

Stock Code : 2103



台橡股份有限公司  
TSRC CORPORATION

## 2017 Annual Shareholders' Meeting Meeting Agenda

Date: June 22, 2017

Location: Taipei International Convention Center  
No.1, Sec. 5, Xinyi Rd., Xinyi Dist.,  
Taipei City 110, Taiwan

**I. Meeting Procedure**

**1. Call the Meeting to Order**

**2. Chairman's Words**

**3. Reporting Items**

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(2) Audit Committee's report

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(3) Report on the distribution of 2016 employees' compensation and directors' remuneration

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**4. Proposal for Ratification & Approval**

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(1) To approve the Company's business report and financial statements of 2016

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(2) To approve the Company's earnings distribution of 2016

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(1) To revise "Procedure for the Acquisition or Disposal of Assets"

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## Reporting Items

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### **(1) Business Overview of 2016**

### **(2) Audit Committee's report**

See Attachment 1 for Audit Committee's report (Please refer to page 8 in this Agenda Manual)

### **(3) Report on the distribution of 2016 employees' compensation and directors' remuneration**

1. In 2016, the Company had employees' compensation and remunerations for directors distributed in cash, amounting to NT\$35,219 thousand and NT\$11,180 thousand, respectively.

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## Proposal for Ratification & Approval

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### 1<sup>st</sup> proposal (by the board of directors)

Purpose : To approve the Company's business report and financial statements of 2016

Whereas : The Company's business report and financial statements for 2016 as shown in Attachment 2 (Please refer Agenda Manual to page 9-31) were audited by Audit Committee and passed by the resolution of the #15-14 Board meeting. Therefore, the business report and financial statements are hereby submitted to the annual shareholders' meeting for approval pursuant to Paragraph 1, Article 230 of the Company Act.

Resolution :

## Proposal for Ratification & Approval

### 2<sup>nd</sup> proposal (by the board of directors)

Purpose : To approve the Company's earnings distribution of 2016

- Whereas : 1. The Company's undistributed earnings at the beginning of 2016 balanced at NTD\$867,086,767 (the same currency below); together with the net income after tax of NTD\$988,351,560 for 2106, the distributable net profit comes to NTD\$ 1,610,500,739 for the year ended after deducting actuarial losses of NTD\$63,623,952 on defined-benefit plans, loss of NTD\$82,478,480 on an unproportioned-shareholdings subscription for new shares of the affiliated enterprises and the legal reserve of NTD\$98,835,156.
2. According to the principle of earnings distribution prescribed in Article 29 of the Company's Articles of Incorporation, the dividends to be distributed to shareholders (NTD\$1.00 per share) amounted to NTD\$825,709,978 for the year. The balance after the distribution was NTD\$784,790,761, which will be included in undistributed earnings. The fractional amount less than NTD\$1 will be set aside as the Company's other income.
3. After the approval by the resolution of shareholders' meeting, the Chairman of the Board is authorized to determine the ex-dividend date and the cash-dividend-distribution date for the above dividends distribution to shareholders.
4. The profit distribution table is listed below:

Table for distribution of earnings 2016		Unit: NTD
Unappropriated earnings at beginning		867,086,767
Plus: Net profit after tax of the current year		988,351,560
Less: Actuarial losses on defined benefit		63,623,952
Less: Loss on subscription for new shares of affiliated enterprises not in proportion to the shareholdings		82,478,480
Less: Legal reserve (10% of income after tax)		98,835,156
Earnings distributable in the current period		1,610,500,739
Items:		
Shareholders' dividend-Stock (NTD 0.00 per share)		
Shareholders' dividend-Cash (NTD 1.00 per share)		825,709,978
Unappropriated earnings at the end		784,790,761
Note:		
1. Priority of the distribution of earnings: The 2016's earnings will be distributed first, and then the preceding year's shall follow.		

Chairman : Shao Yu Wang    Manager : Joseph Chai    Chief Accountant : Ming-Huang Chen

Resolution :

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## Proposal for Discussion & Approval

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### 1<sup>st</sup> proposal (by the board of directors)

Purpose : To revise “Procedure for the Acquisition or Disposal of Assets” .

Whereas : 1. The Company's “Procedures for the Acquisition or Disposal of Assets” was revised in accordance with the “regulations Governing the Acquisition and Disposal of Assets by Public Companies” amended by the Financial Supervisory Commission on February 9 ,2017 to meet regulatory requirements. The main revision are as follows:

- (1) Textual amendments were made to certain Articles.
  - (2) The requirement of obtaining an opinion issued by an expert may be exempted in the case of a merger by the parent company of its subsidiary where the parent company directly or indirectly holds 100% of the subsidiary's issued shares or authorized capital, which belongs to organizational adjustments within the group.
  - (3) Adding the contents that when the assets acquired or disposed are equipment for business use and the transaction counterparty is not a related party, the Company shall report and publicize the relevant information if its paid-in capital approaches NTD\$10 billion and the transaction amount reaches NT\$1 billion.
  - (4) Defining the deadline required to correct errors or omissions made by the Company at the public announcement.
2. For the comprehensiveness of authorizing and managing derivatives trading, the revisions are as follows:
- (1) For transactional contracts or hedging contracts with each transaction amount exceeding NT\$300 million shall obtain a prior approval of the Board of Directors, and the approval of authorized trading personnel should be specifically specified in the duties and responsibilities of the Board of Directors.
  - (2) The authorized trading personnel may directly trade the hedging contracts with each transaction amount under NTD\$300 million (including), and report them to the Board of Directors on a quarterly basis.
  - (3) Revision of the limits on aggregate losses or losses on individual contracts for hedge trades to 15% of the contract amount.
3. In reference to the total amount of securities acquired and limits on individual securities in the same industry and in review of the Company's risk capacity, investment portfolio and the industry's latest development, the Company's investment cap to the total securities portfolio and individual securities is proposed to be revised up to 200% and 75%, respectively, of the Company's net value. The same shall not apply if a prior approval by the shareholders' meeting is obtained. Plus, the subsidiaries' investment quota is also revised.
4. For more details on the comparison table of amendments to the Procedures for the Acquisition or Disposal of Assets, please refer to Attachment 2 (Please refer to pages 32 to 41 on the manual for proceedings.)

Resolution :

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## Matters Arisen

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## Attachment 1

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# Audit Committee's Report

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The Board of Directors has prepared and delivered the Company's 2016 Business Report, Financial Statements and earnings distribution proposal. The above Financial Statements have been audited by KPMG and an audit report is accordingly issued .

The above Business Report, Financial Statements, and earnings distribution proposal have been examined and deemed as fairly presented by Audit Committee. This Audit Report is duly submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Submission for perusal.

To:

The 2017 Annual Shareholders' Meeting

TSRC Corporation

The convener of Audit Committee Robert Hung

Date: March 16, 2017

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## The Company's 2016 business report and financial statements along with the independent auditors' report

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## 2016 Business Report

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In 2016, there were some surprising changes that will have a profound influence on the world over the next few years. People in the U.K. voted to leave the European Union in June and newly elected President of the United States of America in November. Although the impact of these two events on international politics and economics remains to be seen, the global financial markets were shocked at the time the events occurred and the global foreign exchange markets experienced drastic changes. The exchange rate of NTD to USD that is closely relevant to the exports of Taiwan fluctuated drastically, and the exchange rate of RMB to USD depreciated to the lowest point by the end of the year under the influence of decelerating economic growth and capital outflows in China. The acute changes in the foreign exchange markets had an impact on export-oriented corporations in the aspects of order intake, quotations and profits. In addition, many newly promulgated regulations governing industrial safety and environmental protection in Taiwan and the world increased operating costs of the petrochemical industry. Starting from Q4, the price of butadiene dramatically and unexpectedly increased within a short period. These exceptional and changing internal and external factors increased the complexity and challenge of corporate operations.

Although the overall environment in the past year was full of challenges, the Company still strove to invest in replacing aged equipment, to improve the quality of production procedures, to adjust our product portfolio, to increase investment in environmental protection and industrial safety, and to develop products with better competitiveness that meet market demands in order to increase market share and profits. In addition to improving the operating structure, the Company, on the other hand, also actively assisted joint ventures to improve operating performance. These steps enabled the Company to improve the operating and financial performance from the previous year and laid a solid foundation for future growth.

Despite concerns about oversupply remaining in the synthetic rubber market in Asia, the overall operation of the Company was not influenced like other small players due to the fact that the Company has been cultivating the market for a long period and has a better brand reputation. With the benefit of the 50% tax reduction on automobile purchases, demand in the automobile and tire markets in China increased year-on-year. The Company strengthened integration of production and sales in its two major production bases in Taiwan and China through consolidation of the sales functions in these markets. The Company's synthetic rubber shipments in 2016 still increased compared to the previous year. For thermoplastic elastomers, despite being under the influence of unfavorable factors where some of the products were facing price reduction headwinds from external competitors and temporary suspension of production in China due to the G20 Summit in China, shipments still significantly increased compared to 2015. In total, the overall shipments in 2016 reached 489 thousand tons, an increase of 6% compared to 460 thousand tons in the previous year. The consolidated revenues in 2016 reached NTD 26,955.09 million, an increase of 4% compared to NTD 25,981.76 million in the previous year.

Concerning the Company's gross profit in 2016, despite encountering a substantial price increase for butadiene in Q4 and the price erosion from other companies, it still reached NTD 3,880.88 million, an increase of 15% compared to NTD 3,375.62 million in the previous year due to solid execution of business strategy and raw material purchase. The gross profit margin reached 14%, compared with 13% in 2015. With the improvement of operating performance of joint ventures, which reduced losses and asset impairments, the net income in 2016 reached NTD 988.35 million and the earnings per share was NTD1.2. Both indices increased by 87% compared to the net income of NTD529.12 million and earnings per share of NTD 0.64 in the previous year.

With respect to research and development, the Company has been actively attracting outstanding talents to join the R&D department and consistently investing in the development of new products with high added value. We expect to energize the development chemical industry in Taiwan, respond to the High Value Petrochemical Promotion Policy of the Government, develop products and solutions that meet customer demands, create differentiated value, and establish sustainable competitiveness.

The key research items and results in 2016 include:

- Develop the new generation SBR to meet the demand of low rolling resistance, outstanding wet grip performance, and high handling properties for green tires.
- Change the solvent of BR to meet the customer and environment protection demands.
- Develop new TPE products: SEBS (HV-SEBS) and medical SEBS.
- Developed advanced shoe materials which received approval from global brands.
- Completed the reconstruction and upgrade of semi-commercial plant in order to improve commercialization of new products from laboratory, pilot plant to commercial production.

The Company was granted 15 patents in 2016

With the rise of protectionism in some western countries, the risk to global trade has also increased in 2017. On the other hand, major economies will gradually reduce the quantitative easing monetary policy that has been implemented for many years since the financial crisis in 2008, and consumer confidence may also decrease, thus further weakening purchasing power. In addition, the Paris Agreement signed by many countries to limit global warming and commit to reduce the emission of green-house gases will enter into force, which will consistently increase the costs for industrial safety and environmental protection. The operating costs will also increase due to the price increase in butadiene starting from Q4 last year and the newly amended labor regulations in Taiwan. Despite the many challenges ahead of us in 2017, we are still optimistic that the shipments and profits of the Company can further improve in 2017 riding on the growth momentum of 2016. Specifically, the key sales growth in 2017 are: (1) expanding the sales region for synthetic rubbers and continuing to expand approval by and sales to international customers; (2) continuing to develop new high-valued thermoplastic elastomer products for specialty applications, and (3) working with global brand customers to roll out new advanced shoe materials.

The Company will drive long term growth via (1) organic growth through product innovation, regional expansion, and key account management, (2) strengthening the overall business portfolio through new market segmentation, development of new technology platforms and new material technologies, and (3) expanding profit through the optimization of production efficiency and consistent improvement of quality, to provide best return to the support and encouragement from all Shareholders.

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

2.

## Independent Auditor's Report

### To the Board of Directors of TSRC Corporation:

#### Opinion

We have audited the consolidated financial statements of TSRC Corporation and subsidiaries ( "the Group" ), which comprise the consolidated statement of financial position as of December 31, 2016 and 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended December 31, 2016 and 2015, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, 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 ended December 31, 2016 and 2015 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( "IFRSs" ), International Accounting Standards ( "IASs" ), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the 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 Certified Public Accountants Code of Professional Ethics in Republic of China ( "the Code" ), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 end 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.

##### 1. Revenue recognition

Please refer to note 4(q) and note 6(r) for disclosures related to revenue recognition.

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating the Group's finance or operating performance. Therefore, the accuracy of the timing and amount of revenue recognized has significant impact on the financial statements. Therefore, we consider it as a key audit matter.

How the matter was addressed in our audit:

Testing the effectiveness of design and implementing the internal control (both manual and system control) of sales and collecting cycle; reviewing significant sales contracts to determine whether the accounting treatment is reasonable; analyzing the changes in top 10 customers from the most recent period and last year, and the changes in the price and quantity of each category of product line to determine whether there are any significant misstatements; selecting sales transactions from a period of time before and after the balance sheet date, and verifying with the vouchers to determine the accuracy of the timing and amounts of revenue recognition; understanding whether there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the management is appropriate.

## 2.Inventory measurement

Please refer to note 4(h), note 5, and note 6(d) for disclosures related to inventory measurement.

Description of key audit matter:

The inventory of the Group includes various types of synthetic rubber and its raw material. Since there is an oversupply and a low market demand in the rubber manufacturing industry, which may result in a decline on the price of raw material, the carrying value of inventories may exceed its net realizable value. The measurement of inventory depends on the evaluation of the management based on evidence from internal and external, both subjective and objective. Therefore, we consider it as a key audit matter.

### **How the matter was addressed in our audit:**

The key audit procedures performed is to understand management's accounting policy of inventory measurement and determine whether it is reasonable and is being implemented. The procedures include reviewing the inventory aging documents and analyzing its changes; obtaining the documents of inventory measurement and evaluating whether the bases used for net realizable value is reasonable; selecting samples and verifying them with the vouchers to test the accuracy of the amount; and reviewing whether the disclosure of inventory measurement made by the management is appropriate.

Other Matter

TSRC Corporation and subsidiaries has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2016 and 2015, on which we have issued an unqualified 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditor's report are Po-Shu Huang and Ann-Tien Yu.

KPMG  
Taipei, Taiwan (Republic of China)  
March 16, 2017



3.

**TSRC CORPORATION AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollar)**

<b>Assets</b>	Dec.31, 2016		Dec.31, 2015	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 3,508,340	12	3,981,288	13
Notes receivable, net	657,959	2	616,258	2
Accounts receivable, net	3,286,913	11	2,545,060	8
Other receivable	132,978	1	154,535	1
Current income tax assets	55,785	—	54,161	—
Inventories	5,379,908	18	4,782,543	16
Other current assets	605,519	2	255,391	1
<b>Total current assets</b>	<b>13,627,402</b>	<b>46</b>	<b>12,389,236</b>	<b>41</b>
<b>Non-current assets:</b>				
Available-for-sale financial assets—non-current	1,336,406	5	1,502,347	5
Investments accounted for under equity method	1,236,754	4	1,309,765	4
Property, plant and equipment	8,947,258	30	9,875,244	33
Investment property	1,625,775	5	1,640,500	6
Intangible assets	2,179,937	7	2,397,426	8
Deferred income tax assets	321,717	1	346,311	1
Other non-current assets	494,678	2	533,156	2
<b>Total non-current assets</b>	<b>16,142,525</b>	<b>54</b>	<b>17,604,749</b>	<b>59</b>
<b>Total assets</b>	<b>\$ 29,769,927</b>	<b>100</b>	<b>29,993,985</b>	<b>100</b>

**TSRC CORPORATION AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**December 31, 2016 and 2015**  
(expressed in thousands of New Taiwan dollar)

Liabilities and Stockholders' Equity	Dec.31, 2016		Dec.31, 2015	
	Amount	%	Amount	%
<b>Current liabilities:</b>				
Short-term borrowings	\$ 5,846,074	20	3,992,948	13
Current portion of long-term borrowings	813,171	3	861,391	3
Short-term commercial paper payable	—	—	299,915	1
Accounts payable	1,779,577	6	1,341,422	4
Accounts payable—related parties	2,535	—	13,195	—
Current income tax liabilities	72,878	—	81,589	—
Other payable	1,250,649	4	1,124,315	4
Other current liabilities	199,014	1	260,072	1
<b>Total current liabilities</b>	<b>9,963,898</b>	<b>34</b>	<b>7,974,847</b>	<b>26</b>
<b>Non-current liabilities:</b>				
Long-term borrowings	1,806,586	6	2,886,395	10
Provision liabilities—non-current	22,958	—	32,351	—
Deferred income tax liabilities	670,435	2	598,150	2
Other non-current liabilities	254,225	1	425,128	1
<b>Total non-current liabilities</b>	<b>2,754,204</b>	<b>9</b>	<b>3,942,024</b>	<b>13</b>
<b>Total liabilities</b>	<b>12,718,102</b>	<b>43</b>	<b>11,916,871</b>	<b>39</b>
<b>Equity attributable to shareholders of the parent:</b>				
Common stock	8,257,099	28	8,257,099	28
Capital surplus	849	—	849	—
Retained earnings:				
Legal reserve	3,671,676	12	3,618,765	12
Unappropriated earnings	1,709,336	6	1,795,251	6
	5,381,012	18	5,414,016	18
Other equities:				
Financial statement translation differences for foreign operations	990,359	3	1,672,819	6
Unrealized gain on valuation of available-for-sale financial assets	735,464	2	899,902	3
Loss on effective portion of cash flow hedges	(23,562)	—	—	—
	1,702,261	5	2,572,721	9
<b>Total stockholders' equity</b>	<b>15,341,221</b>	<b>51</b>	<b>16,244,685</b>	<b>55</b>
<b>Non-controlling interests</b>	<b>1,710,604</b>	<b>6</b>	<b>1,832,429</b>	<b>6</b>
<b>Total equity</b>	<b>17,051,825</b>	<b>57</b>	<b>18,077,114</b>	<b>61</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 29,769,927</b>	<b>100</b>	<b>29,993,985</b>	<b>100</b>

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

4.

**TSRC CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Operations**  
**For the years ended December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollars)**

	2016		2015	
	Amount	%	Amount	%
<b>Revenue</b>	\$ 26,955,090	100	25,981,759	100
<b>Operating costs</b>	23,074,209	86	22,606,144	87
<b>Gross profit</b>	3,880,881	14	3,375,615	13
<b>Operating expenses</b>				
Selling expenses	931,596	3	980,118	4
General and administrative expenses	968,874	3	831,773	3
Research and development expenses	346,700	1	328,614	1
<b>Total operating expenses</b>	2,247,170	7	2,140,505	8
<b>Other income and expenses, net</b>	131,235	—	161,573	—
<b>Operating profit</b>	1,764,946	7	1,396,683	5
<b>Non-operating income and expenses :</b>				
Interest income	42,883	—	86,463	—
Other gains and losses	40,286	—	(363,201)	(1)
Finance costs	(151,557)	(1)	(156,099)	(1)
Share of loss of associates and joint ventures accounted for under equity method	(89,248)	—	(317,846)	(1)
<b>Total non-operating income and expenses</b>	(157,636)	(1)	(750,683)	(3)
<b>Net income before tax</b>	1,607,310	6	646,000	2
<b>Less: income tax expenses</b>	513,703	2	44,853	—
<b>Net income</b>	1,093,607	4	601,147	2
<b>Other comprehensive income :</b>				
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Remeasurements of the defined benefit plans	(63,624)	—	(54,152)	—
Income tax benefit (expense) related to items that will not be reclassified subsequently	—	—	—	—
<b>Total Items that will not be reclassified         subsequently to profit or loss</b>	(63,624)	—	(54,152)	—
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Financial statements translation differences for foreign operations	(780,648)	(3)	121,154	—
Unrealized gain on valuation of available-for-sale financial assets	(164,438)	(1)	716,695	3
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	(63,518)	—	(46,202)	—
Income tax expense relating to components of other comprehensive income (loss)	—	—	—	—
<b>Total Items that may be reclassified         subsequently to profit or loss</b>	(1,008,604)	(4)	791,647	3
<b>Other comprehensive income (loss), net of tax</b>	(1,072,228)	(4)	737,495	3
<b>Total comprehensive income</b>	\$ 21,379	—	1,338,642	5
<b>Net income attributable to:</b>				
Shareholders of the parent	\$ 988,352	4	529,115	2
Non-controlling interests	105,255	—	72,032	—
	\$ 1,093,607	4	601,147	2
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent	\$ 54,268	—	1,295,104	5
Non-controlling interests	(32,889)	—	43,538	—
	\$ 21,379	—	1,338,642	5
<b>Basic earnings per share (Diluted earnings per share) (in New Taiwan dollars)</b>	\$ 1.20		0.64	

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

5.

**TSRC CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollars)**

Equity attributable to shareholders of the parent

	Common stock	Capital surplus	Retained earnings			Other equity adjustments			Total	Total equity attributable to shareholders of the parent	Non-controlling interests	Total
			Legal reserve	Unappropriated earnings	Total	Financial statement translation differences for foreign operations	Unrealized gain (loss) on valuation of available-for-sale financial assets	Loss on effective portion of cash flow hedges				
<b>Balance at January 1, 2015</b>	\$ 8,257,099	849	3,504,631	2,689,501	6,194,132	1,569,373	183,207	–	1,752,580	16,204,660	1,933,738	18,138,398
Appropriations and distributions:												
Legal reserve	–	–	114,134	(114,134)	–	–	–	–	–	–	–	–
Cash dividends	–	–	–	(1,255,079)	(1,255,079)	–	–	–	–	(1,255,079)	(144,847)	(1,399,926)
Net income	–	–	–	529,115	529,115	–	–	–	–	529,115	72,032	601,147
Other comprehensive income (loss)	–	–	–	(54,152)	(54,152)	103,446	716,695	–	820,141	765,989	(28,494)	737,495
Total comprehensive income (loss)	–	–	–	474,963	474,963	103,446	716,695	–	820,141	1,295,104	43,538	1,338,642
Balance at December 31, 2015	\$ 8,257,099	849	3,618,765	1,795,251	5,414,016	1,672,819	899,902	–	2,572,721	16,244,685	1,832,429	18,077,114
Appropriations and distributions:												
Legal reserve	–	–	52,911	(52,911)	–	–	–	–	–	–	–	–
Cash dividends	–	–	–	(875,253)	(875,253)	–	–	–	–	(875,253)	(88,936)	(964,189)
Net income	–	–	–	988,352	988,352	–	–	–	–	988,352	105,255	1,093,607
Other comprehensive income (loss)	–	–	–	(63,624)	(63,624)	(682,460)	(164,438)	(23,562)	(870,460)	(934,084)	(138,144)	(1,072,228)
Total comprehensive income (loss)	–	–	–	924,728	924,728	(682,460)	(164,438)	(23,562)	(870,460)	54,268	(32,889)	21,379
Change in ownership interests in subsidiaries	–	–	–	(82,479)	(82,479)	–	–	–	–	(82,479)	–	(82,479)
<b>Balance at December 31, 2015</b>	<u>\$ 8,257,099</u>	<u>849</u>	<u>3,671,676</u>	<u>1,709,336</u>	<u>5,381,012</u>	<u>990,359</u>	<u>735,464</u>	<u>(23,562)</u>	<u>1,702,261</u>	<u>15,341,221</u>	<u>1,710,604</u>	<u>17,051,825</u>

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

6.

**TSRC CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollars)**

	2016	2015
<b>Cash flows from operating activities:</b>		
<b>Consolidated net income before tax</b>	\$ 1,607,310	646,000
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss		
Depreciation	914,745	921,208
Amortization	170,370	175,169
Provision for bad debt	—	2,103
Interest expenses	151,557	156,099
Interest income	(42,883)	(86,463)
Dividend income	(64,021)	(67,755)
Share of loss of associates and joint ventures accounts for under equity method	89,248	317,846
Losses on disposal of property, plant and equipment, net	10,795	13,751
Gain on disposal of investments, net	—	(82,784)
Impairment loss on financial assets	—	300,000
Impairment loss on non-financial assets	—	7,072
Amortization of long-term prepaid rent	11,065	11,786
Total adjustments to reconcile profit and loss	<u>1,240,876</u>	<u>1,668,032</u>
<b>Changes in assets / liabilities relating to operating activities:</b>		
<b>Net changes in operating assets:</b>		
Notes receivable	(41,701)	36,191
Accounts receivable	(741,838)	841,443
Other receivable	21,635	113,632
Inventories	(597,365)	1,061,384
Other current assets	(350,128)	65,293
Total changes in operating assets, net	<u>(1,709,397)</u>	<u>2,117,943</u>
<b>Net changes in operating liabilities:</b>		
Accounts payable	438,155	47,295
Accounts payable—related-parties	(10,660)	(20,694)
Other payable	145,088	69,498
Other current liabilities	(61,058)	27,316
Net defined benefit liabilities	(200,210)	(13,179)
Other operating liabilities	(2,287)	(22,515)
Total changes in operating liabilities, net	<u>309,028</u>	<u>87,721</u>
Total changes in operating assets / liabilities, net	<u>(1,400,369)</u>	<u>2,205,664</u>
Total adjustments	<u>(159,493)</u>	<u>3,873,696</u>
Cash provided by operating activities	1,447,817	4,519,696
Interest income received	36,672	83,776
Interest paid	(149,359)	(156,669)
Income tax paid	(427,159)	(243,544)
<b>Net cash provided by operating activities</b>	<u>907,971</u>	<u>4,203,259</u>

**TSRC CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (Continued)**  
**For the years ended December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollars)**

	2016	2015
<b>Cash flows from investing activities:</b>		
Increase in long-term investments accounted for under equity method	(222,629)	(310,700)
Proceeds from disposal of subsidiaries	—	996
Acquisition of property, plant and equipment	(501,233)	(836,272)
Proceeds from disposal of property, plant and equipment	722	791
Decrease (increase) in other non-current assets	34,616	79,661
Dividend received	106,491	157,299
<b>Net cash used in investing activities</b>	<b>(582,033)</b>	<b>(908,225)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	19,983,342	18,688,181
Decrease in short-term borrowings	(18,003,357)	(20,207,824)
Increase in short-term commercial paper payable	1,518,221	8,454,171
Decrease in short-term commercial paper payable	(1,818,136)	(8,658,582)
Increase in long-term borrowings	—	750,000
Repayment of long-term borrowings	(1,097,803)	(2,247,120)
Decrease in finance lease liabilities	(6,435)	(6,361)
Cash dividends paid	(963,742)	(1,397,819)
<b>Net cash used in financing activities</b>	<b>(387,910)</b>	<b>(4,625,354)</b>
Effects of changes in exchange rates	(410,976)	218,731
Decrease in cash and cash equivalents	(472,948)	(1,111,589)
Cash and cash equivalents at beginning of period	3,981,288	5,092,877
Cash and cash equivalents at end of period	<b>\$ 3,508,340</b>	<b>3,981,288</b>

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

7.

## Individual financial statement

### Independent Auditor's Report

To the Board of Directors of TSRC Corporation:

#### Opinion

We have audited the financial statements of TSRC Corporation, which comprise the statement of financial position as of December 31, 2016 and 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years ended December 31, 2016 and 2015, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the TSRC Corporation as of December 31, 2016 and 2015, and its financial performance and its cash flows for the years ended December 31, 2016 and 2015 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( "IFRSs" ), International Accounting Standards ( "IASs" ), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the 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 Financial Statements section of our report. We are independent of the TSRC Corporation in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ( "the Code" ), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements for the year end December 31, 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### 1. Revenue recognition

Please refer to note 4(q) and note 6(p) for disclosures related to revenue recognition.

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating the Company's finance or operating performance. Therefore, the accuracy of the timing and amount of revenue recognition has significant impact to the financial statements. Therefore, we consider it as a key audit matter.

How the matter was addressed in our audit:

Testing the effectiveness of design and implementing the internal control (both manual and system control) of sales and collecting cycle; reviewing significant sales contracts to determine whether the accounting treatment is reasonable; analyzing the changes in top 10 customers from the most recent period and last year, and the changes in the price and quantity of each category of product line to determine whether if there are any significant misstatements; selecting sales transactions from a period of time before and after the balance sheet date, and verifying with the vouchers to determine the accuracy of the timing and amounts of revenue recognized; understanding whether if there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the management is appropriate.

## 2. Inventory measurement

Please refer to note 4(g), note 5, and note 6(d) for disclosures related to inventory measurement.

Description of key audit matter:

The inventory of the Company includes various types of synthetic rubber and its raw material. Since there is an oversupply and a low market demand in the rubber manufacturing industry, which may result in a decline on the price of raw material, the carrying value of inventories may exceed its net realizable value. The measurement of inventory depends on the evaluation of the management based on evidence from internal and external, both subjective and objective. Therefore, we consider it as a key audit matter.

### **How the matter was addressed in our audit:**

The key audit procedures performed is to understand management's accounting policy of inventory measurement and determine whether if it is reasonable and is being implement. The procedures includes reviewing the inventory aging documents and analyzing its changes; obtaining the documents of inventory measurement and evaluating whether if the bases used for net realizable value is reasonable; selecting samples and verifying them with the vouchers to test the accuracy of the amount; and reviewing whether the disclosure of inventory measurement made by the management is appropriate.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the TSRC Corporation'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 TSRC Corporation or to cease operations, or has no realistic alternative but to do so.

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



### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with 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 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 TSRC Corporation'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 TSRC Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the TSRC Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 the entities or business activities within the TSRC Corporation to express an opinion on the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are Po-Shu Huang and Ann-Tien Yu.

KPMG  
Taipei, Taiwan (Republic of China)  
March 16, 2017

8.

**TSRC CORPORATION**  
**Balance Sheets**  
**December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollar)**

<b>Assets</b>	Dec.31, 2016		Dec.31, 2015	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 211,759	1	398,138	2
Notes receivable, net	1,305	—	650	—
Accounts receivable, net	1,314,961	6	983,482	5
Accounts receivable—related-parties	56,205	—	71,401	—
Other receivable	141,662	1	256,358	1
Current income tax assets	54,259	—	54,143	—
Inventories	2,020,965	9	1,694,446	8
Other current assets	84,552	—	73,437	—
Total current assets	3,885,668	17	3,532,055	16
<b>Non-current assets:</b>				
Available-for-sale financial assets—non-current	1,116,683	5	1,149,537	5
Investments accounted for under equity method	13,286,327	58	13,246,337	59
Property, plant and equipment	2,699,834	12	2,686,179	12
Investment property	1,625,775	8	1,640,500	8
Intangible assets	37,972	—	49,355	—
Deferred income tax assets	87,321	—	86,445	—
Other non-current assets	8,946	—	5,699	—
Total non-current assets	18,862,858	83	18,864,052	84
<b>Total assets</b>	<b>\$ 22,748,526</b>	<b>100</b>	<b>22,396,107</b>	<b>100</b>

**TSRC CORPORATION**  
**Balance Sheets**  
**December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollar)**

<b>Liabilities and Stockholders' Equity</b>	Dec.31, 2016		Dec.31, 2015	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current liabilities:</b>				
Short-term borrowings	\$ 3,065,704	13	1,940,389	9
Current portion of long-term borrowings	400,000	2	—	—
Short-term commercial paper payable	—	—	299,915	1
Accounts payable	1,121,285	5	557,235	2
Other payable	510,960	2	546,994	2
Other current liabilities	43,179	—	54,333	—
<b>Total current liabilities</b>	<b>5,141,128</b>	<b>22</b>	<b>3,398,866</b>	<b>14</b>
<b>Non-current liabilities:</b>				
Long-term borrowings	1,600,000	7	2,000,000	9
Provision liabilities-non current	22,958	—	32,351	—
Deferred income tax liabilities	411,205	2	345,172	2
Other non-current liabilities	232,014	1	375,033	2
<b>Total non-current liabilities</b>	<b>2,266,177</b>	<b>10</b>	<b>2,752,556</b>	<b>13</b>
<b>Total liabilities</b>	<b>7,407,305</b>	<b>32</b>	<b>6,151,422</b>	<b>27</b>
<b>Shareholders' equity:</b>				
Common stock	8,257,099	36	8,257,099	37
Capital surplus	849	—	849	—
Retained earnings:				
Legal reserve	3,671,676	16	3,618,765	16
Unappropriated earnings	1,709,336	8	1,795,251	8
	<b>5,381,012</b>	<b>24</b>	<b>5,414,016</b>	<b>24</b>
Other equities:				
Financial statements translation differences for foreign operations	990,359	5	1,672,819	8
Unrealized gain on valuation of available-for-sale financial assets	735,464	3	899,902	4
Loss on effective portion of cash flow hedges	(23,562)	—	—	—
<b>Total equity</b>	<b>1,702,261</b>	<b>8</b>	<b>2,572,721</b>	<b>12</b>
	<b>15,341,221</b>	<b>68</b>	<b>16,244,685</b>	<b>73</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 22,748,526</b>	<b>100</b>	<b>22,396,107</b>	<b>100</b>

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

**TSRC CORPORATION**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollars)**

	2016		2015	
	Amount	%	Amount	%
<b>Revenue</b>	\$ 8,831,537	100	8,636,050	100
<b>Operating costs</b>	7,960,783	90	7,628,838	88
<b>Gross profit</b>	870,754	10	1,007,212	12
Less: Unrealized gain (loss) on affiliated transactions	911	—	(7,221)	—
<b>Gross profit, net</b>	869,843	10	1,014,433	12
<b>Operating expenses:</b>				
Selling expenses	321,552	4	302,177	4
General and administrative expenses	418,162	5	391,958	5
Research and development expenses	213,048	2	207,114	2
<b>Total operating expenses</b>	952,762	11	901,249	11
	226,139	3	182,006	2
<b>Other income and expenses, net</b>				
<b>Operating profit</b>	143,220	2	295,190	3
<b>Non-operating income and expenses:</b>				
Interest income	16,273	—	8,344	—
Other gains and losses	56,577	1	(221,931)	(3)
Finance costs	(57,909)	—	(49,060)	—
Share of profit from the subsidiaries, the associates and the joint ventures	913,405	10	256,182	3
<b>Total non-operating income and expenses</b>	928,346	11	(6,465)	—
<b>Net income before tax</b>	1,071,566	13	288,725	3
Less: income tax expense (benefit) (note 6(I))	83,214	1	(240,390)	(3)
<b>Net income</b>	988,352	12	529,115	6
<b>Other comprehensive income:</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of the defined benefit plans	(63,624)	(1)	(54,152)	(1)
Income tax benefit (expense) related to items that will not be reclassified subsequently	—	—	—	—
<b>Total Items that will not be reclassified subsequently to profit or loss</b>	(63,624)	(1)	(54,152)	(1)
Items that may be reclassified subsequently to profit or loss:				
Financial statements translation differences for foreign operations	(682,460)	(8)	103,446	1
Unrealized gain (loss) on valuation of available-for-sale financial assets	(32,854)	—	462,944	6
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	(155,146)	(2)	253,751	3
Income tax expense relating to components of other comprehensive income (loss)	—	—	—	—
<b>Total Items that may be reclassified subsequently to profit or loss</b>	(870,460)	(10)	820,141	10
<b>Other comprehensive income (loss), net of tax</b>	(934,084)	(11)	765,989	9
<b>Total comprehensive income</b>	\$ 54,268	1	1,295,104	15
<b>Basic earnings per share (Diluted earnings per share) (in New Taiwan dollars)</b>	\$ 1.20		0.64	

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

**TSRC CORPORATION**  
**Statements of Changes in Equity**  
**For the years ended December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollars)**

	Common stock	Capital surplus	Retained earnings			Other equity adjustments			Total	Total
			Legal reserve	Unappropriated earnings	Total	Financial statement translation differences for foreign operations	Unrealized gain (loss) on valuation of available-for-sale financial assets	Loss on effective portion of cash flow hedges		
<b>Balance at January 1, 2015</b>	\$ 8,257,099	849	3,504,631	2,689,501	6,194,132	1,569,373	183,207	-	1,752,580	16,204,660
Appropriations and distributions:										
Legal reserve	-	-	114,134	(114,134)	-	-	-	-	-	-
Cash dividends	-	-	-	(1,255,079)	(1,255,079)	-	-	-	-	(1,255,079)
Net income	-	-	-	529,115	529,115	-	-	-	-	529,115
Other comprehensive income (loss)	-	-	-	(54,152)	(54,152)	103,446	716,695	-	820,141	765,989
Total comprehensive income (loss)	-	-	-	474,963	474,963	103,446	716,695	-	820,141	1,295,104
<b>Balance at December 31, 2015</b>	8,257,099	849	3,618,765	1,795,251	5,414,016	1,672,819	899,902	-	2,572,721	16,244,685
Appropriations and distributions:										
Legal reserve	-	-	52,911	(52,911)	-	-	-	-	-	-
Cash dividends	-	-	-	(875,253)	(875,253)	-	-	-	-	(875,253)
Net income	-	-	-	988,352	988,352	-	-	-	-	988,352
Other comprehensive income (loss)	-	-	-	(63,624)	(63,624)	(682,460)	(164,438)	(23,562)	(870,460)	(934,084)
Total comprehensive income (loss)	-	-	-	924,728	924,728	(682,460)	(164,438)	(23,562)	(870,460)	54,268
Changes in ownership interests in subsidiaries under equity method	-	-	-	(82,479)	(82,479)	-	-	-	-	(82,479)
<b>Balance at December 31, 2016</b>	\$ 8,257,099	849	3,671,676	1,709,336	5,381,012	990,359	735,464	(23,562)	1,702,261	15,341,221

Note: For the years 2016 and 2015 the estimated amount of directors' remuneration were \$11,180 thousand and \$3,199 thousand, respectively, and the estimated amounts of employees' bonuses were amounting to \$35,219 thousand and \$28,010 thousand, respectively, were recorded as operating cost or operating expenses in the respective periods.

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

**TSRC CORPORATION**  
**Statements of Cash Flows**  
**For the years ended December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollars)**

<b>Cash flows from operating activities:</b>	2016	2015
<b>Net income before tax</b>	\$ 1,071,566	288,725
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss		
Depreciation	270,930	263,331
Amortization	20,830	21,780
Interest expenses	57,909	49,060
Interest income	(16,273)	(8,344)
Dividend income	(55,133)	(53,228)
Share of profit from the subsidiaries, the associates and the joint ventures	(913,405)	(256,182)
Losses on disposal of property, plant and equipment, net	—	149
Impairment loss on financial assets	—	300,000
Impairment loss on non-financial assets	—	742
Unrealized gain (loss) on affiliated transactions	911	(7,221)
Unearned revenue from technology provided to investee	(19,147)	(19,147)
Total adjustments to reconcile profit and loss	(653,378)	290,940
<b>Changes in assets / liabilities relating to operating activities:</b>		
<b>Net changes in operating assets:</b>		
Notes receivable	(655)	(475)
Accounts receivable	(331,479)	707,790
Accounts receivable – related-parties	15,196	(27,467)
Other receivable	113,498	(2,694)
Inventories	(326,519)	(41,060)
Other current assets	(11,115)	3,312
Total changes in operating assets, net	(541,074)	639,406
<b>Net changes in operating liabilities:</b>		
Accounts payable	564,050	(118,924)
Other payable	(16,614)	16,004
Other current liabilities	(11,154)	20,551
Net defined benefit liabilities	(200,210)	(13,179)
Other non-current liabilities	(31,692)	(20,062)
Total changes in operating liabilities, net	304,380	(115,610)
Total changes in operating assets / liabilities, net	(236,694)	523,796
Total adjustments	(890,072)	814,736
Cash provided by operating activities	181,494	1,103,461
Interest income received	11,338	1,075
Interest paid	(56,377)	(43,937)
Income tax refund (paid)	(18,173)	4,373
<b>Net cash provided by operating activities</b>	118,282	1,064,972

**TSRC CORPORATION**  
**Statements of Cash Flows-continued**  
**For the years ended December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollars)**

	2016	2015
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(300,706)	(535,159)
Increase in other non-current assets	(3,247)	(342)
Dividend received	55,133	53,228
<b>Net cash used in investing activities</b>	<b>(248,820)</b>	<b>(482,273)</b>
<b>Cash flows from financing activities:</b>		
Increase in short term borrowings	11,394,816	9,361,668
Decrease in short term borrowings	(10,269,501)	(9,328,104)
Increase in short-term commercial paper payable	1,518,221	8,454,171
Decrease in short-term commercial paper payable	(1,818,136)	(8,658,582)
Increase in long-term borrowings	—	750,000
Decrease in finance lease liabilities	(6,435)	(6,361)
Cash dividends paid	(874,806)	(1,252,972)
<b>Net cash used in financing activities</b>	<b>(55,841)</b>	<b>(680,180)</b>
Decrease in cash and cash equivalents	(186,379)	(97,481)
Cash and cash equivalents at beginning of period	398,138	495,619
Cash and cash equivalents at end of period	<b>\$ 211,759</b>	<b>398,138</b>

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen



### Attachment 3

## Comparison table of amendments to “Procedure for the Acquisition or Disposal of Assets”

Amended provision	Existing provision	Remarks
<p>5.1 Acquiring or disposing of real property or equipment (5.1.1 to 5.1.2 omitted)</p> <p>5.1.3 The means for determining and supporting reference materials for the terms and conditions of the transaction: The Company shall conduct a benefit analysis when determining the asset price, which shall be agreed upon after referring to the publicly announced current value, assessed present value, the actual transaction price of neighboring real property, and so on. Where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government <u>agency</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (5.1.3 (I) to 5.1.3 (IV) omitted)</p>	<p>5.1 Acquiring or disposing of real property or equipment (5.1.1 to 5.1.2 omitted)</p> <p>5.1.3 The means for determining and supporting reference materials for the terms and conditions of the transaction: The Company shall conduct a benefit analysis when determining the asset price, which shall be agreed upon after referring to the publicly announced current value, assessed present value, the actual transaction price of neighboring real property, and so on. Where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government <u>agency</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (5.1.3 (I) to 5.1.3 (IV) omitted)</p>	<p>Revise Article 5.1.3 in accordance with Articles 9 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” amended and issued per 9 February 2017 Jin-Guan-Zheng-Fa-Zi No. 1060001296 of the Financial Supervisory Commission.</p>

Amended provision	Existing provision	Remarks
<p>5.3 Acquiring or disposing of memberships or intangible assets (5.3.1 to 5.3.2 omitted)</p> <p>5.3.3 The means for determining and supporting reference materials for the terms and conditions of the transaction:</p> <p>(I) The Company shall consider the benefits it can produce when acquiring or disposing of memberships or intangible assets, which shall be agreed upon after referring it to the latest transaction price. For acquiring or disposing of patents, copyrights, trademarks, franchise rights and other intangible assets, it shall be agreed upon based on international or market practices, service life and impact on the company's technology and business.</p> <p>(II) If the dollar amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government <u>agency</u>, shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. The CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>5.3 Acquiring or disposing of memberships or intangible assets (5.3.1 to 5.3.2 omitted)</p> <p>5.3.3 The means for determining and supporting reference materials for the terms and conditions of the transaction:</p> <p>(I) The Company shall consider the benefits it can produce when acquiring or disposing of memberships or intangible assets, which shall be agreed upon after referring it to the latest transaction price. For acquiring or disposing of patents, copyrights, trademarks, franchise rights and other intangible assets, it shall be agreed upon based on international or market practices, service life and impact on the company's technology and business.</p> <p>(II) If the dollar amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government <u>agency</u>, shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. The CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Revise Article 5.3.3 in accordance with Articles 11 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" amended and issued per 9 February 2017 Jin-Guan-Zheng-Fa-Zi No. 1060001296 of the Financial Supervisory Commission.</p>

Amended provision	Existing provision	Remarks
<p>5.4 Related party transaction (5.4.1 to 5.4.3 omitted)</p> <p>5.4.4 Necessary resolutions: When a public 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 paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> of money market funds issued by domestic <u>securities investment trust enterprises</u>, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors: (5.4.4 (I) to 5.4.4 (VII) omitted)</p>	<p>5.4 Related party transaction (5.4.1 to 5.4.3 omitted)</p> <p>5.4.4 Necessary resolutions: When a public 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 paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except when trading in government bonds or bonds under re-purchase or re-sale agreements, or subscription or <u>redemption</u> of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors: (5.4.4 (I) to 5.4.4 (VII) omitted)</p>	<p>1. Revise Article 5.4.4 in accordance with Articles 14 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” amended and issued per 9 February 2017 Jin-Guan-Zheng-Fa-Zi Number 1060001296 of the Financial Supervisory Commission.</p> <p>2. Domestic money market funds refer to the money market funds issued by the institutions engaged in the securities investment trust business in accordance with the Securities Investment Trust and Consulting Act with the approval of the Financial Supervisory Commission.</p>
<p>5.5 Derivatives trading (5.5.1 (I) to 5.5.1 (II) omitted)</p> <p>5.5.1 (III) Segregation of duties (1) Board of Directors</p> <p>(a) Approve and determine the objects of transactions and types of instruments.</p> <p>(b) Designate senior management personnel to monitor and control derivatives trading.</p> <p>(c) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p>	<p>5.5 Derivatives trading (5.5.1 (I) to 5.5.1 (II) omitted)</p> <p>5.5.1 (III) Segregation of duties (1) Board of Directors</p> <p>(a) Approve and determine the objects of transactions and types of instruments.</p> <p>(b) Designate senior management personnel to monitor and control derivatives trading.</p> <p>(c) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p>	<p>Originally, the 5.5.1 (III) (1) (d) and 5.5.1 (III)(2)(a) are repeated and cause concerns about semantic conflicts, and thus it is revised. Concentrate the provisions of operational authorization to 5.5.1 (III)(2)(a); delete the rear section of 5.5.1 (III) (1) (d) and add 5.5.1(III)(1)(e) clearly defining the list for authorized trading personnel of the Finance Department approved by the Board of Directors.</p>

Amended provision	Existing provision	Remarks
<p>(d) Approve and determine the transactional contracts and the hedging contracts with each transaction amount over <u>NT\$300 million</u>.</p> <p>(e) <u>Approve the list for authorized trading personnel of the Finance Department.</u></p> <p>(2) Finance Department</p> <p>(a) Responsible for the operation of derivatives, the trading personnel authorized by the Board of Directors may directly trade the hedging contracts with each transaction amount under <u>NT\$300 million (including), and report them to the Board of Directors on a quarterly basis. For transactional contracts or hedging contracts with each transaction amount exceeding NT\$300 million shall obtain a prior approval of the Board of Directors.</u></p> <p>(b) Provide the certificates of transactions immediately after transactions are completed.</p> <p>(C) Maintain transactional contracts.</p>	<p>(d) Approve and determine the hedging contracts with each transaction amount exceeding <u>NT\$300 million, and delegate the Chairman of the Board to decide the hedging contracts with each transaction amount under NT\$300 million (including) and have the decisions subsequently submitted to and ratified by the Board of Directors meeting.</u></p> <p>(2) Finance Department</p> <p>(a) Responsible for the operation of derivatives, the trading personnel authorized by the Board of Directors may directly trade the hedging contracts with each transaction amount under <u>NT\$300 million (including), the hedging contracts or transactional contracts with each transaction amount exceeding NT\$300 million should be obtained first the approval of the Board of Directors or the Chairman of the Board.</u></p> <p>(b) Provide the certificates of transactions immediately after transactions are completed.</p> <p>(C) Maintain transactional contracts.</p>	

Amended provision	Existing provision	Remarks
<p>5.5 Derivatives trading</p> <p>5.5.1 Trading principles and strategies:</p> <p>5.5.1 (V) Total amount of derivatives contracts that may be traded and the maximum loss limit on total trading and for individual contracts</p> <p>(1) Hedging operations</p> <p>(a) The Company's total amount of hedging contracts that may be traded should not exceed the demand arising from the business.</p> <p>(B) The limits on <u>aggregate losses</u> or losses on <u>individual contracts</u> for hedge trades <u>are both 15% of the contract amount.</u></p>	<p>5.5 Derivatives trading</p> <p>5.5.1 Trading principles and strategies:</p> <p>5.5.1 (V) Total amount of derivatives contracts that may be traded and the maximum loss limit on total trading and for individual contracts</p> <p>(1) Hedging operations</p> <p>(a) The Company's total amount of hedging contracts that may be traded should not exceed the demand arising from the business.</p> <p>(B) The maximum loss limit will <u>not set</u> for hedge trades.</p>	<p>1. Referring to the request from FAQ of the Financial Supervisory Commission, the Company shall clearly specify the maximum loss limit on the transactional contracts.</p> <p>2. The maximum loss limit on transactional operations has been set to 15%. It is recommended that the same standard is applied to the hedging operations.</p>
<p>5.5 Derivatives trading</p> <p>5.5.1 Trading principles and strategies:</p> <p><u>5.5.1 (VI)</u> If the aggregated losses or losses on individual contracts have exceeded the maximum loss limits, the Company shall immediately take the necessary measures and report to the Board of Directors. However, where there is an objective and obvious fact as a proof that the loss is within the controllable range, the person authorized by the Board may be allowed for exception handling.</p>	<p>5.5 Derivatives trading</p> <p>5.5.1 Trading principles and strategies:</p> <p><u>5.5.1 (V) (2) (d)</u> If the aggregated losses or losses on individual contracts have exceeded the maximum loss limits, the Company shall immediately take the necessary measures and report to the Board of Directors. However, where there is an objective and obvious fact as a proof that the loss is within the controllable range, the person authorized by the Board may be allowed for exception handling.</p>	<p>1. Move 5.5.1 (V)(2)(d) to 5.5.1 (VI)</p> <p>2. In response to 5.5.1 (V)(b) the maximum loss limit specified for hedge trades, the original measure taken in response to the for the losses on transactional operations exceeding the loss limit should be applied to hedging transactions simultaneously. Therefore, such provision is moved from the regulations for transactional operations to derivatives trading to regulate both hedging operations and transactional operations simultaneously.</p>

Amended provision	Existing provision	Remarks
<p>5.6.1 Appraisal procedures and operating procedures:</p> <p>(I) Obtain the expert opinion and submit for discussion by the board of directors: The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, 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 deliberation and passage. <u>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.</u></p>	<p>5.6.1 Appraisal procedures and operating procedures:</p> <p>(I) Obtain the expert opinion and submit for discussion by the board of directors: The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, 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 deliberation and passage.</p>	<p>1. Revise Article 5.6.1(1) in accordance with Articles 22 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” amended and issued per 9 February 2017 Jin-Guan-Zheng-Fa-Zi Number 1060001296 of the Financial Supervisory Commission. Add the proviso that “The requirement of obtaining an opinion on the reasonableness issued by an expert may be exempted in the case of a merger by the Company of its subsidiary in which the Company invests 100% the subsidiary and in the case of a merger between subsidiaries in which the Company invests 100% the respective subsidiaries, which belongs to organizational readjustments within the group, and not involves the share exchange ratio, or distribution of cash or other property to shareholders.”</p>

Amended provision	Existing provision	Remarks
<p>5.8 Degree of authority delegated</p> <p>5.8.2 In addition to assets acquired by the Company and each subsidiary for business use, it may also invest and purchase real property and securities not for business use, within a certain amount of the transaction as follows respectively:</p> <p>The total amounts of real property <u>invested and purchased by the Company</u> not for business use should not exceed 50 % of the Company's net value; the total amounts of securities invested and purchased by the Company not for business use should not exceed <u>200%</u> of the Company's net value; the limits on individual securities invested by the Company should not exceed <u>75% of the Company's net value</u>; provided, <u>this shall not apply if approved by the shareholders' meeting.</u></p> <p><u>The total amounts of real property invested and purchased by the subsidiary not for business use should not exceed 50% of the Company's net value; the total amounts of securities invested and purchased by the subsidiary not for business use should not exceed 100% of the Company's net value; the limits on individual securities invested by the subsidiary should not exceed 75% of the Company's net value.</u></p>	<p>5.8 Degree of authority delegated</p> <p>5.8.2 In addition to assets acquired by the Company and each subsidiary for business use, it may also invest and purchase real property and securities not for business use, within a certain amount of the transaction as follows respectively:</p> <p>The total amounts of real property not for business use should not exceed 50% of the Company's net value; the total amounts of securities invested and purchased by the Company not for business use should not exceed the Company's net value; the limits on individual securities invested by the Company should not exceed <u>25%</u> of the Company's net value.</p>	<p>Refer to the total amounts of securities acquired and limits on individual securities by the same industry, and review the Company's risk appetite, investment portfolio, and the latest development of the industry, the total amount and limit on individual securities are suggested to be revised to up to 200% and 75%, respectively, of the Company's net value. And also, specify that the same shall not apply if a prior approval of the shareholders' meeting is obtained. And also, the investment quota in the subsidiaries is added.</p>

Amended provision	Existing provision	Remarks
<p>5. 9 Public Disclosure of Information</p> <p>5. 9. 1 The unit responsible for implementation publicly announced and reported by the Company is the Accounting Department.</p> <p>5. 9. 2 Public announcement and regulatory filing procedures as well as standards:</p> <p>(I) Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the competent authority's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</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 paid-in capital, 10 % or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> of money market funds issued by domestic <u>securities investment trust enterprises</u>.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p>	<p>5. 9 Public Disclosure of Information</p> <p>5. 9. 1 The unit responsible for implementation publicly announced and reported by the Company is the Accounting Department.</p> <p>5. 9. 2 Public announcement and regulatory filing procedures as well as standards:</p> <p>(I) Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the competent authority's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</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 paid-in capital, 10 % or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or same shall not apply in <u>redemption</u> of domestic money market funds.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p>	<p>1. Revise Article 5.9.2 in accordance with Articles 30 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" amended and issued per 9 February 2017 Jin-Guan-Zheng-Fa-Zi Number 1060001296 of the Financial Supervisory Commission.</p> <p>2. The reason for revision to 5.9.2 (I)(1) is the same as that in 5.4 Related party transaction.</p> <p>3. Acquiring or disposing of equipment for business use is necessary for the Company's daily business. If the standard for public announcement and report is too low, it will result in public announcement and report made too frequently and reducing the significance of information disclosure. Per 9 February 2017 Order No. Financial-Supervisory-Securities-Corporate-1060001296 of the Financial Supervisory Commission, add that when the paid-in capital reaches NT\$10 billion or more, the standard for public announcement should have the transaction amount raised to NT\$1 billion or more where the type of asset acquired or disposed is equipment for business use, and the trading counterparty is not a related party; also remove 5.9.2 (I) (4) (d) and the Article number is also adjusted accordingly.</p>



Amended provision	Existing provision	Remarks
<p><u>(4) Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:</u></p> <p><u>(a) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</u></p> <p><u>(b) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</u></p> <p><u>(5) 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 share ratio, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</u></p> <p><u>(6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 % or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</u></p> <p><u>(a) Trading of government bonds.</u></p> <p><u>(b) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</u></p>	<p><u>(4) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 % or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</u></p> <p><u>(a) Trading of government bonds.</u></p> <p><u>(b) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets.</u></p> <p><u>(c) Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</u></p> <p><u>(d) Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</u></p> <p><u>(e) 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 reaches NT\$500 million.</u></p> <p><u>(F) 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 share ratio, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</u></p>	<p>4. Move 5.9.2 (I)(4)(f) to 5.9.2 (I)(5).</p> <p>5. Move 5.9.2 (I)(4) to 5.9.2 (I)(6).</p> <p>6. Considering that the Company is engaged in neither investments nor construction business, it is recommended to delete the original 5.9.2(I)(4)(b) and (d). In addition, the reason for revision to 5.9.2(I)(4)(c) is the same as that in 5.4.</p> <p>7. In 5.9.2(IV), as the original provision that after the Company publicly announces and reports, if any change in the contents, it shall publicly announce within 2 days counting inclusively from the date of occurrence of the event, it was also intended to specifically specify in 5.9.2 (III) that 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, all the items shall be again publicly announced and reported in their entirety within 2 days counting inclusively from the date of knowing of such error or omission.</p>

Amended provision	Existing provision	Remarks
<p><u>(7)</u> The amount of transactions above shall be calculated as follows:</p> <p>(a) The amount of any individual transaction.</p> <p>(b) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(c) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(D) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>“Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>(II) The Company shall compile monthly reports on the status of derivatives 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 competent authority by the 10th day of each month.</p> <p>(III) 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, all the items shall be again publicly announced and reported in their entirety <u>within 2 days counting inclusively from the date of knowing of such error or omission.</u></p>	<p><u>(5)</u> The amount of transactions above shall be calculated as follows:</p> <p>(a) The amount of any individual transaction.</p> <p>(b) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(c) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(D) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>“Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>(II) The Company shall compile monthly reports on the status of derivatives 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 competent authority by the 10th day of each month.</p> <p>(III) 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, all the items shall be again publicly announced and reported in their entirety.</p>	

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## Articles of Incorporation of TSRC Corporation

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Amended on June 24, 2016

### Chapter I. General Articles

- Article 1. The company is incorporated pursuant to the Company Act and named "TSRC Corporation"
- Article 2. The business run by the company includes the following:
- 1.C801060 Synthetic rubber manufacturing.
  - 2.C804020 Industrial rubber products manufacturing.
  - 3.C804990 Other rubber products manufacturing.
  - 4.D101040 Of power generation which are not public.
  - 5.D401010 Energy supply.
  - 6.F401010 International trade.
  - 7.ZZ99999 Business not prohibited or restricted by laws, other than business under license.
- Article 2-1 Where the company trans-invests in another company as a limited liability shareholder, the gross capital invested is free from the restriction of 40% of the company's paid-in capital.
- Article 2-2 The company may grant guarantees externally to meet the business or investment requirements.
- Article 3. The Company is incorporated and registered in Kaohsiung City. The Company may establish domestic and overseas branches or factories. The Company's incorporation and change/abolishment shall be resolved by the Board of Directors.
- Article 4. All notices of the company shall be published in accordance with the Company Law.

### Chapter II. Shares

- Article 5. The capital share of the company is NTD\$9,000,000,000, divided into 900,000,000 shares at NTD\$ 10 per share and issued in installment by the board of directors subject to the actual circumstances.
- It is not necessary to print stock certificates for the shares issued by the company, or the stock certificates shall be printed altogether when new shares are issued, provided that they should be registered or kept by a central depository organization.
- Article 6. When the company issues new shares, the shareholders have the preemptive over the shares according to their respective shareholding, other than the shares to be retained for employees' subscription pursuant to the Company Act.
- Article 7. Registered shares of the company will be signed or sealed by the Chairman and more than two directors and issued upon being certified the competent authority or the authorized registration organization.
- Article 8. Shareholders shall report their real names and residences to the company and prepare their specimen seal certificates which shall be delivered to the company or the designated stock agent for record.
- Article 9. Where shareholders wish to transfer their shareholdings they shall fill in the written application form for transfer of shares to be signed by assignor and assignee, and then apply for registration of shares with the company or the designated stock agent. The shareholders shall have no locus tandi against the company, unless the transfer of shares is recorded in the company's roster of shareholders.
- Article 10. No registration of stock transfer shall be made 60 days prior to shareholders' regular meeting, 30 days prior to the shareholders' provisional meeting and 5 days prior to dividends and bonus distribution or other interest distribution.
- Article 11. The company's stock affairs shall be handled in accordance with the Company Act and relevant laws.

### Chapter III. Shareholders' Meeting

- Article 12. The shareholders' meeting includes regular meeting and provisional meeting. The regular meeting shall be held once a year and within six months upon finalization of the fiscal year by the board of directors. The provisional meeting shall be held pursuant to laws. The shareholders' regular meeting shall be notified to the shareholders 30 days ago, and in the case of the shareholders' provisional meeting, 15 days ago, provided that the meeting may be notified to the shareholders who hold less than 1,000 registered shares by public notice.
- Article 13. The chairperson of the shareholders' meeting shall be assumed by the company's Chairman. Where the Chairman fails to exercise his authority for leave or other causes, the Vice Chairman shall be his proxy. Where the Vice Chairman also fails to exercise his authority for leave or other causes, the Chairman shall nominate a director to be his proxy. Where the Chairman fails to nominate any proxy, the proxy shall be elected among the directors. Where the shareholders' meeting is called by any competent person other than the board of directors, the chairperson shall be assumed by the competent person. Where there are more than two competent persons, one of them shall be elected to be the chairperson.
- Article 14. The company's shareholders shall, unless the decree otherwise Given outside the, have one voting right per share. A representative trusted by the shareholder may take part in the shareholders' meeting, provided that he shall present the proxy in the format produced by the company and with affixation of the company's stamp on which the scope of authorization shall be stated. Other than the trust business or stock brokers approved by the competent securities authority, any person who is trusted by more than two shareholders at the same time shall be entitled to not more than 3% of the votes of the issued shares, and the excessive votes shall not be calculated. The proxy shall be served to the company 5 days prior to the meeting. Where it is repeated, the one served first shall be effective. However, this is not applicable if a declaration to withdraw a prior proxy is made. After the proxy is delivered to the Company, if the shareholder wishes to attend the shareholders' meeting in person or if the shareholder wishes to exercise the voting rights in the written or electronic manner, a written notice to withdraw the proxy shall be given to the Company 2 days before the shareholders' meeting. If the withdraw is given after this deadline, the voting right exercised by the proxy attending the meeting shall prevail.
- Article 15. Unless otherwise provided for in laws and the company's articles of incorporation, the quorum necessary for a shareholders' meeting shall be no less than the shareholders' holding more than half of the total issued shares and resolution of the shareholders' meeting shall be passed upon a majority of votes of the present shareholders.

#### Chapter IV. Directors

- Article 16. There are nine directors and in the company. The directors shall be elected among the competent shareholders in shareholders' meeting and eligible for reelection. The total shareholding percentage of all directors shall be subject to the requirements defined by the securities management authority. Directors of the Company shall be elected by the shareholders from a list of candidates of directors based on the candidate nomination system under Article 192 of the Company Act.
- Article 16-1 The company's board of directors has installed Three independent directors elected from the directors defined in the preceding article as of 15<sup>th</sup> term. Independent directors and non-independent directors shall be elected altogether, and the number of the elected shall be calculated separately. The professional qualification, shareholding and part-time job restrictions, independence, nomination and mode of election, exercise of power and other requirements to be complied with of an independent director shall be handled in accordance with the Securities and Exchange Act and the relevant laws.
- Article 16-2 The Company has formed the Audit Committee consisting of all independent directors in accordance with the applicable law. The power exercised by the Audit Committee and its independent directors members and the matters related thereto and regulated in accordance with the Securities and Exchange Act and other applicable laws.
- Article 17. The term of directors shall be three years. The directors re-eligible.
- Article 18. The Chairman shall be elected among directors, who shall act on behalf of the company externally. The Vice Chairman shall be elected among directors, who shall be the proxy of the Chairman when the Chairman fails to exercise his authority for leave or other causes.
- Article 19. Unless otherwise to be subject to the resolution of the shareholders' meeting as provided in the Company Act or articles of incorporation, the company's business policies and other important issues shall be subject to the resolution of the board of directors. The chairperson of the directors' meeting shall be assumed by the company's Chairman. Where the Chairman is absent, the Vice Chairman shall be his proxy. Where the Vice Chairman is also absent, the Chairman shall nominate a director to be his proxy. Where the Chairman fails to nominate any proxy, the proxy shall be elected among the directors. Where the director fails to attend the directors' meeting personally, he may appoint another director to be his proxy. The proxy may accept the appointment from only one director. Board of Directors convened notification may be made in writing, Fax or email.

- Article 20. Unless otherwise provided in laws, the quorum necessary for the directors' meeting shall be no less than a majority of the total directors and resolution of the directors' meeting shall be passed upon a majority of votes of the present directors.
- Article 21. "Deleted"
- Article 22. "Deleted"
- Article 23. The board of directors is authorized to determine the remuneration for the Company's directors based on the level of participation and the contribution by the directors to the operation of the Company and in reference to the standard of the same industry.
- Article 24. There are certain advisors in the company for business requirement, who shall be retained by the Chairman.
- Article 24-1. In order to well found the supervisory function and strength the management mechanism, the board of directors may establish the various functional. The regulations governing the exercise of authority of functional commissions shall be defined by the board of directors.
- Article 24-2. The Company shall purchase the liability insurance for directors with respect to the indemnity to be borne by them in the scope of business to be executed by them during their term of office.

#### **Chapter V. Managers**

- Article 25. There are several managers in the company. The appointment and dismissal of them shall be handled in accordance with Article 29 of the Company Act.  
The managers shall sign instruments on behalf of the company subject to the company's written authorization.
- Article 26. "Deleted"
- Article 27. The managers shall take care of the company's routine affairs within the scope of their job responsibility pursuant to the Chairman's instruction and resolution of the directors' meeting.

#### **Chapter VI. Accounting**

- Article 28. The Company's fiscal year shall commend from January 1 to December 31 per year. The final accounting shall take place at the end of the Gregorian calendar. The various documents shall be compiled by the board of directors at the end of the fiscal year pursuant to Article 228 of the Company Act and submitted to the shareholders' meeting for ratification.
- Article 28-1. The Company shall appropriate at least 1% of its earnings, if applicable, as compensation to the employees and not more than 1% as remuneration to the directors.  
The aforementioned and the regulation governing the remuneration to the directors and the compensation to employees shall be implemented as resolved by the Board.
- Article 29. The business operated by the Company has been highly developed and stable, and the Company is orienting itself towards globalization and diversification. In order to cope with the Company's long term programming to ensure the perpetual growth of the enterprise, the Company sets the dividend policy as follows: the profit of annual account, if any, shall deduct the tax and make up the loss carried from previous years, then appropriate 10% as legal reserve fund. The rest shall be distributed or reserved as special reserve pursuant to the Securities and Exchange Act. The distributable earnings shall be the balance after considering the above facts and accounting requirement by the relevant law, if any, plus the unappropriated earnings from the previous period; in turn, at least 50% of the distributable earnings shall be distributed as dividends.  
In the case of dividends being resolved for distribution, cash dividends shall not be less than 20% while stock dividends shall not be more than 80% of the total distributed.  
In case dividend per share is less than NTD0.5, it can be retained in earnings not for distribution.  
The proposal for the said earnings distribution shall be submitted by the board of directors to the shareholders' meeting for approval.
- Article 30. The whole or a part of the distributable dividends and bonuses referred to in the preceding article may be paid in accordance with the Company Act in the form of shares newly issued for such purpose.
- Article 31. The company may, in accordance with Article 241 of the company law and by shareholder resolution, distribute all or part of the legal reserves and capital reserves to shareholders in proportion to the existing shares held by issuance of new shares or in cash.
- Article 32. When legal reserve has reached the gross capital, the contribution thereof may be ceased subject to the resolution of the shareholders' meeting.

## Chapter VII. Bylaws

- Article 33. The company's articles of organization and enforcement rules thereof shall be defined separately.
- Article 34. Any matters not provided in these Articles of incorporation shall be subject to the Company Act and the relevant laws.
- Article 35. These Articles of incorporation were concluded on July 27, 1973. 1st amendments thereof was made on June 25, 1974, 2nd amendments thereof on April 23, 1975, 3rd amendments on February 17, 1976, 4th amendments thereof on June 30, 1976, 5th amendments thereof on April 26, 1977, 6th amendments thereof on June 20, 1979, 7th amendments thereof on May 23, 1980, 8th amendments thereof on May 11 1981, 9th amendments thereof on November 25, 1981, 10th amendments thereof on May 24, 1983, 11th amendments thereof on May 23, 1984, 12th amendments thereof on April 26, 1985, 13th amendments thereof on April 29, 1986, 14th amendments thereof on April 29, 1987, 15th amendments thereof on May 10, 1988, 16th amendments thereof on May 12, 1989, 17th amendments thereof on April 12, 1990, 18th amendments thereof on April 24, 1991, 19th amendments thereof on May 14, 1992, 20th amendments thereof on May 20, 1993, 21st amendments thereof on June 27, 1995, 22nd amendments thereof on June 16, 1996, 23rd amendments thereof on May 24, 1997, 24th amendments thereof on May 26, 1998, 25th amendments on May 29, 1999, 26th amendments thereof on May 27, 1990, 27th amendments thereof on June 20, 2002, 28th amendments thereof on May 30, 2003, 29th amendments thereof on May 31, 2005, 30th amendments thereof on June 13, 2008, 31st amendments thereof on June 10, 2011, 32nd amendments thereof on June 6, 2012 33rd amendments thereof on June 11, 2014 34th amendments thereof on June 10, 2015 and 35th amendments thereof on June 24, 2015.

## Appendix 2

# Rules and Procedures of shareholders' meeting

Amended on June 10, 2015

1. The company's shareholders' meeting shall be handled in accordance with the Rules.
2. Attending shareholders (or proxies) shall show their attendance certificates and submit sign-in cards for calculation of attending votes Plus electronic voting exercise options.  
The proxy that is not a shareholder and the shareholder with a letter of proxy issued must have their identity document ready for examination A shareholding with one of the following is without voting right and is excluded from the total stock shares issued and number of attendance:
  - (1) TSRC's shareholdings.
  - (2) TSRC's stock shares held by the wholly owned subsidiary that is with over 50% of its stock shares issued with voting rights or total stock capital held by TSRC.
  - (3) TSRC's stock shares held by the company that is with over 50% of its stock shares issued with voting rights or total stock capital held by TSRC and TSRC's subsidiary directly or indirectly.
- 2-1. The chairperson may designate the attorney, CPA or the relevant staff appointed by him to attend the meeting, and also designate the conference personnel in charge of the meeting and the personnel maintaining the order on site (or security guards) to help proceed with the meeting, provided that the personnel referred to herein shall wear identification certificates or badges.
3. The chairperson shall announce the opening of the meeting, provided that where a majority of the shareholders representing the total issued shares fail to attend the meeting when the meeting should commence, the chairperson may announce that the meeting is postponed, provided that the meeting should be postponed no more than twice and the time of extension shall be no more than one hour in total. Where a majority of the said shares still fail to attend the meeting but one-third of the shareholders representing the total issued shares attend the meeting after the meeting has been postponed for twice, the provisional resolution may be made pursuant to Paragraph 1 of Article 175 of the Company Act.  
Where the shares represented by the present shareholders have reached a majority of the total issued shares before the end of the meeting, the chairperson may re-submit the provisional resolution to the meeting for voting pursuant to Article 174 of the Company Act.
4. The agenda of the meeting shall be defined by the Board. The meeting shall be held in the order of the scheduled agenda. Without the resolution of the meeting, the agenda shall not be changed.  
The chairperson may not announce to have the meeting adjourned without the resolution of the directors before the scheduled agenda (including motions) completed except for the routine query and reply of motion.  
Shareholders may not have another chairperson elected to have the meeting continued at the same location or elsewhere once the meeting is adjourned. If chairperson has violated the conference rules and announced to have the meeting adjourned, another chairperson can be elected by attending shareholders with majority votes to keep the meeting in session.  
The proposals for amendments or replacement with respect to the same proposal shall be voted in the order defined by the chairperson.  
Where any of the proposals is approved, the other proposals shall be deemed overruled and it is not necessary to vote them.  
Chairperson is to define the discussion and priority of the motion raised by shareholders.
- 4-1. The board of directors is to state in the agenda manual why the proposals that are proposed before the meeting are not enlisted in the agenda of directors' meeting and the record of agenda. If the proposals of shareholders that are to be enlisted in the agenda according to Article 4.2.3 of the Rules for Agenda are classified as the same type of proposals, Chairperson may have them consolidated for process according to Paragraph 5 of the preceding Article herein.
- 4-2. Shareholders who have a letter of proxy issued to legal person that is not a shareholder to attend the meeting on his behalf, the legal person may have only one representative appointed to attend the meeting.  
If the government or corporate shareholder has two representatives appointed to attend the meeting, or, the representative has attended the meeting as a proxy, only one representative is to speak at the meeting.
- 4-3. The chairperson of the shareholders' meeting shall be assumed by the company's Chairman, if the meeting is called by the board of directors. Where the Chairman fails to exercise his authority for leave or other causes, the Vice Chairman shall be his proxy. Where the Vice Chairman also fails to exercise his authority for leave or other causes, the Chairman shall nominate a director to be his proxy. Where the Chairman fails to nominate any proxy, the proxy shall be elected among the directors.  
Where the shareholders' meeting is called by any competent person other than the board of directors, the chairperson shall be assumed by the competent person. Where there are more than two competent persons, one of them shall be elected to be the chairperson.
5. It is necessary for shareholders to specify the gist of their statement, their attendance certificate numbers and names in the statement form before making statement in the meeting. The order in which the statement is made shall be subject to the chairperson's determination. The present shareholders who only submit the statement form instead of making statement verbally shall be deemed never making statement. In the event of any discrepancy in the contents of the statement and those specified in the form, the contents of statement shall prevail.

6. Shareholders may raise questions regarding the reports given at the end of the announcement by chairperson or by the designated personnel. Each speaker may not speak more than twice and five minutes each time unless it is with the consent of chairperson for one extension and five minutes maximum. The speech time and frequency of shareholders on the acceptance of resolution, each proposal, and motion is the same as the one in preceding paragraph. The speech time and frequency of shareholders on the queries irrelevant to the proposals are the same as mentioned in the preceding paragraph.
- 6-1. After the present shareholders make statement, the chairperson may give response personally or designate the relevant personnel to give the response.
7. Here the statement exceeds the specific time limit or beyond the scope of proposals, the chairperson may suspend the shareholders from continuing making statement. Where the shareholders do not stop making statement, or try to interfere with the agenda, the chairperson may order the relevant personnel (or security guards) to maintain the order in the meeting or take necessary actions to help the procedure.
8. The chairman may announce the conclusion of discussion for proposals in a timely manner. If necessary, he may announce the suspension of discussion concluded or discussion may submit to voting per the chairperson's instruction.
9. Unless otherwise Provided in the Company Act or the Articles of Incorporation of this Company, motions should be approved by more than half of the shareholders present. For directors election, Rules for Election of Directors apply. Shareholders may exercise their voting rights in the written or electronic manner in shareholders' meetings. The manner of exercise is specified in the notice of shareholders' meeting. Any shareholder that exercises voting rights in the written or electronic form is deemed to have attended the shareholders' meeting in person. However, the shareholder is deemed to have waived his/her right in relation to any motion or amendment to original proposal in such shareholders' meeting. The resolutions shall be recorded in the minutes of meetings.
- 9-1. When the proposals are subject to voting, the chairperson shall designate certain scrutineers and ballot recorders to execute their job responsibility, provided that the scrutineers shall be shareholders. The voting of the various proposals shall be conducted in a manner other than recall. The result thereof shall be announced on site and recorded.
10. The votes that are determined by scrutinizers to have one of the following actions are voided:
  - (1) Fail to use the ballot appointed by the board of directors or chairperson;
  - (2) Deposit a blank ballot into the box;
  - (3) Broken or smeared ballot that cannot be identified;
  - (4) Altered ballot or ballot with marks or literature;
  - (5) Tick the boxes for and against at the same time;
  - (6) Ballot that does not convey the decision for or against clearly;
11. If shareholders raise an objection over the process of resolution, ballot counting, effective or void votes, the scrutinizers are to have the shareholder number, stock shares, and cause of dispute of the shareholders in dispute stated, signed, and sealed for filing and for record.
12. The chairperson may announce to take a rest at his sole discretion in the process of the meeting. Where it is impossible to continue proceeding with the meeting due to air-raid alarm or other causes, the meeting should be stopped immediately and the relevant personnel should be evacuated automatically. The meeting should be continued after one hour upon the alarm or causes being lifted.
13. The procedure, agenda and resolution and other related matters shall be subject to the Rules. Any matters not provided herein shall be subject to the chairperson's sole discretion, unless they are provided in the Company Act, Securities and Exchange Act and the Company's articles of incorporation.
14. The Rules shall be enforced upon resolution of the shareholders' meeting. The same shall apply where they are amended.



## Appendix 3

# Disclosure of Directors' Shareholdings

April 24, 2017

Job title	Name	Stockholders No .	Shares held
Chairman	Wei Dah Development Co., Ltd. Statutory Representative: Shao Yu Wang	17471	53,708,923
Vice Chairman	Wei Dah Development Co., Ltd. Statutory Representative: Nita Ing		
Director	Wei Dah Development Co., Ltd. Statutory Representative: Chin-Shan Chiang		
Director	Metacity Development Corporation Statutory Representative: Tzu Wei Lee	147214	31,093,108
Director	Metacity Development Corporation Statutory Representative: D. Otto Cheng		
Director	John T. Yu		0
Independent Director	Robert Hung		0
Independent Director	Henry Lin		0
Independent Director	Henry Feng		0
<b>Shareholdings of Directors subtotal</b>			84,802,031
<b>Minimum shareholdings of Directors</b>			26,422,719

Note: The outstanding stock shares on the cut-off day of April 24, 2017 amounted to 825,709,978 shares.

