

Ticker symbol: 2107



Formosan Rubber Group Inc.

2020 Shareholders Regular Meeting

Agenda Handbook

Date: June 12, 2020

Location: No. 1, Chaofeng Road, Sanhe Village, Longtan District, Taoyuan City (3rd Floor, the Company's Office Building)

This English version is only a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for intents and purposes.

Table of Contents

I. Meeting Procedure	- 2 -
II. Meeting Agenda	- 3 -
1. Management Presentation.....	- 4 -
2. Recognitions	- 7 -
3. Discussions	- 8 -
4. Extraordinary Motions	- 9 -
III. Appendices	
Attachment 12019 Business Report.....	- 10 -
Attachment 2 Audit Committee’s Review Report.....	- 18 -
Attachment 3 Standalone Financial Report & CPA’s Audit Report.....	- 19 -
Attachment 4 Consolidated Financial Report & CPA’s Audit Report	- 31 -
Attachment 5 Earnings Distribution	- 41 -
Attachment 6 Comparison table of amendments to the “Articles of Incorporation”.....	- 42 -
Attachment 7 Comparison table of amendments to the “Rules of Procedure for Shareholders Meetings”.....	- 44 -
IV. Appendices	
Appendix 1 Articles of Incorporation (before amendments).....	- 45 -
Appendix 2 Rules of Procedure for Shareholder Meetings (before amendments)	- 51 -
Appendix 3 Numbers of Shares Held by All Shareholders and the Minimum Number of shares that should be Held	- 55 -
Appendix 4 Other Matters	- 56 -

Meeting Procedure

1. Call the Meeting to Order
2. Chairperson Remarks
3. Management Presentation
4. Recognitions
5. Discussions
6. Extraordinary Motions
7. Adjournment

Meeting Agenda

Time: June 12, 2020 (Friday) 9:30a.m.

Location: No. 1, Chaofeng Road, Sanhe Village, Longtan District, Taoyuan City (3rd Floor, the Company's Office Building in Taoyuan Plant)

1.Call the Meeting to Order (Report the number of shares attending)

2.Chairperson Remarks

3.Management Presentation

- (1) The Company's 2019 Business Report.
- (2) The Company's 2019 Audit Committee's Review Report.
- (3) The Company's 2019 remuneration to employees and directors/supervisors.
- (4) The Company's Inventories.
- (5) The Company's Endorsements/Guarantees
- (6) The Company's Land Development

4.Recognitions

- (1) Motion of the Company's 2019 Business Report and Financial Statements.
- (2) Motion of the Company's 2019 Earnings Distribution

5.Discussions

- (1) Amendments to part of the provisions of the Company's "Article of Incorporation".
- (2) Amendments to part of the provisions of the Company's "Rules of Procedure for Shareholders Meetings".

6.Extraordinary Motions

7.Adjournment

Management Presentation

1.The Company’s 2019 Business Report.

Description: For the 2019 Business Report, please see details in Attachment 1 (of the Rules of Procedure for Shareholders Meetings, page 10 - page 17).

2.The Company’s 2019 Audit Committee’s Review Report.

Description: For Review Report of the Audit Committee, please see details in Attachment 2 (of the Rules of Procedure for Shareholders Meetings, page 18).

3.The Company’s 2019 remuneration to employees and directors/supervisors.

Description: (1) According to the provisions stipulated in the Company’s Article of Incorporation: “If there is a profit within the Company in the year, no less than 1% of the profit shall be set aside for employees’ remuneration and no less than 2% of the profit shall be set as remuneration for directors and supervisors . Where there is an accumulated loss, the profit shall be reserved to make up for the loss.

(2) After deducting the remuneration for employees, directors and supervisors, the Company’s 2019 pre-tax income totaled NT\$561,235,523 with no accumulated loss. According to Article 29 of the Company’s Articles of Incorporation, compensation of NT\$5,613,000 (≒1%) shall be distributed to our employees, and remuneration of NT\$5,613,000 (≒1%) shall be distributed to our directors and supervisors.

4.The Company’s Treasury shares

Description:

Shares repurchased by the Company

04/30/2020

Repurchase period (Note)	24th time (period)
Repurchase purpose	To maintain the Company’s credit and the right and interest of our shareholders
Type of repurchased shares	Ordinary shares
Estimated repurchase period	March 23, 2020 - May 22, 2020
Quantity of shares for repurchase	20,000,000 shares
Repurchase range price	NT\$13 - NT\$18
Type and quantity of repurchased shares	Ordinary shares 4,030,000 shares
Amount of repurchased shares	NT\$ 64,194,610
Ratio of the accumulated number of shares held by the Company to the total number of issued shares (%)	20.2%
Remark	As of the end of the publication date of the Meeting Handbook, the repurchase of shares was still in progress and the above information regarding the situation is as of April 30, 2020. The actual execution of the repurchase of shares will be reported on the shareholders’ general meeting.

5.The Company’s Endorsements/Guarantees.

Description: (1) The aggregate endorsements/guarantees amount made by the Company shall be limited to 30% of the net worth of the Corporation. The amount of endorsement/guarantee for any single entity shall not exceed 15% of the net worth of the Company.

(2) The aggregate endorsements/guarantees amount made by the Company is NT\$3,179,831 thousand and the amount of endorsements/guarantees amount made amounted to NT\$1,589,916 thousand.

(3) As of December 31, 2019, endorsements/guarantees made by the Company amounted to NT\$63,424 thousand.

(Endorsement/guarantee entity: 950 Property LLC)

6.The Company’s Land Development

Description: With the successful projects including “Bridge Upto Zenith” and “Modesty Home”, we are highly confident in the development and business in the real property market. After being resolved by our board of directors, we have been proactively acquiring on potential development projects. In 2012, we have acquired the prime land of the Xinyi Planning District and also teamed up with DSG Technology Ltd. (now KINGLAND Property Corporation Ltd.) in introducing the project of “Legend River” located in Xindian at the end of the same year. At the end of 2013, we began letting at Bridge Upto Zenith Business Plaza and in 2014, the land for Taichung Phase 7 was acquired. In 2016, we cooperated with the mainland China construction company and introduced the projects of “55Timeless” in Taipei Xinyi Planning District, and “La Bella Vita” in Taichung Phase 7. In 2017, we have participated in the investment and construction of the San Francisco residential and hotel development. For the Company’s projects currently in process, please see below:

(1) Completed projects

“Bridge UptoZenith ”, “Modesty Home”, “Legend River”, “55Timeless”, and “La Bella Vita” have been triumphantly completed. In the pre-sale, the Company especially kept a few of the ‘elite’ apartments for sale for after handing over the apartments. By presenting the high quality works, its value can be wholeheartedly felt by our customers.

There were only a few residential apartments remaining at “Bridge Upto Zenith” and “Modesty Home”. By judging the real estate market, we entrusted the sales of the residential apartments and took steps gradually, allowing steady sales, and we have now sold out all the residential apartments.

“Legend River” began its sales in 2018. With the opening of the MRT Circular Line soon and the development of the “Yangbei” Replanning Area, the market has gradually recovered and sales have stabilized.

We have acquired the user license for “55Timeless” when it was completed at the end of 2018. The total area of the project is approximately 7,627 pings (25213 square meters), and the Company was allocated 20% of the entire land. With the building of high specifications and the public facilities of an art gallery, it has become one of the international-grade landmarks for luxury residential apartments. Its exceptional construction quality has been widely favored by our customers. Under the impact of the US-China trade war, we have seen a situation where funds have gradually returned to Taiwan. The sales for high

price with large space residential apartments have increased compared to the previous year. With the Company's flexible use of strategies, the apartments continued selling.

The entire selling area of "La Bella Vita" is approximately 15,150 pings (50082 square meters), and the Company was allocated 27.25%, 4,128 pings (13646 square meters). It is estimated the residential building will finish on January 7, 2020. In April, customers who have purchased the apartment in the pre-sale will carry out a series of matters in relation to handing over the apartment. The decoration of the show homes will begin as well as the sales of apartments.

(2) San Francisco and Hotel Development Project

The project is located in the prime section of the San Francisco city center. The Company's investment in the project is approximately 11.23% in 2017. The entire project consists of 242 luxury residential apartments, 10 retail stores, and a trendy hotel with 236 rooms. The project began its construction in 2018, and is expected to complete in 2021.

(3) FRG Bridge Upto Zenith Business Plaza

FRG Bridge Upto Zenith Business Plaza is located on the first and second floors of No. 168-180, Section 1, Zhongshan Road, Banqiao, covering an area of 1,882 pings (6221 square meters). The first floor of the business plaza has been leased to E.SUN Commercial Bank; the second floor has been leased to Nan Shan Life Insurance Co., Ltd. and SinoPac Securities Corporation; the second floor of the business plaza at building B has been leased to a infant care center which is expected to take over in May. FRG Bridge Upto Zenith Business Plaza has become an exquisite business center of Banqiao.

Recognitions

Motion 1

(proposed by the board of directors)

Motion: The Company's 2019 business report and financial statements.

Description: The Company's 2019 financial statements (standalone financial report and consolidated financial submitted by the board of directors have been audited by CPAs Zhou Yin-Lai and Wu Xin-Liang of Baker Tilly. The business report has also been reviewed by the Audit Committee and the review report has been submitted. For more details, please see Attachment 1 and Attachments 3-4 (please refer to the Rules of Procedure for Shareholders Meetings page xx o page xx).

Resolution:

Motion 2

(proposed by the board of directors)

Motion: The Company's 2019 earnings distribution

Description: (1) The Company's pre-tax income amounted to NT\$550,009,523, deducting the income tax of NT\$11,052,264 - the net income totaled NT\$538,957,259.

- (2) The Company's net income for the year totaled NT\$538,957,259. According to the related provisions of Article 29 in the Company's Articles of Incorporation, the board of directors proposed a motion of earnings distribution. The balance of 10% of the legal reserve of NT\$53,895,726 and reversal of the special reserve of NT\$44,610,924 were set aside, along with the accumulated undistributed earnings from the previous year, and among which, the allocation for shareholders' dividends may not be less than 5% of the distributable earnings. It has been submitted to the shareholders meeting for a resolution for the distributing of dividends. The proposed cash dividend is NT\$0.8 per share and the cash dividend totaled NT\$280,000,000, and the accumulated undistributed earnings totaled NT\$4,498,124,363.
- (3) The calculation method is the resultant amount rounded down to the new Taiwan Dollar and if the number is less than 1 dollar, it is adjusted from the decimal number from largest to smallest; the account number is adjusted from front to back in order to meet the total cash dividend distribution.
- (4) After gaining approval from the shareholders meeting for the motion of cash dividend distribution, the Chairperson shall be authorized to set the ex-dividend record date prior to the distribution.
- (5) After that, if the shares outstanding are affected due to the Company's repurchase of shares or other reasons which result in a change of shares held by shareholders, it is proposed that the Chairperson will be authorized to fully handle the matter.
- (6) Earnings Distribution Table has been attached, please see Attachment 5 for more details (please refer to the Rules of Procedure for Shareholders Meetings page xx).

Resolution:

Discussions

Motion 1

(proposed by the board of directors)

Motion: Amendments to part of the provisions of the Company’s “Articles of Incorporation”.

Please proceed and discuss.

- Description: (1) To accommodate the requirements of the Company’s non-physical issuance of shares and establishment of Audit Committee for the replacement of supervisors, the Company’s “Articles of Incorporation” is amended. Please refer to the comparison table for more details of before and after the amendments.
- (2) For the comparison table of the Company’s “Articles of Incorporation” before and after amendments, please refer to Attachment 7 (of the “Rules of Procedure for Shareholders Meetings” page to page).

Resolution:

Motion 2

(proposed by the board of directors)

Motion: Amendments to part of the provisions of the Company’s “Rules of Procedure for

Shareholders Meetings”. Please proceed and discuss.

- Description: (1) Part of the provisions of the Company’s “Rules of Procedure for Shareholders Meetings” has been amended according to Taiwan Stock Exchange (TWSE) Order No. Tai-Zheng-Zi 1080024221 issued on January 2, 2020. Please refer to the comparison table for more details of before and after the amendments.
- (2) For the comparison table of the Company’s “Rules of Procedure for Shareholders Meetings” before and after the amendments, please refer to Attachment 7 (of the “Rules of Procedure for Shareholders Meetings” page to page).

Resolution:

Extraordinary Motions

Adjournment

Attachment 1

Formosan Rubber Group Inc. 2019 Business Report

Dear Shareholders,

In light of the ongoing tense China-US trade war and the slow demand from overseas in 2019, the global economic growth momentum has substantially weakened. However, since the completion of the Company's "55 Timeless" residential tower in Xinyi Planning District, the Company's 2019 operating income, gross profit and income before tax remained outstanding, delivering profits for all of our shareholders.

Into 2020, and with the outbreak of COVID-19 rapidly spreading all over the world and looking to become more serious, the global economy has suffered a drastic collapse. However, Taiwan has set an exceptional example to the world by suppressing the virus which has seen the acceleration of the return of Taiwanese businessmen, resulting in more interest from international investors. With the help of the completion of the Company's "La Bella Vita" residential tower in Taichung, the future of the Company continues to look confident and stable in 2020.

Meanwhile, the Company will continue to enforce expanding business scopes as follows: 1. Rubber manufacturing: making good use of alternative equipment advantages in the plant as a means to develop composite materials and further expand new markets; 2. Warehousing: proactively developing the policy of "business expansion and professional services" by constantly seeking new customers in order to bring different types of businesses into the Park, increasing operating performance; 3. Construction and development: In addition to accelerating the development of the Company's real properties, suitable individual projects and land will be sought out for development.

The Company's operating income, gross profit and income before tax in 2019 have all grown by a large margin compared to the previous year mainly due to the completion of "55 Timeless" residential tower. We would like to present to shareholders the consolidated operating results and a summary of the operation plans of Formosan Rubber Group Inc. for 2020 as follows:

I. 2019 Consolidated Business Results

1. Performance of business plan implementation

(1) Consolidated operating income, gross profit and pre-tax income:

Unit: thousand

Item	2019	2018	Increase and decrease amount	Increase and decrease %
Operating income	2,701,777	1,373,818	1,327,959	96.66%
Operating margin	661,688	330,480	331,208	100.22%
Pre-tax income	552,687	260,427	292,260	112.22%

- (2) The sales of the reserved apartments for “Bridge UptoZenith ”, and “Modesty Home”
There were only a few residential apartments remaining at “Bridge Upto Zenith” and “Modesty Home”. By judging the real estate market, we entrusted the sales of the residential apartments and took steps gradually, allowing steady sales, and we have now sold out all the residential apartments.
- (3) Xindian “Legend River”
With the opening of the MRT Circular Line soon and the development of the YangbeiReplanning Area, the market has gradually recovered and the selling rate has stabilized.
- (4) The land development of “55Timeless” in Xinyi Planning District
With the building of high specifications and the public facilities of an art gallery, it has become one of the international-grade landmarks for luxury residential apartments. Its exceptional construction quality has been widely favored by our customers. Under the impact of the US-China trade war, we have seen a situation where funds have gradually returned to Taiwan. The sales for high price with large space residential apartments have increased compared to the previous year. With the Company’s flexible use of strategies, the apartments continued selling.
- (5) The land development of “La Bella Vita” for the replanning area in Taichung Phase 7.
The entire selling area of “La Bella Vita” is approximately 15,150 pings (50082 square meters), and the Company was allocated 27.25%, 4,128 pings (13646 square meters). The residential building will finish on January 7, 2020. As of now, a series of matters in relation to handing over the apartment to customers who have purchased the apartment in the pre-sale have been conducted. The decoration of the show homes will begin as well as the sales of apartments.
- (6) FRG Bridge Upto Zenith Business Plaza
FRG Bridge Upto Zenith Business Plaza is located on the first and second floors of No. 168-180, Section 1, Zhongshan Road, Banqiao, covering an area of 1,882 pings (6221 square meters). The first floor of the business plaza has been leased to E.SUN Commercial Bank; the second floor has been leased to Nan Shan Life Insurance Co., Ltd. and SinoPac Securities Corporation; the second floor of the business plaza at building B has been leased to ainfant care center which is expected to take over in May. FRG Bridge Upto Zenith Business Plaza has become an exquisite business center of Banqiao.
- (7) San Francisco and Hotel Development Project
Our subsidiary (FRG US Corp.) established in the US in 2017 participates in the construction investments; The subsidiary’s investment in the project is approximately 11.23% The entire plan for the project consists of 242 luxury residential apartments, 10 retail stores, and a trendy hotel with 236 rooms.

2. Budget Execution:Based on the norms stipulated in the “Regulations Governing the Publication of Financial Forecasts of Public Companies”, the Company does not need to prepare financial forecast for 2019.

3. Analysis of Consolidated financial Income and Expenditure, and Profitability

Consolidated financial income and expenditure

Unit: NT\$ thousand

Item \ Year	2019	2018
Net cash inflow (outflow) from operating activities	1,783,085	424,770
Net cash inflow (outflow) from investing activities	132,000	837,415
Net cash inflow (outflow) from financing activities	(1,764,554)	(1,189,587)

Analysis Table of Consolidated Profitability

Item \ Year	2019	2018
Return on asset (%)	4.09	1.61
Return on equity (%)	5.09	2.04
Pre-tax income to paid-in capital (%)	15.79	7.04
Profit margin (%)	19.95	15.71
EPS after tax	NT\$1.54	NT\$0.59

4. Research & Development (R&D)

(1) Based on the Company's business philosophy "research makes the difference" at its establishment in 1979, we have continued to strive for search and innovation. The R&D results of 2019 are as follows:

(i) In 2019, we have successfully acquired 8 patents:

[1]	ROC Patent for Double-Sided High-Frequency Processing Composite Structure
[2]	ROC Patent for Silicone and Rubber Tarpaulin and their Manufacturing Method
[3]	ROC Patent for Foam Rubber, Composite Structure of Foam Rubber and its Manufacturing Method
[4]	ROC Patent for Foam Rubber and its Manufacturing Method
[5]	ROC Patent for Compound Tape and its Manufacturing Method
[6]	ROC Patent for Thermosetting Soft Light Transparent Five-Layer Structure Rubber Material and its Manufacturing Method
[7]	ROC Patent for Thermoplastic Polyurethane Composite Structure with High Bonding Strength and its Manufacturing Method
[8]	ROC Patent for Flame Retardant Fabric and its Manufacturing Method

(ii) There are another 20 patent applications pending.

(2) The rental and leasing in Nankan and the logistics center have entered the stable stage, but due to the COVID-19 outbreak affecting the global economy, and the impact caused during the pandemic, we expect to attract different types of businesses to enter the Park, developing logistics for customers. We also plan to cultivate elites, hoping

to set an example for integration of providing services including professional rental and leasing, and logistics.

II. 2020 Business Plan Overview

1. 2020 Management Policy:

- (1) The 3 management policies for manufacturing industry are: “Innovation”, “international” and “service”.

“Innovation”: We thrive on innovation by using features of different equipment and process to develop new composite materials, improving the product performance and use range.

“International”: We enhance international services and continue to stabilize the Greater China region market while expanding the market of Southeast Asia. By participating in exhibitions and visits, we hope to increase the exchange opportunities with European, American and Japanese customers.

“Service”: Through ‘research makes the difference’ and quickly responding to fulfill customers’ needs, we hope to be the most profitable company to our customers.

- (2) We are proactively developing new customers for our rental and leasing business; we create new business model in a bid to provide our customers with professional service values. This year, we will continue to integrate our logistics, and rental and leasing business to provide our customers with the most professional services; we will also provide our customers with best solutions while expanding our business in Longtan with historical experience, setting an example for integration of professional rental and leasing business, and logistics with our Nakan Logistics Park and Longtan Intelligent Park.

- (3) Real estate development and individual projects:

(i) The account for “Modesty Home” has been included when the project completed in 2014; we have reserved an ‘elite’ apartment for sale later when the real estate market rebounds.

(ii) The reserved apartments of “Bridge Upto Zenith A⁺” are entrusted to gradually sell according to the market reaction in order to stabilize the selling rate.

(iii) The development of “Xindian “Legend River” is located near the MRT Circular Line and the Yangbei Replanning Area and with the market gradually recovered, the sales have been stable.

(iv) The user’s license was acquired at the end of 2018 for the land development of “55Timeless” in Xinyi Planning District. For customers who have purchased the apartment in the pre-sale in 2019, all matters in relation to handing over of the apartment have been complete. The excellent building quality and technique have been well received by the market. The Company will continue to use

strategies to find high-quality customers.

- (v) The development of Taichung “La Bella Vita” was completed on January 7, 2020. As of now, a series of matters in relation to handing over the apartment to customers who have purchased the apartment in the pre-sale have been carried out, followed by the sales of the completed apartment.
- (vi) The development of the San Francisco residential apartments and hotel have begun its construction in 2018 which is estimated to complete in 2021.

2. Expected Sales and Their Basis

- (1) According to the long-term statistics of Germany, the total market of the future global rubber and plastic will maintain its slow growth each year. Of which, the life-saving industry, medical industry, and environmental protection will outperform, and the first 2 are precisely within the Company’s technical strengths. With the complex and forever-changing ongoing situations including the US-China trade tensions, the uncertainty of Brexit, the rise of the trade protectionism and the worsening condition of the climate and environment, the global economy has continued to decline and the global trade has substantially weakened. The recent dip in the WTOI reflects declines in component indices for export orders and most service trade indices have all dropped their lowest levels. The global trade growth has slowed down which has also reflected all countries’ unique cyclical and structural factors. The monetary policies of developed economies have also changed with it. The pandemic outbreak coronavirus that started at the end of 2019 has spread all over the world in the first half of 2020. All major economic business events have all been effected, resulting in further recession. Combining the above unfavorable elements, in 2020, we will do our utmost to pursue the Company's total target sales of rubber and plastic synthetic leather of 10,112 thousand yards which was reached in 2019.
- (2) Nankan warehouse logistics and logistics management: The Nankan Logistics Park is appropriately 15 minutes away from both the international airport and the highway. Given its excellent geographic location, we have been dedicating ourselves to training elites in terms of logistics and customs taxation while enhancing our customer service, allowing better rental rate than peers. In 2003, our logistics center acquired the Logistics License approved by the Customs Administration, Ministry of Finance Taipei Customs, and has been recognized 3 times by receiving the Award for International Trade presented by the Ministry of Economic Affairs. In a bid to provide our customers with the best service, we will continue to work to strengthen the integration of both logistics and system information in order to increase added-value customer services, creating a win-win situation. We will continue to improve our customized services and expand our business strategy, with a view to making FRG a benchmark for the rental and leasing market. The income generated from the warehouse rent and logistics in 2020 is estimated to increase slightly compared to 2019 by 1% to 2%.
- (3) The sales of the remaining reserved apartments: “Legend River” - 4 completed

apartments (2 joint ownership apartments), and the available completed apartments of “55Timeless and “La Bella Vita” are gradually being sold. We reserved 11 apartments of “Bridge Upto Zenith” and “Modesty Home” and they have now been sold due to the rebound of the real estate market, resulting in stabilized selling rate.

- (4) FRG Bridge Upto Zenith Business Plaza: The first and second floors consist of 1,882 pings (6221 square meters). The occupancy rate has decreased in 2019 due to the change of tenants. In May this year, new tenants have established in the plaza - the occupancy rate returned to 100%. In the future we will continue to enforce customer services and plaza management, creating a new image of exquisite business center in Banqiao District.

3. Important Production and Sales Policy

- (1) The 3 management policies for manufacturing industry are: “Innovation”, “international” and “service”.

“Innovation”: We thrive on innovation by using features of different equipment and process to develop new composite materials, improving the product performance and use range.

“International”: We enhance international services and continue to stabilize the Greater China region market while expanding the market of Southeast Asia. By participating in exhibitions and visits, we hope to increase the exchange opportunities with European, American and Japanese customers.

“Service”: Through ‘research makes the difference’, and quickly responding to fulfill customers’ needs, we hope to be the most profitable company to our customers.

- (2) The primary policy of logistics, and rental and leasing business is to maintain the existing customers while attracting more new customers to establish their business in the Park; So far, we are working proactively to increase the customer group of the logistic center and diversify our goods. We aim to extend our business area to Longtan Park, improving the overall use of land resources in the Park.
- (3) We acquired the prime land of the Xinyi Planning District in 2012, and in 2016, we cooperated with the mainland China construction company and introduced the projects of “55Timeless”; in the end of 2012, we cooperated with KINGLAND Property Corporation Ltd. and introduced the projects of “Legend River”, and in 2015, we acquired the land in Taichung for the projects of “La Bella Vita” which began its sales in 2016. We have truly excelled in our our expectations, allowing significant improvement in both profit or brand image.

III. The Company’s Future Development Strategy

1. Secondary Industries:

- A. By signing annual sales contracts with major customers - ensuring stable performance of 60% or more.

- B. By improving quality - continue to establish OEM/ODM partnership with international major manufactures to ensure turnover.
- C. By making good use of equipment - develop multi-colored and multi-specification productions, ensuring customers' brand loyalty.
- D. By the continual technical partnership with European, American and Japanese plants - create new products and introduce them to new markets.
- E. By developing related products - add new production lines and one stop shop service, fulfilling customers' needs.
- F. By investing with precision - principles of full production, order delivery and gradually adjust the inventory.

2. Nankan Warehouse Logistics and Rental and Leasing Business:

In terms of rental and leasing business, we will tirelessly develop new customers and keep a sound relationship with our long-term customers, and in the future, we plan to integrate the Company's land assets; build warehouses or plants that favor future industries and foster related elites, as well as expand the business to the Longtan Intelligent Park, and attract new customers for their new establishment. This year, we continue to focus on the integration of logistics, and rental and leasing business. We will work diligently to enhance our customer services and provide them with the best solution, allowing Formosan Rubber Group Inc. to be the most fitted model for the integration of professional rental and leasing business, and logistics.

3. Real Estate Development

In a bid to continue the real estate development experience and creating the long-term stable profit for the Company, not only do we have our own real estate assets, we also focus on other suitable land or individual projects. In addition to resident buildings, development of commercial spaces of considerable size are also planned. Not only can commercial real estate developments acquire long-term stable rent income, they also covers fields of business plaza operation, real estate management and property management. With the Company's accumulated strength and brand value increasing day by day with construction development business, and based on the needs of long-term development, aside the current development projects, we have also been diligently seeking individual projects that meet the Company's circumstances.

IV. Effects by External Competitive, Regulatory and Overall Operating Environments

1. Secondary Industries:

The US-China trade negotiations have brought positive expectations now that they have reached a staged economic and trade agreement. The international community is also generally supporting free trade and the multilateral trading system, building confidence in promoting global trade. Although the American market is slowly showing a sign of recovery, with mainland China's slow growth and unfavorable factors, constant changing Middle Eastern situation and the threat of unstable regions of North Korea, the development of global economy still poses adverse impact. Especially with the spread of coronavirus from the beginning of the year, and due to the necessary measures to contain

the virus, many economic activities have been forced to stop, impacting overall regional economic market. The Company's primary rubber and plastic materials are mostly exported to mainland China. Despite the fact that China was originally the world's largest manufacturing base, with the trade conflict between China and US as well as the rise of environmental protection, many process plants have gradually moved out to neighboring Southeast Asian countries, hence the adjustment of regional economies and impact of balance control, competitiveness between plants is especially apparent. Thus we can only ensure the Company's sustainable development by creating new products according to the market orientation and improving quality while controlling the cost.

2. Nankan Warehouse Logistics and Rental and Leasing Business:

Faced with the disease outbreak at the beginning of the year which ground the entire country of China to a standstill, and further effected the global supply chain, resulting in the continuing rise of freight cost and the delay of the global supply. The entire layout of supply chain is deemed to be affected, and the primary question at the moment is how to increase the willingness for customers to establish a transshipment center in Taiwan? Taiwan logistics must find better tax solutions and customers must also make investments in automation equipment as well as logistics system in order to create continuous profits.

3. Land Developments

The new housing tax on new builds acquired after July 2014 for Taipei City and the "Joint Tax on Building and Land Sales" imposed in January 2016 for entire Taiwan have had an drastic effect on Taiwan's real estate market and the its future business direction.

However, for more than 4 years, we have been keeping a close eye on the market situation since the implementations, and there has indeed been a decrease in sales due to the change of laws and regulations. Given that the Company's construction projects are well located in prime areas, the customers we sell products to are loyal who hold real estate for a long time, we use the solid strategy to sell while building them for individual projects under construction, and the fact that we do not reserve many apartments, but when the market is better, we introduce them to our customers, therefore, we are very slightly effected by the new measures; based on continuous low interest rate especially after 2019, and "living" is one of the 4 basic necessities, judging from the increasing people who view our showrooms, it is likely the real estate is slowly bouncing back.

Today, I am honored to present to all shareholders our 2019 business overview and 2020 business outlook. On behalf of all my colleagues, I thank each and every shareholder's support and loyalty. In the future, we will strive toward excellence and hope to share with our shareholders yet another outstanding year.

Person in Charge:

Managerial Officer:

Accounting Chief:

Audit Committee's Review Report

The Company's 2019 business report, financial statements (including consolidated and standalone financial statements) and the motion for earnings distribution; among these, the financial statements have been audited by CPAs Zhou Yin-Lai and Wu Xin-Liang of Baker Tilly, and the audit report has been submitted.

The business report, financial statements and the motion for earnings distribution stated above have been reviewed by the Audit Committee and no discrepancy has been found. We have presented you the reports based on the provisions stipulated in Article 14-4 in Securities and Exchange Act and Article 219 in the Company Act.

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2020 Shareholders Regular Meeting of Formosan Rubber Group Inc.

Formosan Rubber Group Inc.

Convener of Audit Committee: Xiao Sheng-Xian

March 20, 2020

Attachment 3

INDEPENDENT AUDITORS' REPORT

NO.00111080EA

To: Formosan Rubber Group Inc.

Opinions

We have audited the accompanying parent company only balance sheet of Formosan Rubber Group Inc. as of December 31, 2019 and 2018 and the parent company only comprehensive income statement, statement of changes in equity, statement of cash flows and notes to the parent company only financial statements (including summary of material accounting policies) for the January 1 to December 31, 2019 and 2018.

According to the opinion of this CPA, based on our CPA's audited result, the major aspects of the accompanying parent company only financial statements as stated in the above are prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations as well as interpretation announcements recognized and announced effective by the Financial Supervisory Commission, sufficiently expressing the financial status of Formosan Rubber Group Inc. as of December 31, 2019 and December 31, 2018, and its parent company only financial performance and its parent company only cash flow of from January 1 to December 31, 2019 and 2018.

Basis of opinion

We have conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. With our responsibility under such regulations and standards, we will further explain the responsibility of our audit of the financial statements. The personnel ruled with independence in the accounting office of the certified public accountant (CPA) have followed the Norm of Professional Ethics for Certified Public Accountants to stay impartial and independent from Formosan Rubber Group Inc., and carry out other responsibilities required by the Rules. We believe that we have obtained sufficient and pertinent audit evidence,

which provides the basis of our audit opinions.

Key audit matters

The key audit item refers to the most crucial element of our professional judgment about the audit conducted for the 2019 the parent company only financial statements of Formosan Rubber Group Inc. The item has been reflected in our overall audit of the parent company only financial statements and in the process to form our audit opinions, in which we do not individually express our opinion on the item.

Below is the list of key audit issues on the 2019the parent company only financial statements of Formosan Rubber Group Inc.:

Valuation of Net Realizable Value of Real Estate For Sale and Real Estate Under Construction

Summary of key issues for auditing

As of December 31, 2019, the value of real estate for sale and real estate under construction on the parent company only balance sheet was NT\$ 4,305,695thousand primarily reflective of the completed properties and land held for sale and the land cost with constructions in progress. These items accounted for approximately 33% of the parent company only total assets. Please refer to Notes 4, 5 and 11 of the parent company only financial statements for detailed information. Formosan Rubber Group Inc. uses the lower of the cost or net realizable value for the valuation of real estate for sale and real estate under construction. As the valuation of real estate for sale and real estate under construction is subject to the effects of the cycle in the real estate market and the changes of the government policy and the determination of net realizable values forreal estate for sale and real estate under construction requires major judgment and estimates, it was listed as one of the audit priorities this year.

Audit procedures

The audit procedures were carried out by CPAs as follows:

1. Acquisition of the data concerning the company's assessment of lower of the costs and net realizable value;
2. Random inspection of the ownership documents for the properties held for sale and the land on which construction was in progress, in order to validate the integrity of the assessment;
3. Random inspection of the data concerning the estimated selling price and the sale records of the most recent period, so as to determine the basis and reasonability of

the management's estimate of net realizable value.

Impairment of Property Investments

Summary of key issues for auditing

As of December 31, 2019, the value of property investments on the parent company only balance sheet was NT\$2,763,300 thousand accounting for approximately 21% of the parent company only total assets. Please refer to Notes 4, 5 and 16 of the parent company only financial statements for detailed information. Management complies with IAS 36 "Impairment of Assets" by evaluating whether there are any signs indicating the investment properties may be impaired on each balance sheet date. Given the numerous assumptions involved, and the high uncertainty of accounting estimates, it was listed as one of the audit priorities this year.

Audit procedures

The audit procedures were carried out by CPAs as follows:

1. Acquisition of the data concerning the company's assessment of asset impairments according to cash generating units;
2. Assessment of the reasonability of the management's identification of impairment signs, assumptions and estimates used, such as the division of cash generating units, forecasting of cash flows, the appropriateness of the discount rate.

Responsibility of the management and governance unit for the parent company only financial statements

The responsibility of the management is to prepare the adequately expressed financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations as well as interpretation announcements recognized and announced effective by the Financial Supervisory Commission, and maintain the internal control required by the preparation of the parent company only financial statements, so as to ensure that the parent company only financial statements do not have any material misstatement resulting from corruption or errors.

Unless that the management plan to liquidate Formosan Rubber Group Inc. or stop the business or there are no other practical and feasible measures except liquidation or business closure, the responsibility of the management for preparing the financial statements includes assessment of Formosan Rubber Group Inc.'

competence in continuing business operation, disclosure of relevant items and adoption of the business continuation accounting basis.

The governance unit (including the supervisors) of Formosan Rubber Group Inc. is liable to supervise the financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

The purpose of our audit of the parent company only financial statements is to obtain reasonable assurance about whether any material misstatement resulting from corruption or errors is existent in the overall the parent company only financial statements, and issue the audit report. The reasonable assurance referred to here is a high degree of assurance. Nevertheless, the audit executed in accordance with the generally accepted auditing standards cannot guarantee that the material misstatement existing in the parent company only financial statements can be detected. A misstatement may result from errors or corruption. If the individual amount or compiled amount of a misstatement can be reasonably expected to impact the economic policy made by the user of the parent company only financial statements, it shall be regarded as a material factor.

When conducting the audit according to the generally accepted auditing standards, we used our professional judgment and kept professionally doubtful about dubious things. We also executed the following tasks:

1. Recognize and assess the risk of the material misstatement resulting from corruption or errors; design and take the appropriate coping strategy for the assessed risk; obtain sufficient and pertinent audit evidence as the basis of the audit opinions. Given that corruption may involve conspiracy, falsification, deliberate omission, misstatement or transgression of the internal control, the risk in the failure in detecting the material misstatement resulting from corruption is higher than that resulting from errors.
2. Understand the necessity for obtaining the internal control associated with the audit, so as to design the audit procedure appropriate under the condition at the time. However, the purpose of it is not to express the opinion on the efficacy of Formosan Rubber Group Inc.' internal control.
3. Assess the propriety of the accounting policy adopted by the management and the rationality of the accounting estimation and relevant disclosures.
4. Conclude if the business continuation accounting basis adopted by the management is proper, and whether the material doubtful event or circumstance likely incurred

from the competence of Formosan Rubber Group Inc.’ continuing business operation has any material uncertainty according to the acquired audit evidence. If we consider material uncertainty existent in such event or circumstance, we shall remind the user of the parent company only financial statements to pay attention to the relevant disclosures of the parent company only financial statements through our audit report, or modify the audit opinion when such disclosures are not applicable. Our conclusion is made according to the audit evidence acquired until the audit report day. However, the development of future events or circumstances is also likely to bring about Formosan Rubber Group Inc.’ incompetence to continue its business operation.

5. Assess the overall representation, structure and content of the parent company only financial statements (including the relevant notes) and check if the related transactions and events are adequately represented in the parent company only financial statements.
6. Acquire sufficient and pertinent audit evidence from the financial information of individual entities composed in the Formosan Rubber Group Inc., so as to express opinions on the parent company only financial statements. We are responsible for the guidance, supervision and execution of the Group’s audit cases, and form the Formosan Rubber Group Inc. audit opinions.

The items communicated between us and the governance unit cover the planned audit scope and time and material audit findings (including the significant defects of internal control recognized in the audit process).

We also provide the governance unit with the fact that the personnel of our office who have been required for audit independence have complied with the parent company only statement stipulated in the Rules of Professional Ethics for Certified Public Accountants of the Republic of China, and communicated with the governance unit for any relations which are likely considered to impact CPA’s independence and other items (including relevant protection measures).

According to the items communicated with the governance unit, we have determined the key item of our audit of Formosan Rubber Group Inc.’ 2019 the parent company only financial statements, in which we have described the item in our audit report. Except for the specific items which are not allowed to be publicly disclosed as

prescribed by laws and regulations or under a rare situation, we have decided not to communicate specific matters in our audit report because we have reason to believe that the negative influence of the communication is greater than the positive influence on the public interest.

BAKER TILLY CLOCK & CO.

March 20 , 2020

Notes to Readers

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

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

Formosan Rubber Group Inc.
Parent Company Only Balance Sheet
Dec. 31, 2019 and 2018

Unit: In Thousands of NTD

Assets	Note	Dec. 31, 2019		Dec. 31, 2018	
Accounting item		Amount	%	Amount	%
Current assets		\$ 7,927,109	61	\$ 9,366,898	66
Cash and cash equivalents	6	900,150	7	735,031	5
Financial assets at fair value through profit or loss-current	7	—	—	16,041	—
Financial assets at fair value through other comprehensive income - current	8	2,123,296	17	1,977,739	14
Notes receivable, net	9	35,082	—	30,895	—
Accounts receivable, net	9	92,861	1	151,188	1
Other receivables		1,044	—	9,512	—
Current tax assets		9,751	—	—	—
Inventories	10	257,247	2	439,322	3
Real estate for sale and real estate under construction	11	4,305,695	33	5,306,792	38
Prepayments		35,667	—	64,821	—
Other financial assets-current	12	165,214	1	634,359	5
Other current assets-other		1,102	—	1,198	—
Non-current assets		5,050,381	39	4,754,931	34
Financial assets at fair value through other comprehensive income - non-current	8	109,791	1	143,312	1
Investments accounted for using equity method	13	1,173,434	9	793,536	6
Property, plant and equipment	14	891,585	7	942,204	7
Right-of-use assets	15	46,717	1	—	—
Investment property, net	16	2,763,300	21	2,820,247	20
Deferred tax assets	27	34,090	—	20,630	—
Prepayments for equipment		822	—	48	—
Refundable deposits		8,322	—	11,384	—
Other financial assets - non-current	12	20,000	—	20,828	—
Other non-current assets, others		2,320	—	2,742	—
Total assets		\$ 12,977,490	100	\$ 14,121,829	100

(The attached notes constitute a part of the parent company only financial statements.)

Formosan Rubber Group Inc.
Parent Company Only Balance Sheet (Continued)

Dec. 31, 2019 and 2018

Unit: In Thousands of NTD

Liabilities & equity	Note	Dec. 31, 2019		Dec. 31, 2018	
Accounting item		Amount	%	Amount	%
Current liabilities		\$ 1,912,550	15	\$ 3,536,961	25
Short-term borrowings	17	860,000	7	2,020,000	14
Short-term notes and bills payable	18	399,548	3	719,643	5
Contract liabilities	11、21	395,698	3	456,955	3
Notes payable		87,820	1	123,610	1
Accounts payable		20,144	—	45,126	1
Other payables	31	126,725	1	146,463	1
Current tax liabilities		—	—	7,359	—
Lease liabilities-current	15	5,281	—	—	—
Other current liabilities		17,334	—	17,805	—
Non-current liabilities		258,301	2	224,936	2
Deferred tax liabilities	27	166,455	1	169,805	1
Non-current lease liabilities	15	41,688	—	—	—
Net defined benefit liability	19	3,688	—	6,728	—
Guarantee deposits received		42,401	1	44,361	1
Credit balance of investments accounted for using equity method	13	4,069	—	4,042	—
Total liabilities		2,170,851	17	3,761,897	27
Share capital	20	3,500,000	27	3,700,000	26
Capital surplus	20	466,463	4	492,836	3
Retained earnings	20	6,672,834	51	6,473,080	46
Legal reserve		1,526,788	12	1,505,207	11
Special reserve		358,637	2	319,584	2
Unappropriated retained earnings		4,787,409	37	4,648,289	33
Other equity interest	20	167,342	1	(44,611)	—
Exchange differences on translation of foreign financial statements		(7,448)	—	1,392	—
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		174,790	1	(46,003)	—
Treasury stocks	20	—	—	(261,373)	(2)
Total equity		10,806,639	83	10,359,932	73
Total liabilities & equity		\$ 12,977,490	100	\$ 14,121,829	100

(The attached notes constitute a part of the parent company only financial statements.)

Formosan Rubber Group Inc.

Parent Company Only Comprehensive Income Statement

From Jan. 1 to Dec. 31, 2019 and 2018

Unit: In Thousands of NTD

Accounting item	Note	2019		2018	
		Amount	%	Amount	%
Operating revenue	21	\$ 2,701,837	100	\$ 1,373,878	100
Operating costs	22	(2,040,089)	(76)	(1,043,338)	(76)
Gross profit		661,748	24	330,540	24
Operating expenses		(234,831)	(8)	(226,719)	(16)
Selling expenses		(92,754)	(3)	(88,779)	(6)
General and administrative expenses		(130,536)	(5)	(128,201)	(9)
Research and development expenses		(13,097)	—	(13,056)	(1)
Expected credit impairment (loss) gain		1,556	—	3,317	—
Operating profit		426,917	16	103,821	8
Non-operating income and expenses		123,093	4	156,948	11
Other income	23	144,500	5	155,402	11
Other gains and losses	24	(34,290)	(1)	9,492	1
Finance costs	25	(19,630)	(1)	(21,870)	(2)
Shares of profit (loss) of subsidiaries and associates		32,513	1	13,924	1
Income before income tax		550,010	20	260,769	19
Income tax (expense) profit	27	(11,053)	—	(44,967)	(3)
Net income		538,957	20	215,802	16
Other comprehensive income		184,067	7	(33,634)	(3)
Items that will not be reclassified subsequently to profit or loss		177,251	7	(44,031)	(3)
Remeasurements of defined benefit plans	19	2,542	—	(3,690)	—
Unrealized gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income		55,676	2	(77,627)	(5)
Shares of other comprehensive (loss) income of subsidiaries and associates		119,490	5	31,298	2
Income tax benefit related to items that will not be reclassified subsequently	27	(457)	—	5,988	—
Items that may be reclassified subsequently to profit or loss		6,816	—	10,397	—
Exchange differences arising on translation of foreign operations		(11,050)	—	4,666	—
Unrealized gains (losses) on available-for-sale financial assets		—	—	—	—
Unrealized loss on valuation of investments in debt instruments measured at fair value through other comprehensive income		19,570	—	2,662	—
Shares of other comprehensive (loss) income of subsidiaries and associates		—	—	—	—
Income tax related to items that may be reclassified subsequently	27	(1,704)	—	3,069	—
Total comprehensive income for the year		\$ 723,024	27	\$ 182,168	13
Earnings per share (NT dollars)	28				
Basic earnings per share		\$ 1.54		\$ 0.59	
Diluted earnings per share		\$ 1.54		\$ 0.59	

(The attached notes constitute a part of the parent company only financial statements.)

Formosan Rubber Group Inc.

Parent Company Only Statement of Changes in Equity

From Jan. 1 to Dec. 31, 2019 and 2018

Unit: In Thousands of NTD

Item	Capital	Capital surplus	Retained earnings			Other equity interest			Treasury stocks	Total equity
			Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial asset		
Balance of Jan. 1, 2018	\$ 3,800,000	\$ 506,026	\$ 1,486,283	\$ 498,725	\$ 4,527,616	\$ (2,428)	\$ —	\$ 22,951	\$ (1,332)	\$ 10,837,841
Effects of retrospective application	—	—	—	—	3,620	—	19,331	(22,951)	—	—
Balance at January 1, 2018 (Adjusted)	3,800,000	506,026	1,486,283	498,725	4,531,236	(2,428)	19,331	—	(1,332)	10,837,841
Legal reserve appropriated	—	—	18,924	—	(18,924)	—	—	—	—	—
Cash dividend	—	—	—	—	(240,500)	—	—	—	—	(240,500)
Reversal of special reserve	—	—	—	(179,141)	179,141	—	—	—	—	—
Net income in 2018	—	—	—	—	215,802	—	—	—	—	215,802
Other comprehensive income for 2018, net of income tax	—	—	—	—	(2,515)	3,820	(34,939)	—	—	(33,634)
Total comprehensive income (loss) in 2018	—	—	—	—	213,287	3,820	(34,939)	—	—	182,168
Purchase of treasury share	—	—	—	—	—	—	—	—	(419,577)	(419,577)
Retirement of treasury share	(100,000)	(13,190)	—	—	(46,346)	—	—	—	159,536	—
Disposal of financial assets at fair value through other comprehensive income - equity instruments	—	—	—	—	30,395	—	(30,395)	—	—	—
Balance of Dec. 31, 2018	3,700,000	492,836	1,505,207	319,584	4,648,289	1,392	(46,003)	—	(261,373)	10,359,932
Legal reserve appropriated	—	—	21,581	—	(21,581)	—	—	—	—	—
Cash dividend	—	—	—	—	(238,000)	—	—	—	—	(238,000)
Special reserve appropriated	—	—	—	44,610	(44,610)	—	—	—	—	—
Reversal of special reserve	—	—	—	(5,557)	5,557	—	—	—	—	—
Net income in 2019	—	—	—	—	538,957	—	—	—	—	538,957
Other comprehensive income for 2019, net of income tax	—	—	—	—	2,034	(8,840)	190,873	—	—	184,067
Total comprehensive income (loss) in 2019	—	—	—	—	540,991	(8,840)	190,873	—	—	723,024
Purchase of treasury share	—	—	—	—	—	—	—	—	(38,317)	(38,317)
Retirement of treasury share	(200,000)	(26,373)	—	—	(73,317)	—	—	—	299,690	—
Disposal of financial assets at fair value through other comprehensive income - equity instruments	—	—	—	—	(29,920)	—	29,920	—	—	—
Balance of Dec. 31, 2019	\$ 3,500,000	\$ 466,463	\$ 1,526,788	\$ 358,637	\$ 4,787,409	\$ (7,448)	\$ 174,790	\$ —	\$ —	\$ 10,806,639

(The attached notes constitute a part of the parent company only financial statements.)

Formosan Rubber Group Inc.

Parent Company Only Statement of Cash Flows

From Jan. 1 to Dec. 31, 2019 and 2018

Unit: In Thousands of NTD

Item	From Jan. 1 to Dec. 31, 2019	From Jan. 1 to Dec. 31, 2018
	Amount	Amount
Cash flows from operating activities:		
Income before income tax	\$ 550,010	\$ 260,769
Adjustments for:		
Depreciation expense	123,648	116,006
Expected credit impairment loss (gain)	(1,556)	(3,317)
Net loss (gain) on financial assets and (liabilities) at fair value through loss (profit)	(1,240)	(44)
Interest expense	19,630	21,870
Interest income	(20,596)	(31,756)
Dividend income	(115,727)	(113,936)
Share of loss (profit) of subsidiaries and associates	(32,513)	(13,924)
Loss (gain) on disposal of property, plant and equipment	(388)	(30)
Loss (gain) on disposal of investment properties	(696)	—
Loss (gain) on disposal of investments	29,998	—
Impairment loss on non-financial assets	1,494	—
Changes in operating assets and liabilities		
Notes receivable	(4,329)	20,441
Accounts receivable	60,025	8,300
Other receivables	9,474	(1,253)
Inventories	182,075	(26,661)
Real estate for sale and real estate under construction	1,001,097	(12,779)
Prepayments	29,154	(172,833)
Other current assets	96	(94)
Notes payable	(35,790)	2,202
Accounts payable	(24,982)	(4,410)
Other payables	(19,279)	41,148
Contract liabilities	(61,257)	219,647
Receipts in advance	(464)	(424)
Other current liabilities	(8)	(426)
Net defined benefit liability	(498)	(1,228)
Cash generated from operations	1,687,378	307,268

Formosan Rubber Group Inc.

Parent Company Only Statement of Cash Flows (Continued)

From Jan. 1 to Dec. 31, 2019 and 2018

Unit: In Thousands of NTD

Item	From Jan. 1 to Dec. 31, 2019	From Jan. 1 to Dec. 31, 2018
	Amount	Amount
Interest received	19,590	33,674
Dividends received	115,727	113,936
Interest paid	(20,090)	(22,273)
Income tax paid	(47,133)	(26,019)
Net cash (used in) generated by operating activities	1,755,472	406,586
Cash flows from investing activities:		
Cash paid for acquisition of financial assets at fair value through other comprehensive income	(109,305)	(423,278)
Proceeds from financial assets at fair value through other comprehensive income	34,518	151,304
Return of capital from financial assets at fair value through other comprehensive income	8,000	7,264
Cash paid for financial assets at fair value through profit or loss	—	(6,622)
Proceeds from financial assets at fair value through profit or loss	17,281	6,830
Acquisition of investments accounted for using equity method	(238,918)	(84,514)
Acquisition of property, plant and equipment	(11,753)	(112,695)
Proceeds from disposal of property, plant and equipment	687	30
(Increase) refundable deposits	3,062	(101)
(Increase) decrease in notes and accounts receivable	828	14,427
Proceeds from disposal of investment properties	1,008	—
(Increase) decrease in other financial assets	469,145	1,234,043
(Increase) decrease in other non-current assets	422	422
(Increase) decrease in prepayments for equipment	(774)	61,199
Net cash (used in) generated by investing activities	174,201	848,309
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(1,160,000)	(632,000)
Increase (decrease) in short-term notes and bills payable	(320,095)	100,156
Increase (decrease) in guarantee deposits received	(1,960)	2,334
Payments of lease liabilities	(6,182)	—
Cash dividends paid	(238,000)	(240,500)
Payments to acquire treasury shares	(38,317)	(419,577)
Net cash (used in) generated by financing activities	(1,764,554)	(1,189,587)
Net Increase (decrease) in cash and cash equivalents	165,119	65,308
Cash and cash equivalents at beginning of year	735,031	669,723
Cash and cash equivalents at end of year	\$ 900,150	\$ 735,031

(The attached notes constitute a part of the parent company only financial statements.)

INDEPENDENT AUDITORS' REPORT

NO.00111080ECA

To: Formosan Rubber Group Inc.

Opinions

We have audited the consolidated balance sheet of Formosan Rubber Group Inc. and its subsidiaries as of December 31, 2019 and 2018 and consolidated comprehensive income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to consolidated financial statements (including summary of material accounting policies) for the January 1 to December 31, 2019 and 2018.

According to the opinion of this CPA, based on our CPA's audited result, the major aspects of the consolidated financial statements as stated in the above are prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations as well as interpretation announcements recognized and announced effective by the Financial Supervisory Commission, sufficiently expressing the financial status of Formosan Rubber Group Inc. and its subsidiaries as of December 31, 2019 and December 31, 2018, and the consolidated financial performance and consolidated cash flow of from January 1 to December 31, 2019 and 2018.

Basis of opinion

We have conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. With our responsibility under such regulations and standards, we will further explain the responsibility of our audit of the financial statements. The personnel ruled with independence in the accounting office of the certified public accountant (CPA) have followed the Norm of Professional Ethics for Certified Public Accountants to stay impartial and independent from Formosan Rubber Group Inc. and its subsidiaries, and carry out other responsibilities required by the Rules. We believe that we have obtained sufficient and pertinent audit evidence, which provides the basis of our audit opinions.

Key audit matters

The key audit item refers to the most crucial element of our professional judgment about the audit conducted for the 2019 consolidated financial statements of Formosan Rubber Group Inc. and its subsidiaries. The item has been reflected in our overall audit of the consolidated financial statements and in the process to form our audit opinions, in which we do not individually express our opinion on the item.

Below is the list of key audit issues on the 2019 consolidated financial statements of Formosan Rubber Group Inc. and its subsidiaries:

Valuation of Net Realizable Value Of Real Estate For Sale and Real Estate Under Construction

Summary of key issues for auditing

As of December 31, 2019, the value of real estate for sale and real estate under construction on the consolidated balance sheet was NT\$ 4,305,695 thousand primarily reflective of the completed properties and land held for sale and the land cost with constructions in progress. These items accounted for approximately

33% of the consolidated total assets. Please refer to Notes 4, 5 and 11 of the consolidated financial statements for detailed information. Formosan Rubber Group Inc. uses the lower of the cost or net realizable value for the valuation of real estate for sale and real estate under construction. As the valuation of real estate for sale and real estate under construction is subject to the effects of the cycle in the real estate market and the changes of the government policy and the determination of net realizable values for real estate for sale and real estate under construction requires major judgment and estimates, it was listed as one of the audit priorities this year.

Audit procedures

The audit procedures were carried out by CPAs as follows:

1. Acquisition of the data concerning the company's assessment of lower of the costs and net realizable value;
2. Random inspection of the ownership documents for the properties held for sale and the land on which construction was in progress, in order to validate the integrity of the assessment;
3. Random inspection of the data concerning the estimated selling price and the sale records of the most recent period, so as to determine the basis and reasonability of the management's estimate of net realizable value.

Impairment of Property Investments

Summary of key issues for auditing

As of December 31, 2019, the value of property investments on the consolidated balance sheet was NT\$2,764,532 thousand accounting for approximately 21% of the consolidated total assets. Please refer to Notes 4, 5 and 16 of the consolidated financial statements for detailed information. Management complies with IAS 36 "Impairment of Assets" by evaluating whether there are any signs indicating the investment properties may be impaired on each balance sheet date. Given the numerous assumptions involved, and the high uncertainty of accounting estimates, it was listed as one of the audit priorities this year.

Audit procedures

The audit procedures were carried out by CPAs as follows:

1. Acquisition of the data concerning the company's assessment of asset impairments according to cash generating units;
2. Assessment of the reasonability of the management's identification of impairment signs, assumptions and estimates used, such as the division of cash generating units, forecasting of cash flows, the appropriateness of the discount rate.

Miscellaneous

Formosan Rubber Group Inc. has prepared its individual financial statements for 2019 and 2018, and the auditors have issued an unqualified opinion. Both the statements and the Auditors' Report are provided for reference.

Responsibility of the management and governance unit for the consolidated financial statements

The responsibility of the management is to prepare the adequately expressed financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS),

interpretations as well as interpretation announcements recognized and announced effective by the Financial Supervisory Commission, and maintain the internal control required by the preparation of the consolidated financial statements, so as to ensure that the consolidated financial statements do not have any material misstatement resulting from corruption or errors.

Unless that the management plan to liquidate Formosan Rubber Group Inc. and its subsidiaries or stop the business or there are no other practical and feasible measures except liquidation or business closure, the responsibility of the management for preparing the financial statements includes assessment of Formosan Rubber Group Inc. and its subsidiaries' competence in continuing business operation, disclosure of relevant items and adoption of the business continuation accounting basis.

The governance unit (including the supervisors) of Formosan Rubber Group Inc. and its subsidiaries is liable to supervise the financial reporting process.

Auditor's responsibilities for the audit of consolidated financial statements

The purpose of our audit of the consolidated financial statements is to obtain reasonable assurance about whether any material misstatement resulting from corruption or errors is existent in the overall consolidated financial statements, and issue the audit report. The reasonable assurance referred to here is a high degree of assurance. Nevertheless, the audit executed in accordance with the generally accepted auditing standards cannot guarantee that the material misstatement existing in the consolidated financial statements can be detected. A misstatement may result from errors or corruption. If the individual amount or compiled amount of a misstatement can be reasonably expected to impact the economic policy made by the user of the consolidated financial statements, it shall be regarded as a material factor.

When conducting the audit according to the generally accepted auditing standards, we used our professional judgment and kept professionally doubtful about dubious things. We also executed the following tasks:

1. Recognize and assess the risk of the material misstatement resulting from corruption or errors; design and take the appropriate coping strategy for the assessed risk; obtain sufficient and pertinent audit evidence as the basis of the audit opinions. Given that corruption may involve conspiracy, falsification, deliberate omission, misstatement or transgression of the internal control, the risk in the failure in detecting the material misstatement resulting from corruption is higher than that resulting from errors.
2. Understand the necessity for obtaining the internal control associated with the audit, so as to design the audit procedure appropriate under the condition at the time. However, the purpose of it is not to express the opinion on the efficacy of Formosan Rubber Group Inc. and its subsidiaries' internal control.
3. Assess the propriety of the accounting policy adopted by the management and the rationality of the accounting estimation and relevant disclosures.
4. Conclude if the business continuation accounting basis adopted by the management is proper, and whether the material doubtful event or circumstance likely incurred from the competence of Formosan Rubber Group Inc. and its subsidiaries' continuing business operation has any material uncertainty according to the acquired audit evidence. If we consider material uncertainty existent in such event or circumstance, we shall remind the user of the consolidated financial statements to pay attention to the relevant disclosures of the consolidated financial statements through our audit report, or modify the audit

opinion when such disclosures are not applicable. Our conclusion is made according to the audit evidence acquired until the audit report day. However, the development of future events or circumstances is also likely to bring about Formosan Rubber Group Inc. and its subsidiaries' incompetence to continue its business operation.

5. Assess the overall representation, structure and content of the consolidated financial statements (including the relevant notes) and check if the related transactions and events are adequately represented in the consolidated financial statements.
6. Acquire sufficient and pertinent audit evidence from the financial information of individual entities composed in the Formosan Rubber Group Inc. and its subsidiaries, so as to express opinions on the consolidated financial statements. We are responsible for the guidance, supervision and execution of the Group's audit cases, and form the Formosan Rubber Group Inc. and its subsidiaries audit opinions.

The items communicated between us and the governance unit cover the planned audit scope and time and material audit findings (including the significant defects of internal control recognized in the audit process).

We also provide the governance unit with the fact that the personnel of our office who have been required for audit independence have complied with the independent statement stipulated in the Rules of Professional Ethics for Certified Public Accountants of the Republic of China, and communicated with the governance unit for any relations which are likely considered to impact CPA's independence and other items (including relevant protection measures).

According to the items communicated with the governance unit, we have determined the key item of our audit of Formosan Rubber Group Inc. and its subsidiaries' 2019 consolidated financial statements, in which we have described the item in our audit report. Except for the specific items which are not allowed to be publicly disclosed as prescribed by laws and regulations or under a rare situation, we have decided not to communicate specific matters in our audit report because we have reason to believe that the negative influence of the communication is greater than the positive influence on the public interest.

BAKER TILLY CLOCK & CO.

March 20 , 2020

Notes to Readers

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

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

Formosan Rubber Group Inc. and Its Subsidiaries

Consolidated Balance Sheet

Dec. 31, 2019 and 2018

Unit: In Thousands of NTD

Assets Accounting item	Note	Dec. 31, 2019		Dec. 31, 2018	
		Amount	%	Amount	%
Current assets		\$ 8,575,654	66	\$ 9,877,351	70
Cash and cash equivalents	6	956,286	8	812,174	6
Financial assets at fair value through profit or loss-current	7	—	—	16,041	—
Financial assets at fair value through other comprehensive income - current	8	2,715,634	21	2,410,981	17
Notes receivable, net	9	35,082	—	30,895	—
Accounts receivable, net	9	92,861	1	151,188	1
Other receivables		1,044	—	9,525	—
Current tax assets		9,807	—	—	—
Inventories	10	257,247	2	439,322	3
Real estate for sale and real estate under construction	11	4,305,695	33	5,306,792	38
Prepayments		35,682	—	64,834	—
Other financial assets-current	12	165,214	1	634,359	5
Other current assets-other		1,102	—	1,240	—
Non-current assets		4,403,780	34	4,246,739	30
Financial assets at fair value through other comprehensive income - non-current	8	557,828	4	364,551	3
Investments accounted for using equity method	13	77,564	1	60,214	—
Property, plant and equipment	14	891,585	8	942,204	7
Right-of-use assets	15	46,717	—	—	—
Investment property, net	16	2,764,532	21	2,821,479	20
Deferred tax assets	27	34,090	—	23,289	—
Prepayments for equipment		822	—	48	—
Refundable deposits		8,322	—	11,384	—
Other financial assets - non-current	12	20,000	—	20,828	—
Other non-current assets, others		2,320	—	2,742	—
Total assets		\$ 12,979,434	100	\$ 14,124,090	100

(The attached notes constitute a part of the consolidated financial statements.)

Formosan Rubber Group Inc. and Its Subsidiaries

Consolidated Balance Sheet (Continued)

Dec. 31, 2019 and 2018

Unit: In Thousands of NTD

Liabilities & equity Accounting item	Note	Dec. 31, 2019		Dec. 31, 2018	
		Amount	%	Amount	%
Current liabilities		\$ 1,919,580	15	\$ 3,544,274	26
Short-term borrowings	17	860,000	7	2,020,000	15
Short-term notes and bills payable	18	399,548	3	719,643	5
Contract liabilities	11、21	395,698	3	456,955	4
Notes payable		87,820	1	123,610	1
Accounts payable		20,144	—	45,126	—
Other payables	31	133,717	1	153,726	1
Current tax liabilities		—	—	7,359	—
Lease liabilities-current	15	5,281	—	—	—
Other current liabilities		17,372	—	17,855	—
Non-current liabilities		254,232	2	220,894	1
Deferred tax liabilities	27	166,455	2	169,805	1
Non-current lease liabilities	15	41,688	—	—	—
Net defined benefit liability	19	3,688	—	6,728	—
Guarantee deposits received		42,401	—	44,361	—
Total liabilities		2,173,812	17	3,765,168	27
Equity attributable to owners of parent	20	10,806,639	83	10,359,932	73
Share capital		3,500,000	27	3,700,000	26
Capital surplus		466,463	4	492,836	3
Retained earnings		6,672,834	51	6,473,080	46
Legal reserve		1,526,788	12	1,505,207	11
Special reserve		358,637	2	319,584	2
Unappropriated retained earnings		4,787,409	37	4,648,289	33
Other equity interest		167,342	1	(44,611)	—
Exchange differences on translation of foreign financial statements		(7,448)	—	1,392	—
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		174,790	1	(46,003)	—
Treasury stocks		—	—	(261,373)	(2)
Non-controlling interests	20	(1,017)	—	(1,010)	—
Total equity		10,805,622	83	10,358,922	73
Total liabilities & equity		\$ 12,979,434	100	\$ 14,124,090	100

(The attached notes constitute a part of the consolidated financial statements.)

Formosan Rubber Group Inc. and Its Subsidiaries

Consolidated Comprehensive Income Statement

From Jan. 1 to Dec. 31, 2019 and 2018

Unit: In Thousands of NTD

Accounting item	Note	2019		2018	
		Amount	%	Amount	%
Operating revenue	21	\$ 2,701,777	100	\$ 1,373,818	100
Operating costs	22	(2,040,089)	(76)	(1,043,338)	(76)
Gross profit		661,688	24	330,480	24
Operating expenses		(237,875)	(8)	(229,285)	(17)
Selling expenses		(92,754)	(3)	(88,779)	(6)
General and administrative expenses		(133,580)	(5)	(130,767)	(10)
Research and development expenses		(13,097)	—	(13,056)	(1)
Expected credit impairment (loss) gain		1,556	—	3,317	—
Operating profit		423,813	16	101,195	7
Non-operating income and expenses		128,874	5	159,232	12
Other income	23	175,518	7	176,268	13
Other gains and losses	24	(34,290)	(1)	9,492	1
Finance costs	25	(19,630)	(1)	(21,870)	(2)
Shares of (loss) profit of associate		7,276	—	(4,658)	—
Income before income tax		552,687	21	260,427	19
Income tax (expense) profit	27	(13,737)	(1)	(44,632)	(3)
Net income		538,950	20	215,795	16
Other comprehensive income		184,067	6	(33,634)	(3)
Items that will not be reclassified subsequently to profit or loss		177,251	6	(44,031)	(3)
Remeasurements of defined benefit plans	22	2,542	—	(3,690)	—
Unrealized gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income		165,092	6	(44,232)	(3)
Shares of other comprehensive (loss) income of associates		10,074	—	(2,097)	—
Income tax benefit related to items that will not be reclassified subsequently	27	(457)	—	5,988	—
Items that may be reclassified subsequently to profit or loss		6,816	—	10,397	—
Exchange differences arising on translation of foreign operations		(11,050)	—	4,666	—
Unrealized loss on valuation of investments in debt instruments measured at fair value through other comprehensive income		19,570	—	2,662	—
Shares of other comprehensive (loss) income of associates		—	—	—	—
Income tax related to items that may be reclassified subsequently	27	(1,704)	—	3,069	—
Total comprehensive income for the year		\$ 723,017	26	\$ 182,161	13
Net income attributable to:					
Shareholders of the parent		\$ 538,957	20	\$ 215,802	16
Non-controlling interests		(7)	—	(7)	—
Total comprehensive income attributable to:					
Shareholders of the parent		\$ 723,024	26	\$ 182,168	13
Non-controlling interests		(7)	—	(7)	—
Earnings per share (NT dollars)	28				
Basic earnings per share		\$ 1.54		\$ 0.59	
Diluted earnings per share		\$ 1.54		\$ 0.59	

(The attached notes constitute a part of the consolidated financial statements.)

Formosan Rubber Group Inc. and Its Subsidiaries
Consolidated Statement of Changes in Equity
From Jan. 1 to Dec. 31, 2019 and 2018

Unit: In Thousands of NTD

Item	Equity attributable to owners of the parent										Non-controlling interests	Total equity
	Capital	Capital surplus	Retained earnings			Other equity interest			Treasury stocks	Subtotal		
			Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial asset				
Balance of Jan. 1, 2018	\$ 3,800,000	\$ 506,026	\$ 1,486,283	\$ 498,725	\$ 4,527,616	\$ (2,428)	\$ —	\$ 22,951	\$ (1,332)	\$ 10,837,841	\$ (1,003)	\$ 10,836,838
Effects of retrospective application	—	—	—	—	3,620	—	19,331	(22,951)	—	—	—	—
Balance at January 1, 2018 (Adjusted)	3,800,000	506,026	1,486,283	498,725	4,531,236	(2,428)	19,331	—	(1,332)	10,837,841	(1,003)	10,836,838
Legal reserve appropriated	—	—	18,924	—	(18,924)	—	—	—	—	—	—	—
Cash dividend	—	—	—	—	(240,500)	—	—	—	—	(240,500)	—	(240,500)
Reversal of special reserve	—	—	—	(179,141)	179,141	—	—	—	—	—	—	—
Net income in 2018	—	—	—	—	215,802	—	—	—	—	215,802	(7)	215,795
Other comprehensive income for 2018, net of income tax	—	—	—	—	(2,515)	3,820	(34,939)	—	—	(33,634)	—	(33,634)
Total comprehensive income (loss) in 2018	—	—	—	—	213,287	3,820	(34,939)	—	—	182,168	(7)	182,161
Purchase of treasury share	—	—	—	—	—	—	—	—	(419,577)	(419,577)	—	(419,577)
Retirement of treasury share	(100,000)	(13,190)	—	—	(46,346)	—	—	—	159,536	—	—	—
Disposal of financial assets at fair value through other comprehensive income - equity instruments	—	—	—	—	30,395	—	(30,395)	—	—	—	—	—
Balance of Dec. 31, 2018	3,700,000	492,836	1,505,207	319,584	4,648,289	1,392	(46,003)	—	(261,373)	10,359,932	(1,010)	10,358,922
Legal reserve appropriated	—	—	21,581	—	(21,581)	—	—	—	—	—	—	—
Cash dividend	—	—	—	—	(238,000)	—	—	—	—	(238,000)	—	(238,000)
Special reserve appropriated	—	—	—	44,610	(44,610)	—	—	—	—	—	—	—
Reversal of special reserve	—	—	—	(5,557)	5,557	—	—	—	—	—	—	—
Net income in 2019	—	—	—	—	538,957	—	—	—	—	538,957	(7)	538,950
Other comprehensive income for 2019, net of income tax	—	—	—	—	2,034	(8,840)	190,873	—	—	184,067	—	184,067
Total comprehensive income (loss) in 2019	—	—	—	—	540,991	(8,840)	190,873	—	—	723,024	(7)	723,017
Purchase of treasury share	—	—	—	—	—	—	—	—	(38,317)	(38,317)	—	(38,317)
Retirement of treasury share	(200,000)	(26,373)	—	—	(73,317)	—	—	—	299,690	—	—	—
Disposal of financial assets at fair value through other comprehensive income - equity instruments	—	—	—	—	(29,920)	—	29,920	—	—	—	—	—
Balance of Dec. 31, 2019	\$ 3,500,000	\$ 466,463	\$ 1,526,788	\$ 358,637	\$ 4,787,409	\$ (7,448)	\$ 174,790	\$ —	\$ —	\$ 10,806,639	\$ (1,017)	\$ 10,805,622

(The attached notes constitute a part of the consolidated financial statements.)

Formosan Rubber Group Inc. and Its Subsidiaries

Consolidated Statement of Cash Flows

From Jan. 1 to Dec. 31, 2019 and 2018

Unit: In Thousands of NTD

Item	From Jan. 1 to Dec. 31, 2019	From Jan. 1 to Dec. 31, 2018
	Amount	Amount
Cash flows from operating activities:		
Income before income tax	\$ 552,687	\$ 260,427
Adjustments for:		
Depreciation expense	123,648	116,006
Expected credit impairment loss (gain)	(1,556)	(3,317)
Net loss (gain) on financial assets and (liabilities) at fair value through loss (profit)	(1,240)	(44)
Interest expense	19,630	21,870
Interest income	(20,904)	(32,002)
Dividend income	(146,399)	(134,556)
Share of loss (profit) of associates	(7,276)	4,658
Loss (gain) on disposal of property, plant and equipment	(388)	(30)
Loss (gain) on disposal of investment properties	(696)	—
Loss (gain) on disposal of investments	29,998	—
Impairment loss on non-financial assets	1,494	—
Changes in operating assets and liabilities		
Notes receivable	(4,329)	20,441
Accounts receivable	60,025	8,300
Other receivables	9,474	(1,253)
Inventories	182,075	(26,661)
Real estate for sale and real estate under construction	1,001,097	(12,779)
Prepayments	29,152	(172,833)
Other current assets	96	(94)
Notes payable	(35,790)	2,202
Accounts payable	(24,982)	(4,410)
Other payables	(19,539)	41,130
Contract liabilities	(61,257)	219,647
Receipts in advance	(464)	(424)
Other current liabilities	(19)	(429)
Net defined benefit liability	(498)	(1,228)
Cash generated from operations	1,684,039	304,621

Formosan Rubber Group Inc. and Its Subsidiaries
Consolidated Statement of Cash Flows (Continued)

From Jan. 1 to Dec. 31, 2019 and 2018

Unit: In Thousands of NTD

Item	From Jan. 1 to Dec. 31, 2019	From Jan. 1 to Dec. 31, 2018
	Amount	Amount
Interest received	19,910	33,921
Dividends received	146,399	134,556
Interest paid	(20,090)	(22,273)
Income tax paid	(47,173)	(26,055)
Net cash (used in) generated by operating activities	1,783,085	424,770
Cash flows from investing activities:		
Cash paid for acquisition of financial assets at fair value through other comprehensive income	(390,424)	(518,686)
Proceeds from financial assets at fair value through other comprehensive income	34,518	151,304
Return of capital from financial assets at fair value through other comprehensive income	8,000	7,264
Cash paid for financial assets at fair value through profit or loss	—	(6,622)
Proceeds from financial assets at fair value through profit or loss	17,281	6,830
Acquisition of property, plant and equipment	(11,753)	(112,695)
Proceeds from disposal of property, plant and equipment	687	30
(Increase) refundable deposits	3,062	(101)
Proceeds from disposal of investment properties	1,008	—
(Increase) decrease in notes and accounts receivable	828	14,427
(Increase) decrease in other financial assets	469,145	1,234,043
(Increase) decrease in other non-current assets	422	422
(Increase) decrease in prepayments for equipment	(774)	61,199
Net cash (used in) generated by investing activities	132,000	837,415
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(1,160,000)	(632,000)
Increase (decrease) in short-term notes and bills payable	(320,095)	100,156
Increase (decrease) in guarantee deposits received	(1,960)	2,334
Payments of lease liabilities	(6,182)	—
Cash dividends paid	(238,000)	(240,500)
Payments to acquire treasury shares	(38,317)	(419,577)
Net cash (used in) generated by financing activities	(1,764,554)	(1,189,587)
Effect of exchange rate changes on cash and cash equivalents	(6,419)	781
Net Increase (decrease) in cash and cash equivalents	144,112	73,379
Cash and cash equivalents at beginning of year	812,174	738,795
Cash and cash equivalents at end of year	\$ 956,286	\$ 812,174

(The attached notes constitute a part of the consolidated financial statements.)

Attachment 5

Formosan Rubber Group Inc.
Earnings Distribution
2019

Unit: NTS

Item	Amount
Undistributed earnings at the beginning of the period	4,344,098,121
Less: Treasury stock write-off due to capital reduction	(73,317,517)
Disposal of equity instruments investment measured at fair value through other comprehensive income	(29,919,632)
Add: Other comprehensive income (actuarial gains and losses of defined benefit plans)	2,033,921
Add: Reversal of IFRS accounts and special reserve of related unrealized revaluation increments	5,557,013
Subtotal	(95,646,215)
Undistributed earnings after adjustment	4,248,451,906
Add: Current net income	538,957,259
Less: 10% provision for legal reserve	(53,895,726)
Add: Reversal of special reserve (note 1)	44,610,924
Subtotal	529,672,457
Distributable net profit	4,778,124,363
Distributable items:	
1. Shareholder Dividends (350,000,000 shares x cash dividend NT\$0.8)	(280,000,000)
Subtotal	(280,000,000)
Accumulated undistributed earnings at the end of the period	4,498,124,363

Note 1: Special reserve is handled according to the Order No. Jin-Guan-Zhi 1010012865 issued on April 6, 2012 by the Financial Supervisory Commission of Executive Yuan.

2019 current shareholder equity NT\$167,341,036 (including: (1) exchange difference in the conversion of the financial statements by foreign operations NT\$-7,448,108 (2) Unrealized gains or losses of Financial Assets Measured at FVTOCI NT\$174,789,144). However, NT\$44,610,924 was recognized under special reserve in the previous year, the reversal of special reserve this time is NT\$44,610,924.

Note 2: The amount of earnings are distributed with priority of 2019 net.

Attachment 6

Formosan Rubber Group Inc.
Comparison table of amendments to the “Articles of Incorporation”

After the amendments	Before the amendments	Reason for the amendment
<p>Article 6</p> <p>The company issuing stocks may be exempted from printing, but shall register the <u>issued stocks with a centralized securities depositary enterprise</u> and follow the regulations of that enterprise.</p>	<p>Article 6</p> <p>The Company’s shares are registered numbered, issued and after 3 directors or more sign their names or affix their signatures and with a certification according to the law.</p> <p>When the Company issues new stocks, the stocks must be printed on the total number of the issued stocks with a centralized securities depositary enterprise. The company issuing stocks may be exempted from printing, but shall register the issued stocks with a centralized securities depositary enterprise.</p>	<p>The amendments have been made based on non-physical issuance and Article 161-2 stipulated in the Company Act.</p>
<p>Article 18</p> <p>The Company has 5 to 9 directors. The candidates of the by-election are nominated. Shareholders shall elect from the candidates. Among the number of directors mentioned above, the independent directors may not be less than <u>3 people</u> and no less than one fifth of the number of directors.</p> <p>Both independent directors and non-independent directors shall be elected at the same time and the number of elected dependent directors shall be separated from the number of elected non-independent directors for purpose of election.</p>	<p>Article 18</p> <p>The Company has 5 to 9 directors. The candidates of the by-election are nominated. Shareholders shall elect from the candidates. Among the number of directors mentioned above, the independent directors may not be less than <u>2 people</u> and no less than one fifth of the number of directors.</p> <p>Both independent directors and non-independent directors shall be elected at the same time and the number of elected dependent directors shall be separated from the number of elected non-independent directors for purpose of election.</p>	<p>Based on the provisions stipulated in Article 14-2 in Securities and Exchange Act, the number of independent directors has been changed from 2 to 3.</p>
<p>Article 29</p> <p>If there is a profit within the Company in the year, no less than 1% of the profit shall be set aside for employees’ remuneration and no less than 2% of the profit shall be set as remuneration for <u>directors</u>. Where there is an accumulated loss, the profit shall be reserved to make up for the loss.</p> <p>The employee remuneration may be determined by shares or cash and its receiving parties must include its serving employees in accordance with the requirements established by the board of directors. The <u>directors’</u> remuneration of the preceding paragraph is determined by cash. The preceding 2 paragraphs are enforced after the board of directors’ resolution, and the shareholders must be reported to.</p> <p>From the profit earned by the Company as shown through the final account, if any, the sum should</p>	<p>Article 29</p> <p>If there is a profit within the Company in the year, no less than 1% of the profit shall be set aside for employees’ remuneration and no less than 2% of the profit shall be set as remuneration for directors and <u>supervisors</u>. Where there is an accumulated loss, the profit shall be reserved to make up for the loss.</p> <p>The employee remuneration may be determined by shares or cash and its receiving parties must include its serving employees in accordance with the requirements established by the board of directors. The remuneration of directors and <u>supervisors</u> of the preceding paragraph is determined by cash.</p> <p>The preceding 2 paragraphs are enforced after the board of directors’ resolution, and the shareholders must be reported to.</p> <p>From the profit earned by the Company as shown</p>	<p>The amendment has been made to due to the establishment of the Company’s Audit Committee to replace supervisors.</p>

After the amendments	Before the amendments	Reason for the amendment
<p>first be used to pay taxes and make up for previous loss, the remaining should be distributed as follows:</p> <p>(1) 10% should be set aside as legal reserve, except for when the legal reserve has reached the total capital;</p> <p>(2) If necessary, it can be set aside according to the laws and regulations or for reversal of special reserve.</p> <p>(3) The remaining earnings as well as the accumulated undistributed earnings from the previous year, when the board of directors proposes the motion of earnings distribution, the appropriation of shareholder dividends shall not be less than 5% of the accumulated distributable earnings, and motion shall be submitted to the shareholder meeting for a resolution.</p> <p>The life cycle of the Company is currently classified as the “mature period”. The Company strives to the pursuit of cooperate sustainable operation and corresponds with the future market needs. We take into consideration of the Company’s future capital expenditure budget and the need to maintain dividend distribution, among which, cash dividends may not be less than 10% of the aggregate amount of shareholders’ dividends. Whereas there are capital demands including significant investment, significant operation change, capacity expansion during the year, and other significant capital expenditures, the board of directors must propose a motion to change its cash dividends to all shares. The motion may be proceeded after an approval is gained by the shareholders meeting.</p>	<p>through the final account, if any, the sum should first be used to pay taxes and make up for previous loss, the remaining should be distributed as follows:</p> <p>(1) 10% should be set aside as legal reserve, except for when the legal reserve has reached the total capital;</p> <p>(2) If necessary, it can be set aside according to the laws and regulations or for reversal of special reserve.</p> <p>(3) The remaining earnings as well as the accumulated undistributed earnings from the previous year, when the board of directors proposes the motion of earnings distribution, the appropriation of shareholder dividends shall not be less than 5% of the accumulated distributable earnings, and motion shall be submitted to the shareholder meeting for a resolution.</p> <p>The life cycle of the Company is currently classified as the “mature period”. The Company strives to the pursuit of cooperate sustainable operation and corresponds with the future market needs. We take into consideration of the Company’s future capital expenditure budget and the need to maintain dividend distribution, among which, cash dividends may not be less than 10% of the aggregate amount of shareholders’ dividends. Whereas there are capital demands including significant investment, significant operation change, capacity expansion during the year, and other significant capital expenditures, the board of directors must propose a motion to change its cash dividends to all shares. The motion may be proceeded after an approval is gained by the shareholders meeting.</p>	
<p>Article 33</p> <p>These Articles were established on September 15, 1962. The first amendment was made on December 20, 1962...(omitteed), the 53rd amendment was made on June 5, 2019, <u>the 54th amendment was made on June 12, 2020.</u></p>	<p>Article 33</p> <p>These Articles were established on September 15, 1962. The first amendment was made on December 20, 1962...(omitteed), the 53rd amendment was made on June 5, 2019.</p>	<p>The number and date have been added to this amendment.</p>

Attachment 7

Formosan Rubber Group Inc.

Comparison table of amendments to the “Rules of Procedure for Shareholders Meetings”

After the amendments	Before the amendments	Reason for the amendment
<p>Article 9</p> <p>If a shareholders’ meeting is convened for by the Board of Directors, the meeting agenda is to be set by the Board of Directors. <u>Relevant motions (including extraordinary motions and amendments to original motions) should be decided by voting on each separate proposal</u>, and the meeting shall be held according to the agenda; without a decision made through a shareholders’ meeting, it may not be changed.</p> <p>Paragraphs 2 to 4 are omitted.</p>	<p>Article 9</p> <p>If a shareholders’ meeting is called for by the board of directors, the meeting agenda is to be set by the Board of Directors and the meeting shall be held according to the agenda; without a decision made through a shareholders’ meeting, it may not be changed.</p> <p>Paragraphs 2 to 4 are omitted.</p>	<p>The Company has adopted electronic voting as of 2018 to accommodate the rules for public companies. Paragraph 1 has been amended in order to exercise the spirit of voting on each separate proposal.</p>

Articles of Incorporation of Formosan Rubber Group Inc.

Chapter General Principles

- Article 1: The Company adheres to its philosophy of ‘making a contribution to the society’ and the corporate spirit of ‘research makes the difference’, we follow the 7 principles of Formosan Rubber’s and aim to achieve the target of providing the society with supplies and services needed accordingly. The Company has been established in accordance with the requirements stipulated in the Company Act and it has been named as “Formosan Rubber Group Inc.”
- Article 2: The Company’s business consists of:
- (1) C801100 Synthetic Resin & Plastic Manufacturing
 - (2) C804020 Industrial Rubber Products Manufacturing
 - (3) C805010 Plastic Sheets, Pipes and Tubes Manufacturing
 - (4) C802120 Industrial Catalyst Manufacturing
 - (5) C804990 Other Rubber Products Manufacturing
 - (6) C805070 Strengthened Plastic Products Manufacturing
 - (7) C805990 Other Plastic Products Manufacturing
 - (8) CB01010 Machinery and Equipment Manufacturing
 - (9) CC01080 Electronic Parts and Components Manufacturing
 - (10) CD01060 Aircraft and Parts Manufacturing
 - (11) D101050 Steam and Electricity Paragenesis
 - (12) F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
 - (13) F114030 Wholesale of Motor Vehicle Parts and Supplies
 - (14) F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
 - (15) F214030 Retail Sale of Motor Vehicle Parts and Supplies
 - (16) F301010 Department Stores
 - (17) F301020 Supermarkets
 - (18) F401010 International Trade
 - (19) G801010 Warehousing and Storage
 - (20) H701040 Specialized Field Construction and Development
 - (21) H701060 New County and Community Construction and Investment
 - (22) H703100 Real Estate Rental and Leasing
 - (23) IZ06010 Cargoes Packaging
 - (24) J701010 Electronic Game Arcades
 - (25) J701040 Recreational Activities grounds and Facilities
 - (26) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1: Due to business needs, the Company makes guarantees externally.
- Article 2-2: Due to business needs, the Company makes investments in other industries, and is not limited to the restrictions in Article 13 of the Company Act.
- Article 3: The Company’s headquarters are located in Taipei City. When necessary, after being resolved by the board of directors, the Company may establish branches or plants domestically or overseas.
- Article 4: The Company’s method for making public announcements is in accordance with the requirements stipulated in Article 28 of the Company Act.

Chapter 2 Shares

- Article 5: The Company’s total capital is amounted to NT\$6.8 billion which is divided into NT\$680 million shares with a par value of NT\$10 per share. Among these, the unissued shares are distributed by the board of directors as needed.

- Article 6: The Company's shares are registered numbered, issued and after 3 directors or more sign their names or affix their signatures and with a certification according to the law. When the Company issues new stocks, the stocks must be printed on the total number of the issued stocks with a centralized securities depository enterprise. The company issuing stocks may be exempted from printing, but shall register the issued stocks with a centralized securities depository enterprise.
- Article 7: (the article has been deleted)
- Article 8: The Company handles stocks in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies", the Company Act and relevant laws and regulations prescribed by the competent authority.
- Article 9: A handling fee will be charged by the Company when shareholders apply for a change or replacement of shares.
- Article 10: The share transfer is suspended within 60 days prior to each shareholders' meeting, 30 days prior to shareholders special shareholders' meeting or 5 days prior to Company's decision to distribute shares and dividends, or the base date of other interest or benefit.

Chapter 3 Shareholders Meeting

- Article 11: The Company's shareholders meetings are classified as follows:
1. Regular shareholders meetings shall be convened within six months after the end of the accounting year; except for when there is a legitimate reason and a prior approval is gained by the competent authority.
 2. Special shareholders meetings: Convened when necessary.
The convening of shareholders meeting as stated in the preceding paragraph, unless it is otherwise prescribed, they shall be called for by the board of directors. A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. A notice to convene a special meeting of shareholders shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. The cause or subject of a meeting of shareholders to be convened shall be indicated. The notice may be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. The notice of the shareholders meeting stated in the preceding paragraph is given by an issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement.
- Article 12: A shareholder shall attend a shareholders' meeting in person. When the chairperson is on leave or unable to exercise his/her function for some reason, he/she may appoint a proxy to attend a shareholders' meeting in his/her behalf by executing a power of attorney stating therein the scope of power authorized to the proxy.
- Article 13: Shareholders' meetings shall be chaired by the chairperson of the board of directors. When the chairperson is on leave or unable to exercise his/her function for some reason, the chairperson shall assign a standing director to act on his/her behalf. If the chairperson does not assign a someone to act as his/her behalf, they shall choose one person by and from among themselves to chair the meeting.
- Article 14: Each shareholder has one voting right per share, except for those who are restricted or have no voting rights according to paragraph 2 of Article 179 stipulated in the Company Act.
- Article 15: When the government or a juristic person is a shareholder, its proxy shall not be limited to one person, provided that the voting right that may be exercised shall be calculated on the basis of the total number of voting shares it holds.
- Article 16: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.
- Article 17: The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting, and shall be handled in accordance with Article 183 of the Company Act.

Chapter 4 Directors and Audit Committee

- Article 18: The Company has 5 to 9 directors. The candidates of the by-election are nominated. Shareholders shall elect from the candidates. Among the number of directors mentioned above, the independent directors may not be less than 2 people and no less than one fifth of the number of directors. Both independent directors and non-independent directors shall be elected at the same time and the number of elected dependent directors shall be separated from the number of elected non-independent directors for purpose of election.
- Article 18-1: The Company has established the Audit Committee to replace the duties of the supervisor and is composed of by all of the independent directors who are responsible for duties such as the execution of the Company Act, Securities and Exchange Act and other laws and regulations in relation to supervisors. Audit Committee members, exercise of powers and other matters for compliance shall be handled according to laws and regulations; its organizational procedures are prescribed by the board of directors. According to laws and regulations, the Company is required to establish Remuneration and Compensation Committee or other functional committees.
- Article 18-2: When the Company's board of directors calls for a meeting, the cause or subject of a meeting shall be indicated and each director must be notified 7 days prior to the meeting. In the case of emergency, a meeting of the board of directors may be convened at any time. When the Company's board of directors calls for a meeting, each director may be notified by ways of written, E-mail or fax.
- Article 19: The term of office of a director is three years; and he/she may be eligible for re-election. The aggregate amount of shares held by all directors shall be handled in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" prescribed by the competent authority.
- Article 20: When the number of vacancies in the board of directors of a company equals to one third of the total number of directors and the independent directors are dismissed, the board of directors shall call, within 60 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies.
- Article 21: When the directors organize a board of directors' meeting, it shall be attended by 2/3 of the total number of directors of a company, and with an approval by a majority of directors, they shall select from among themselves one person to serve as the chairperson. The chairperson represents the Company externally and executes all affairs relating to the Company by following these Articles and resolutions approved by the shareholders and board of directors. The duties of the board of directors are as follows:
1. Calling for shareholders' meetings and executing their resolutions.
 2. Reviewing the Company's organizational articles and the enforcement rules.
 3. Proposing to amend the Articles of Incorporation.
 4. Preparing and reviewing investments of other businesses, establishment of branches and abolitions.
 5. Appointment/dismissal remuneration of managerial officers.
 6. Approving the Company's employee establishment, salary standards.
 7. Reviewing important contracts.
 8. Reviewing business plans and supervising their executions.
 9. Reviewing budgets and settlements.
 10. Proposing for earnings distribution.
 11. Proposing for capital increase/decrease.
 12. Reviewing the issuance of special shares.
 13. Approving of the Company's property pledge, rights setting and matters relating to dispositions.

14. Approving of significant capital expenditure.
15. Approving the matters when the Company applies for financing, guarantee, acceptance from a financial institution, or makes advances, loans and debts from the third party.
16. Approving endorsements/guarantees and acceptance in the name of the Company.
17. Approving of major transactions by the company and related parties.
18. Appointment of CPAs and legal consultants. /Other relevant business shall be carried out except for matters decided by the shareholders' meeting in accordance with laws and regulations or the company's articles of association.
19. Except for provisions stipulated in laws and regulations or in the Company's Articles of Incorporation, other related business shall be resolved by the shareholders' meeting.

Article 22: The Company's business policies and other important matters are determined by the board of directors. A board of directors' meeting is called for by the chairperson and served as the chair. When the chairperson is unable to exercise the power of the chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

Article 23: When the chairperson is on leave for some reason, he/she may appoint a proxy to attend a shareholders' meeting in his/her behalf by executing a power of attorney stating therein the scope of power authorized to the proxy; he/she may only appoint one proxy at a time. Unless otherwise stipulated in the Company Act, the resolutions of the board of directors shall be executed with an approval by a majority of directors. The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting signed or sealed by the chair and kept permanently.

Article 24: (omitted)

Article 25: Directors receive transportation allowances according to the actual attendance, and the amount shall be determined by the board of directors. The remuneration of the directors is authorized to the board of directors to determine based on the degree of involvement and value of contribution in the Company's operations. The Company also takes references from peers.

Chapter 5 Managerial Officer

Article 26: The Company has several managerial officers, their appointment, dismissal and remuneration are handled in accordance with Article 29 of the Company Act. The Company may set up an executive vice president in accordance with the resolution of the board of directors.

Article 27: (the article has been deleted)

Chapter 6 Final Earnings Distribution

Articles 28: The accounting year for the Company is January 1 to December 31 each year. At the close of each fiscal year, the board of directors shall prepare the following statements and records and shall forward the same to a general meeting of shareholders:

1. Business report
2. Financial statements
3. Earnings distribution or loss off-setting proposals.

Article 29: If there is a profit within the Company in the year, no less than 1% of the profit shall be set aside for employees' remuneration and no less than 2% of the profit shall be set as remuneration for directors and supervisors. Where there is an accumulated loss, the profit shall be reserved to make up for the loss.

The employee remuneration may be determined by shares or cash and its receiving parties must include its serving employees in accordance with the requirements established by the

board of directors. The remuneration of directors and supervisors of the preceding paragraph is determined by cash.

The preceding 2 paragraphs are enforced after the board of directors' resolution, and the shareholders must be reported to.

From the profit earned by the Company as shown through the final account, if any, the sum should first be used to pay taxes and make up for previous loss, the remaining should be distributed as follows:

- (1) 10% should be set aside as legal reserve, except for when the legal reserve has reached the total capital;
- (2) If necessary, it can be set aside according to the laws and regulations or for reversal of special reserve.
- (3) The remaining earnings as well as the accumulated undistributed earnings from the previous year, when the board of directors proposes the motion of earnings distribution, the appropriation of shareholder dividends shall not be less than 5% of the accumulated distributable earnings, and motion shall be submitted to the shareholder meeting for a resolution.

The life cycle of the Company is currently classified as the "mature period". The Company strives to the pursuit of cooperate sustainable operation and corresponds with the future market needs. We take into consideration of the Company's future capital expenditure budget and the need to maintain dividend distribution, among which, cash dividends may not be less than 10% of the aggregate amount of shareholders' dividends. Whereas there are capital demands including significant investment, significant operation change, capacity expansion during the year, and other significant capital expenditures, the board of directors must propose a motion to change its cash dividends to all shares. The motion may be proceeded after an approval is gained by the shareholders meeting.

Article 30: (the article has been deleted)

Chapter 7 Additional Provisions

Article 31: Any matters not specified in these Articles shall be handled in accordance with the provisions stipulated in the Company Act.

Article 32: The Company's Organizational Rules and Enforcement Rues are determined by the board of directors.

Article 33: These Articles were established on September 15, 1962.

The 1st amendment was made on December 20, 1962.

The 2nd amendment was made on August 28, 1964.

The 3rd amendment was made on August 20, 1966.

The 4th amendment was made on October 15, 1968.

The 5th amendment was made on January 12, 1969.

The 6th amendment was made on June 25, 1970.

The 7th amendment was made on August 7, 1971.

The 8th amendment was made on October 15, 1972.

The 9th amendment was made on August 17, 1973.

The 10th amendment was made on January 1, 1974.

The 11th amendment was made on December 17, 1974.

The 12th amendment was made on September 28, 1975.

The 13th amendment was made on December 19, 1975.

The 14th amendment was made on August 4, 1977.

The 15th amendment was made on September 16, 1978.

The 16th amendment was made on October 9, 1979.
The 17th amendment was made on October 1, 1980.
The 18th amendment was made on September 8, 1983.
The 19th amendment was made on December 19, 1983.
The 20th amendment was made on January 30, 1984.
The 21th amendment was made on March 9, 1984.
The 22th amendment was made on March 5, 1985.
The 23th amendment was made on March 11, 1985.
The 24th amendment was made on November 20, 1985.
The 25th amendment was made on May 23, 1986.
The 26th amendment was made on October 3, 1986.
The 27th amendment was made on June 26, 1987.
The 28th amendment was made on June 3, 1988.
The 29th amendment was made on June 12, 1989.
The 30th amendment was made on December 14, 1989.
The 31th amendment was made on April 11, 1990.
The 32th amendment was made on March 9, 1991.
The 33th amendment was made on June 3, 1991.
The 34th amendment was made on April 30, 1992.
The 35th amendment was made on May 25, 1993.
The 36th amendment was made on April 29, 1994.
The 37th amendment was made on May 4, 1995.
The 38th amendment was made on September 19, 1995.
The 39th amendment was made on May 29, 1996.
The 40th amendment was made on May 28, 1997.
The 41th amendment was made on April 28, 1998.
The 42th amendment was made on April 30, 1999.
The 43th amendment was made on May 18, 2000.
The 44th amendment was made on June 20, 2001.
The 45th amendment was made on June 21, 2002.
The 46th amendment was made on June 11, 2004.
The 47th amendment was made on June 17, 2005.
The 48th amendment was made on June 14, 2006.
The 49th amendment was made on June 17, 2010.
The 50th amendment was made on June 18, 2012.
The 51th amendment was made on June 12, 2015.
The 52th amendment was made on June 7, 2015.
The 53th amendment was made on June 5, 2019.

Chairperson Hsu Zhen-Tsai

Formosan Rubber Group Inc.
Rules of Procedure for Shareholders Meetings

Amended on June 5th, 2019

1. Unless otherwise prescribed, the Company's shareholders meetings shall be handled in accordance with these Rules.

2. The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The number of shares represented by the participating shareholders shall be calculated based on the sign-in book or the submitted sign-in cards, added with the number of shares with voting rights that are exercised in writing or in electronic means.

3. The presence of shareholders in a shareholders meeting and their voting thereof shall be calculated in accordance with the number of shares.

The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.

A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the Company, shall not vote nor exercise the voting right on behalf of another shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

4. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

5. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who

understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting.

6. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

7. Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 1 year. However, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

8. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

9. If a shareholders' meeting is called for by the board of directors, the meeting agenda is to be set by the Board of Directors and the meeting shall be held according to the agenda; without a decision made through a shareholders' meeting, it may not be changed.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

After the said meeting is adjourned, shareholders shall not elect another chair to hold another meeting at the same place or at any other place.

10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

11. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. the speech.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may

terminate the speech.

12. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
13. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
14. If the said proposals and amendments have fulfilled regulatory requirements and may be submitted for voting, it may be announced that discussions shall stop and voting shall begin.
15. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

16. When a meeting is in progress, the chair may announce a break based on time considerations.
17. Each shareholder has one voting right per share, except for those who are restricted or have no voting rights according to paragraph 2 of Article 179 stipulated in the Company Act.

Voting rights may be exercised in writing or by using the electronic method when the Company's shareholders meeting is being held. Instructions for exercising voting rights, whether in writing or using the electronic form, and it must be clearly stated on the shareholders' meeting advice. A shareholder exercising voting rights in writing or by electronic means will be deemed to have attended the meeting in person. However, to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company shall avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. Unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented

by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

18. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

19. The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

20. The handling matters not disclosed in these Rules, other than the laws and regulations stipulated in the Company Act and the Company's Articles of Incorporation, they are handled under the chair's instructions.

21. These Rules are proceeded after being approved by the shareholders. The same applies to any change made thereto.

Formosan Rubber Group Inc.
**Numbers of Shares Held by All Shareholders and the Minimum Number of shares
Required to be held**

As of the day of the suspension of share transfer (April 14, 2020), the Company's paid-in capital amounted to NT\$3,500,000,000 with issued shares of 350,000,000 shares.

All of the directors held the minimum percentage of stock totaling 14,000,000 shares (must not be less than 5% of the total issued shares)

According to Article 2 stipulated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" - if a public company has elected two or more independent directors, the ratio of all shareholders other than the independent directors and shall be decreased by 80 percent.

Title	Name	Juristic person	Shareholding at the time of suspension of share transfer (April 14, 2020)	
			Shares	%
Chairperson	Hsu Zhen-Tsai		3,389,588 shares	0.97
Director	Hsu Zhen-Ji		1,947,781 shares	0.56
Director	Hsu Zhen-Xin	Eurogear Corporation	2,161,988 shares	0.62
Director	Hsu Wei-Zhi	Rueifu Development Co., Ltd.	34,070,754 shares	9.73
Director	Lin Kun-Rong	Formosan Construction Corp.(Taiwan)	12,507,726 shares	3.57
Director	He Min-Chuan		3,406,274 shares	0.97
Independent director	Xiao Sheng-Xian		0 shares	0
Independent director	Chen Zhu-Sheng		0 shares	0
Independent director	Wu Chun-Lai		0 shares	0
Total shareholding of all directors			57,484,111 shares	16.42

Other Matters

Description of the acceptance of motions of this shareholders regular meeting:

Description:

1. According to the provisions stipulated in Article 172-1 of the Company Act, Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting in writing, provided that only one matter shall be allowed in each single proposal with a maximum of 300 words per proposal. The Company has set the duration of April 6, 2020 to April 15, 2020 as the acceptance period for the shareholders proposals.
2. The Company has made public announcements on MOPS.
3. The Company has not received any shareholders' proposals.