department of Finance in Chaoyang University of Technology, Taiwan (3) Independent director of Sino-American Silicon Products Inc. (4) Deputy Section Manager of Finance Division, Administration Department of The Far Eastern Group	(1) Partnership Accountant of EnWise CPAs & Co. (2) A member of Remuneration Committee in Lelon Electronics Corp. (3) A member of Remuneration Committee in Liton Technology Corp. (4) Independent director of Quaser Machine tools Inc.	0
Kung, Yi Lu	(1) Master Degree in Accounting, Soochow University, Taiwan (2) Department of Business Administration, Tamkang University, Taiwan	Assistant general manager of CDIB Capital Group	Auditor general of King's Town Bank	0