

Stock Code: 1507

Yungtay Engineering Co., Ltd.
2016 General Shareholders' Meeting
Agenda Handbook

Date: June 16, 2016

Venue: 3F, No. 260, Section 2, Bade Road, Taipei City

(Central Motion Picture Co. Auditorium)

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Yungtay Engineering Co., Ltd.
2016 General Shareholders' Meeting

Agenda

Time: June 16, 2016 at 9 a.m.

Venue: Central Motion Picture Co. Auditorium, 3F, No. 260, Section 2, Bade Road, Taipei City

1. Chairman call meeting to order
2. Chairman's address
3. Discussion Items
 - (1) Amendments to Articles of Association (stipulating the distribution ratio of remuneration of employees and directors and supervisors)
4. Report Items:
 - (1) 2015 Business Report
 - (2) Supervisors' Review of 2015 Financial Statements
 - (3) 2015 Distribution of remuneration of employees and directors and supervisors
5. Proposed Resolutions
 - (1) Adoption of 2015 Financial Statements
 - (2) Adoption of Distribution of 2015 Earnings
6. Other Business and Special Motion
7. Meeting Adjourned

Discussion Items

Item 1 (Proposed by the Board of Directors)

Proposal: To approve the amendments to Articles of Association.

Description: According to Article 235-1 of Company Act amended and promulgated by Presidential Order Hua-Zong-Yi-Zi No. 10400058161 on May 20, 2015 and Interpretative Letter Shang-Zi No. 10402427800 issued by Ministry of Economic Affairs on October 15, 2015, the articles of Association are amended as follows:

Comparison Table for Amendments to Articles of Association of Yungtay Engineering Co., Ltd.

Amended Article	Existing Article	Description
<p>Article 8: If a shareholder's seal is lost, damaged, or replaced, <u>the shareholder shall fill in the application form for seal change or loss, stating the share number, and shareholdings and submit the application form, new seal, ID card, and shares to the Company for the registration of new seal.</u> If the shareholder entrusts a representative to register the new seal, the representative shall submit the shareholder's ID card or the seal certificate issued by the household registration office, the power of attorney, and the representative's ID card to the Company for the registration of new seal.</p>	<p>Article 8: If a shareholder's seal is lost, damaged, or replaced,... If the shareholder entrusts a representative to register the new seal, the representative shall submit the shareholder's ID card or the seal certificate issued by the household registration office, the power of attorney, and the representative's ID card to the Company for the registration of new seal.</p>	<p>Part of provisions in Article 8 are not complete, so past Articles of Association are referred to for amendments.</p>
<p><u>Article Twenty:</u> (Omitted)</p>	<p>Article 20: (Omitted)</p>	<p>For the consistency, the article numbers after Article Twenty are amended in letter.</p>
<p><u>Article Twenty-One:</u> (Omitted)</p>	<p>Article 20-1: (Omitted)</p>	<p>Same as above.</p>

Amended Article	Existing Article	Description
<p><u>Article Thirty:</u> (Omitted)</p>	<p>Article 30: (Omitted)</p>	<p>For the consistency, the article numbers after Article Thirty are amended in letter.</p>
<p><u>Article Thirty Five:</u> <u>If the Company makes profits in a fiscal year, it shall appropriate at least 1% as the remuneration of employees by share or cash, determined by the Board of Directors; the Company may request Remuneration Committee to submit the proposal for up to 1% of the earnings mentioned above as the remuneration of directors and supervisors to the Board of Directors for resolution. The distribution of remuneration of employees and directors and supervisors shall be reported in the Shareholders' Meeting. However, the distribution of remuneration of employees and directors and supervisors based on the ratio mentioned in the preceding paragraph shall be made after deducting the reserve for offsetting the accumulated losses, if any.</u></p>	<p>Article Thirty Five: If the Company makes profits in a fiscal year, such profits shall be used to offset the losses and pay the taxes in accordance with applicable laws; then, 10% of the remaining earnings shall be held as the legal reserve, followed by the special reserve and dividends. The rest of such profits shall be appropriated in accordance with the following procedures:</p> <ol style="list-style-type: none"> 1. Shareholders' bonuses. 2. 0.5% as the remuneration of directors and supervisors. 3. 4.5% as employees' bonuses. 4. Retained earnings. 	<ol style="list-style-type: none"> 1. The Article is added to the Articles of Association according to Article 235-1 of Company Act amended and promulgated by Presidential Order Hua-Zong-Yi-Zi No. 10400058161 on May 20, 2015 and Interpretative Letter Shang-Zi No. 10402427800 issued by Ministry of Economic Affairs on October 15, 2015. 2. Existing Article 35 is moved to Article 35-1 in accordance with the Order and Interpretative Letter.

Amended Article	Existing Article	Description
<p><u>Article Thirty Five-One:</u> If the Company makes profits in a fiscal year, such earnings shall be used to offset the losses and pay the taxes in accordance with applicable laws; then, 10% of the remaining earnings shall be held as the legal reserve, followed by the special reserve and dividends. The rest of such profits shall be appropriated in accordance with the following procedures:</p> <ol style="list-style-type: none"> 1. Shareholders' bonuses. 2. Retained earnings. <p>The distribution ratio mentioned in the preceding paragraph shall be determined by the Board of Directors and then adopted in the General Shareholders' Meeting.</p>	<p>Article Thirty Five: If the Company makes profits in a fiscal year, such profits shall be used to offset the losses and pay the taxes in accordance with applicable laws; then, 10% of the remaining earnings shall be held as the legal reserve, followed by the special reserve and dividends. The rest of such profits shall be appropriated in accordance with the following procedures:</p> <ol style="list-style-type: none"> 1. Shareholders' bonuses. 2. 0.5% as the remuneration of directors and supervisors. 3. 4.5% as employees' bonuses. 4. Retained earnings. 	<ol style="list-style-type: none"> 1. Article Thirty Five is amended and added accordingly. Existing Article Thirty Five is moved to Article Thirty Five-One, and Paragraph 2 stipulating the remuneration of directors and supervisors and Paragraph 3 stipulating employees' bonuses are deleted. 2. Paragraph 2 stipulating that the proposal for the distribution of earnings is expressly adopted is added. (Refer to Interpretative Letter Shang-Zi No. 214784 and Shang-Zi No. 211381 issued by Ministry of Economic Affairs on August 28, 1990 and June 22, 1995.)
<p><u>Article Thirty Five-Two:</u> (Omitted)</p>	<p>Article Thirty Five-One: (Omitted)</p>	<p>Article Thirty Five is amended and added accordingly. Existing Article Thirty Five-One is moved to Article Thirty Five-Two.</p>

Resolution:

Report Items

1. 2015 Business Report

Refer to Page 9 of the Handbook.

2. Supervisors' Review of 2015 Financial Statements

Refer to Page 11 of the Handbook.

3. Distribution of remuneration of employees and directors and supervisors in 2015

Description: Along with the resolution of the Board of Directors, the Remuneration Committee of Yungtay Engineering Co., Ltd. resolved on the proposal for the distribution of remuneration of employees and directors and supervisors in 2015, totaling NT\$50,080,926 and NT\$5,564,547 with the ratio of 2.34% and 0.26% respectively.

Proposed Resolutions

Item 1 (Proposed by the Board of Directors)

Proposal: To adopt 2015 Business Report, Balance Sheet, Income Statement, Statement of Change in Equity and Cash Flow Statement of Yungtay Engineering Co., Ltd.

Description: 2015 Business Report (refer to Page 9 of the Handbook), Balance Sheet, Income Statement, Statement of Change in Equity and Cash Flow Statement of Yungtay Engineering Co., Ltd. (refer to Page 11 to 27 of the Handbook) are audited and certified by CPA Lin, Sheng-Ping and Chen, Hsiu-Li from Jiang Sheng & Co., CPAs.

Resolution:

Item 2 (Proposed by the Board of Directors)

Proposal: To adopt the distribution of earnings of Yungtay Engineering Co., Ltd. in 2015.

Description: The distribution of earnings is as follows:

2015 Distribution of Earnings Table

Unit: NT\$

Distributable earnings:

Undistributed earnings at the beginning of the period	2,318,482,433
Add: net income after tax for the period	1,849,670,836
Less: changes in equity of affiliated companies	(1,153,698)
Less: adjustment on actuarial gains or losses	(78,822,651)
Total distributable earnings for this period:	4,088,176,922

Distribution items:

Legal reserve from earnings	184,967,084
Dividends (NT\$1.5 per share by cash)	616,230,000
Bonuses (NT\$1.2 per share by cash)	492,984,000
Undistributed earnings at the end of the period	2,793,995,838

Note: Cash dividends are rounded to the nearest whole number. The total amount of cash dividends less than NT\$1 each shall be recognized as other income.

Resolution:

Other Business or Special Motion

Appendix

2015 Business Report

Looking back into 2015, the economic downturn caused the housing market to fall. The operating momentum was slightly declined as well. Yungtay Engineering Co., Ltd.'s consolidated operating income in 2015 was NT\$ 23,099,000,000, a decrease of 3.25% compared to the previous year. The net income after tax in 2015 was NT\$1,879,000,000; and the earning per share was NT\$4.53.

In terms of research and development, the cost of research and development in 2015 was about NT\$648,000,000, an increase of 12% compared to the previous year. The main focus of research and development included high-speed elevators, permanent magnet elevators, roomless elevators, smart mobile systems designed for maintenance, group control systems, multimedia systems, and elevator installment. This year, Yungtay Engineering Co., Ltd. will continue to improve the functions of elevator control systems, develop permanent magnet hosts designed for high-speed elevator and modify the elevator advance systems, while design energy saving light products and integrate product compliance.

Looking to the trend of this year, the international trade and economic growth showed a poor performance. Last year, the number of national housing construction permit hit the new low in recent three years, but the number of building occupation permit reached the new high in recent seven years, showing that the purchase of housing was gradually frozen with a conservative promotion of housing sales by builders. It is expected that the number of elevators sold would reach 3276. Due to the slowdown of economic growth and RMB appreciation, the purchase of housing in China would remain low in a short run. Given slow progress of construction and increasing competitions among the same trade, it is expected that the number of elevators sold would be about 14,500 in China.

Since founded, Yungtay Engineering Co., Ltd. insists in becoming an all-round manufacturer that pursues excellent products and services. Considering the uncertainty in the housing market, Yungtay Engineering Co., Ltd. will, in addition to continuously strengthening its capacity, strive to develop energy saving products with better quality and replace old elevators and further maximum profits for all shareholders. Last, Yungtay Engineering Co., Ltd. embraces all opinions and advice and look for support and assistance from our stakeholders.

Sincerely,

Representative: Hsu,Cho-Li Manager: Hsu,Tso-Ming Accounting Supervisor: Chen,Chun-Hsu

Supervisors' Review Report

The Board of Directors have prepared and submitted to us 2015 Business Report, Statement of Comprehensive Income, Statement of Change in Equity, Cash Flow Statement (and Consolidated Financial Statements) and Distribution of Earnings Table. We, the Supervisors, have duly examined the same as correct and accurate. We hereby report to the 2015 General Shareholders' Meeting in accordance to Article 219 of Company Act.

Sincerely,
2015 General Shareholders' Meeting
Yungtay Engineering Co., Ltd.

Supervisor: Cheng, Wan-Lai
Chang, Kuang-Ming
Liang, Yu-Ming

March 17, 2016

Independent Auditors' Report

The Board of Directors of Yungtay Engineering Co., Ltd.:

We have audited the parent company only balance sheets of Yungtay Engineering Co., Ltd. as of December 31, 2015 and 2014, and the parent company only statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2015 and 2014. The management of Yungtay Engineering Co., Ltd. is responsible for the preparation and presentation of the parent company only financial statements. Our responsibility is to express an opinion on these parent company only financial statements based on our audits.

We conducted our audits in accordance with auditing standard generally accepted in the Republic of China (R.O.C) "the Rules Governing the Audit of Financial Statements by Certified Public Accountants" promulgated by Financial Supervisory Commission, R.O.C.. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether the parent company only financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the parent company only financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall parent company only financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the parent company only financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Yungtay Engineering Co., Ltd. as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers promulgated by Financial Supervisory Commission, R.O.C..

The statements of major accounting items in 2015 parent company only financial statements are mainly for the purpose of supplementary analysis and have been audited in conformity with the audit procedures mentioned in the preceding second paragraph. In our opinion, the statements of major accounting items, in all material respects, conform to the relevant information of the parent company only financial statements mentioned in the preceding first paragraph.

March 17, 2016

Yungtay Engineering Co., Ltd.
Parent Company Only Balance Sheet - Asset
December 31, 2015 and 2014

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	Note	December 31, 2015		December 31, 2014	
			Amount	%	Amount	%
11xx	Current assets	6(1)				
1100	Cash and cash equivalents	6(2)	\$1,213,819	7	1,758,848	11
1110	Financial asset at fair value through profit or loss	6(2)	303,303	2	223,508	2
1125	Available-for-sale financial assets Current	6(3)	4,936	-	6,613	-
1150	Note receivable, net	6(3)	259,168	2	209,636	1
1170	Accounts receivable, net	6(4)	994,453	6	891,518	5
1200	Other receivables	6(5)	985	-	1,827	-
130x	Inventories	6(6)	1,080,464	6	1,315,111	8
1410	Prepayments	6(7)	11,878	-	16,949	-
1460	Non-current assets held for sale		33,683	-	33,683	-
1478	Refundable deposits		-	-	2,743	-
	Total current assets		3,902,689	23	4,460,436	27
15xx	Non-current assets	6(8)				
1543	Financial assets at cost-noncurrent	6(9)	288,060	2	288,060	2
1550	Investments accounted for using the equity method	6(10)	9,983,605	59	9,156,007	55
1600	Property, plant and equipment	6(11)	1,278,334	8	1,251,045	8
1760	Investment property, net	6(12)	958,973	6	965,334	6
1780	Intangible assets	6(20)	6,702	-	9,743	-
1840	Deferred income tax assets	6(10)	318,763	2	282,436	2
1915	Prepayments for equipment	6(7)	1,759	-	1,948	-
1920	Refundable deposits		42,707	-	38,404	-
1990	Advances to employees and official business	12(1)	3,889	-	3,568	-
1990	Other non-current assets, others		11,040	-	11,040	-
	Total non-current assets		12,893,832	77	12,007,585	73
1xxx	Total assets		\$16,796,521	100	\$16,468,021	100

(Notes attached are part of the parent company only financial statements)

Yungtay Engineering Co., Ltd.
Parent Company Only Balance Sheet – Liabilities and Equity
December 31, 2015 and 2014
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	Note	December 31, 2015		December 31, 2014	
			Amount	%	Amount	%
21xx	Current liabilities					
2150	Notes payable		303,246	2	315,331	2
2170	Accounts payable		449,457	3	472,314	3
2200	Other payables	6(13)	244,565	1	259,202	2
2230	Current income tax liabilities	6(20)	130,726	1	188,513	1
2310	Advance payments	6(14)	1,945,731	12	1,979,259	12
2313	Deferred revenue	6(17)	94,064	1	83,985	-
2335	Receipts under custody		1,186	-	1,246	-
	Total current liabilities		<u>3,168,975</u>	<u>20</u>	<u>3,299,850</u>	<u>20</u>
25xx	Non-current liabilities					
2570	Deferred income tax liabilities	6(20)	9,008	-	11,291	-
2630	Long-term deferred revenue	6(17)	40,568	-	32,249	-
2640	Net defined benefit liabilities-noncurrent	6(15)	1,536,050	9	1,441,178	9
2645	Deposit received		5,178	-	5,073	-
25xx	Total non-current liabilities		<u>1,590,804</u>	<u>9</u>	<u>1,489,791</u>	<u>9</u>
2xxx	Total liabilities		<u>4,759,779</u>	<u>29</u>	<u>4,789,641</u>	<u>29</u>
31xx	Equity					
3100	Share capital	6(16)	4,108,200	24	4,108,200	25
3200	Capital surplus	6(16)	250,581	1	244,192	1
3300	Retained earnings	6(16), 6(20)				
3310	Legal reserve		2,556,338	15	2,354,168	14
3350	Undistributed earnings		4,088,177	24	3,753,113	23
3400	Other equity	6(16)	1,102,857	7	1,288,118	8
3500	Treasury stock	6(16)	(69,411)	-	(69,411)	-
3xxx	Total equity		<u>12,036,742</u>	<u>71</u>	<u>11,678,380</u>	<u>71</u>
3x2x	Total liabilities and equity		<u>\$16,796,521</u>	<u>100</u>	<u>16,468,021</u>	<u>100</u>

(Notes attached are part of the parent company only financial statements)

Yungtay Engineering Co., Ltd.
Parent Company Only Statement of Comprehensive Income
December 31, 2015 and 2014
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	Note	December 31, 2015		December 31, 2014	
			Amount	%	Amount	%
4000	Operating revenue	6(17)	5,635,774	100	5,097,588	100
5000	Operating costs	6(4)	(4,044,656)	(72)	(3,701,056)	(73)
5900	Gross profits from operations		1,591,118	28	1,396,531	27
5910	Unrealized sales profit		(904)	-	(565)	-
5920	Realized sales profit		565	-	2,011	-
5950	Gross profits from operations, net		1,590,779	28	1,397,978	27
6000	Operating expenses					
6100	Selling expenses		(63,105)	(1)	(54,971)	(1)
6200	Administrative expenses		(390,992)	(7)	(408,902)	(8)
6300	Research and development expenses		(131,825)	(2)	(121,693)	(2)
	Total operating expenses		(585,922)	(10)	(585,566)	(11)
6900	Operating income		1,004,857	18	812,412	16
7000	Non-operating income and expenses					
7010	Other income	6(18)	30,865	1	23,586	1
7020	Other gains and losses	6(18)	5,024	-	37,237	-
7050	Finance costs	6(18)	(71)	-	(72)	-
7070	Share of (loss) profit of subsidiaries and associates accounted for using the equity method	6(9)	1,043,060	19	1,440,457	28
	Non-operating income and expenses		1,078,878	20	1,501,208	29
7900	Profit before tax		2,083,735	38	2,313,620	45
7950	Income tax expenses					
7951	Current income tax (expenses)	6(20)	(256,530)	(5)	(288,187)	(5)
7952	Deferred income tax (expenses)	6(20)	22,466	-	(3,735)	-
8000	Profit for the period from continuing operations		1,849,671	33	2,021,698	40
8100	Gains and losses from discontinuing operation, net		-	-	-	-
8200	Profits for the period		1,849,671	33	2,021,698	40
8300	Other comprehensive income (loss), net					
8310	Items not reclassified into gains and losses		(94,967)	(2)	(54,919)	(1)
8311	Re-measurement on defined benefits plan	6(15)	(1,154)	-	(210)	-
8321	Re-measurement on defined benefits of associates accounted for using the equity method		16,144	-	9,336	-
8349	Income tax related to items not reclassified	6(20)	(79,977)	(2)	(45,793)	(1)

	Total items not reclassified into gains and losses					
8360	Items to be reclassified into gains and losses					
8362	Unrealized gains (losses) from available-for-sale financial assets	6(16)	(345)	-	21,205	-
8380	Share of other comprehensive income(loss) of subsidiaries and associates accounted for using the equity method	6(16)	(184,916)	(3)	448,701	9
	Total items to be reclassified into gains and losses		(185,261)	(3)	469,906	9
8500	Total comprehensive income for the period		\$1,584,433	28	2,445,811	48
	Earnings per share (in NT dollar)	6(21)				
9750	Basic earnings per share (in NT dollar)		4.53		4.95	

(Notes attached are part of the parent company only financial statements)

Yungtay Engineering Co., Ltd.
Parent Company Only Statement of Change in Equity
December 31, 2015 and 2014
(Amounts Expressed in Thousands of New Taiwan Dollars)

Account	Retained earnings				Other equity			Total equity
	Share capital	Capital surplus	Legal reserve	Undistributed earnings	Cumulative translation differences of foreign operations	Unrealized gains (losses) from available-for-sale financial assets	Treasury stock	
Balance as of January 1, 2014	\$ 4,108,200	238,867	2,182,818	2,975,608	839,769	(21,557)	(69,411)	10,254,294
Distribution of earnings in 2013								
Legal reserve			171,350	(171,350)				-
Cash dividends				(1,027,050)				(1,027,050)
Adjustments of capital surplus for parent company's cash dividends paid to subsidiaries		5,325						5,325
Profits in 2014 (Note 1)				2,021,698				2,021,698
Other comprehensive income in 2014				(45,793)	448,701	21,205		424,113
Total comprehensive income in 2014	-	-	-	1,975,905	448,701	21,205	-	2,445,811
Balance as of December 31, 2014	\$ 4,108,200	224,192	2,354,168	3,753,113	1,288,470	(352)	(69,411)	11,678,380
Balance as of January 1, 2015	\$4,108,200	244,192	2,354,138	3,753,113	1,288,470	(352)	(69,411)	11,678,380
Distribution of earnings in 2014								
Legal reserve			202,170	(202,170)				-
Cash dividends				(1,232,460)				(1,232,460)
Adjustments of capital surplus for parent company's cash dividends paid to subsidiaries		6,389						6,389
Profits in 2015 (Note 2)				1,849,671				1,849,671
Other comprehensive income in 2015				(79,977)	(183,819)	(1,442)		(265,238)
Total comprehensive income in 2015	-	-	-	1,769,694	(183,819)	(1,442)	-	1,584,433
Balance as of December 31, 2015	\$ 4,108,200	250,581	2,556,338	4,088,177	1,104,651	(1,794)	(69,411)	12,036,742

Note 1: The employee's bonus and the remuneration of directors and supervisors in 2014 are NT\$ 59,694,000 and NT\$6,633,000 respectively, which have been deducted from the parent company only statement of comprehensive income.

Note 2: The employee's remuneration and the remuneration of directors and supervisors in 2015 are NT\$ 50,828,000 and NT\$5,647,000 respectively, which have been deducted from the parent company only statement of comprehensive income.

(Notes attached are part of the parent company only financial statements)

Yungtay Engineering Co., Ltd.
Parent Company Only Statement of Cash flow
December 31, 2015 and 2014
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	2015	2014
AAAA	Cash flows from operating activities:		
A10000	Profit before tax for the period	\$ 2,083,735	\$ 2,313,620
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss) before tax to net cash provided by operating activities		
A20100	Depreciation expense	43,267	37,040
A20200	Amortization expense	4,776	2,431
A20300	Provision for bad debt expense	10,000	-
A20400	(Profit) of financial asset at fair value through profit or loss	(1,621)	(1,801)
A20900	Interest expense	71	72
A21200	Interest income	(21,890)	(18,371)
A21300	Dividend income	(8,975)	(5,215)
A23900	Net unrealized sales loss(profit)	339	(1,446)
A22400	Share of loss (gain) of subsidiaries and associates accounted for using the equity method	(1,043,060)	(1,440,457)
A22500	Gain on disposal of property, plant and equipment	(122)	(425)
A22500	(gain) on abandonment of property, plant and equipment	2,024	365
A23100	Loss (gain) on disposal of investments	230	(7,537)
A23700	Impairment losses on investment property	-	1,069
A23700	Loss on decline for inventory valuation	1,067	10,315
A24100	Unrealized foreign exchange loss (gain)	3,550	(14,764)
A20010	Total adjustments to reconcile profit (loss)	<u>(1,010,344)</u>	<u>(1,438,724)</u>
A30000	Change in operating assets and liabilities		
A31000	Change in operating assets		
A31110	Increase (decrease) in held-for-trading financial assets	(78,174)	25,617
A31130	Increase (decrease) in notes receivable, net	(49,532)	16,168
A31150	Increase (decrease) in accounts receivable, net	(112,935)	(26,380)
A31180	Increase (decrease) in other receivables	(11)	385
A31200	Decrease (increase) in inventory	232,088	(115,009)
A31230	Decrease in prepayments	5,071	23,840
A31240	Decrease in other current assets	-	216
A31000	Total change in operating assets	<u>(3,493)</u>	<u>(75,163)</u>
A32000	Change in operating liabilities		
A32130	Increase (decrease) in notes payable	(12,085)	18,742
A32150	Increase (decrease) in accounts payable	(22,857)	53,165
A32180	Increase (decrease) in other payables	(14,063)	22,604
A32210	Increase (decrease) in advance payments	(33,528)	303,281
A32230	Increase (decrease) in other current liabilities	(60)	2

Code	Account	2015	2014
A32240	Increase (decrease) in net defined benefit liabilities, net	(95)	13,801
A23990	Increase in deferred revenue	18,398	2,136
A32000	Total change in operating liabilities	(64,290)	413,731
A30000	Total change in operating assets and liabilities	(67,783)	338,568
A20000	Total adjustments	(1,078,127)	(1,100,156)
A33000	Cash inflow (outflow) generated from operations	1,005,608	1,213,464
A33100	Interest received	22,743	17,363
A33200	Dividends received (dividends accounted for using the equity method included)	44,417	524,317
A33300	Interest paid	(71)	(628)
A333500	Income tax paid	(314,317)	(241,998)
AAAA	Net cash flows from operating activities	758,380	1,512,518
BBBB	Cash flow from investing activities:		
B00400	Profit from disposal of available-for-sale financial assets noncurrent value	1,102	48,920
B02700	Acquisition of property, plant and equipment (Note 6(22))	(63,706)	(35,113)
B02800	Proceeds from disposal of property, plant and equipment	475	1,113
B04500	Acquisition of intangible assets	(1,735)	(10,352)
B03700	Increase in refundable deposits	(1,560)	-
B03800	Decrease in refundable deposits	-	1,355
B06700	Decrease (increase) in other non-current assets	(321)	351
B07100	Increase in prepayments on equipment	(1,759)	(1,948)
BBBB	Net cash flows in investing activities	(67,504)	4,326
CCCC	Cash flows from financing activities:		
C03000	Increase in deposits received	105	-
C03100	(Decrease) in deposits received	-	(285)
C04500	Cash dividends paid	(1,232,460)	(1,027,050)
CCCC	Net cash flows from financing activities	(1,232,355)	(1,027,335)
DDDD	Effect of change in exchange rate	(3,550)	14,764
EEEE	Net (decrease) increase in cash and cash equivalents	(545,029)	504,273
E00100	Cash and cash equivalents at beginning of period	1,758,484	1,254,575
E00200	Cash and cash equivalents at end of period	\$ 1,213,819	\$ 1,758,848

(Notes attached are part of the parent company only financial statements)

Independent Auditors' Report

The Board of Directors of Yungtay Engineering Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Yungtay Engineering Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2015 and 2014. The management of Yungtay Engineering Co., Ltd. is responsible for the preparation and presentation of the consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standard in the Republic of China (R.O.C) "the Rules Governing the Audit of Financial Statements by Certified Public Accountants" promulgated by Financial Supervisory Commission, R.O.C.. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether the parent company only financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Yungtay Engineering Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and their consolidated financial performance and cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), interpretation as well as related guidance promulgated by Financial Supervisory Commission, R.O.C..

We have also audited the parent company only financial statements of Yungtay Engineering Co., Ltd. as of and for the years ended December 31, 2015 and 2014, on which we have issued an unqualified opinion.

March 17, 2016

Yungtay Engineering Co., Ltd. and its Subsidiaries
Consolidated Balance Sheet - Asset
December 31, 2015 and 2014
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	Note	December 31, 2015		December 31, 2014	
			Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 4,431,513	15	5,061,153	16
1110	Financial asset at fair value through profit or loss	6(2)	303,303	1	223,508	1
1125	Available-for-sale financial assets-current	6(2)	4,936	-	6,613	-
1135	Derivative financial assets for hedging	6(3)	11,281	-	-	-
1150	Note receivable, net	6(4)	407,161	1	295,920	1
1170	Accounts receivable, net	6(4)	5,035,207	17	4,166,117	13
1200	Other receivables		14,123	-	8,956	-
130x	Inventories	6(5)	9,333,808	31	10,810,542	35
1410	Prepayments	6(6)	547,469	2	719,374	3
1460	Non-current assets held for sale	6(7)	90,750	-	119,108	-
1478	Refundable deposits	6(8)	607,805	1	716,334	2
1470	Other current assets		52	-	16	-
11xx	Total current assets		<u>20,787,408</u>	<u>68</u>	<u>22,127,641</u>	<u>71</u>
15xx	Non-current assets					
1543	Financial assets at cost-noncurrent	6(9)	290,435	1	290,560	1
1550	Investments accounted for using the equity method	6(10)	402,332	11	369,370	1
1600	Property, plant and equipment	6(61)	5,914,132	19	5,602,806	18
1760	Investment property, net	6(12)	859,064	3	833,002	3
1780	Intangible assets	6(13)	370,532	1	360,279	1
1840	Deferred income tax assets	6(24)	1,375,414	5	1,350,173	4
1915	Prepayments for equipment	6(11)	187,875	1	82,356	-
1920	Refundable deposits	6(8)	67,251	-	56,059	-
1985	Long-term prepaid rents	6(14)	210,700	1	221,126	1
1990	Advances to employees and official business		24,438	-	39,738	-
1990	Other non-current assets, others	12(1)	11,990	-	26,535	-
15xx	Total non-current assets		<u>9,714,163</u>	<u>32</u>	<u>9,232,004</u>	<u>29</u>
1xxx	Total assets		<u>\$ 30,501,571</u>	<u>100</u>	<u>\$ 31,359,645</u>	<u>100</u>

(Notes attached are part of the consolidated financial statements)

Yungtay Engineering Co., Ltd. and its Subsidiaries
Consolidated Balance Sheet – Liabilities and Equity
December 31, 2015 and 2014

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	Note	December 31, 2015		December 31, 2014	
			Amount	%	Amount	%
21xx	Current liabilities					
2125	Derivative financial assets for hedging	6(3)	\$ -	-	\$ 12,805	-
2150	Notes payable		500,699	2	646,537	2
2170	Accounts payable		2,777,961	9	3,122,661	10
2200	Other payables	6(15)	1,377,616	5	1,408,441	4
2230	Current income tax liabilities	6(24)	368,026	1	263,221	2
2250	Liability reserve	6(16)	-	-	548	-
2310	Advanced payments	6(17)	10,944,861	36	11,876,223	37
2313	Deferred revenue	6(21)	392,312	1	349,066	1
2399	Other current liabilities		13,088	-	1,842	-
21xx	Total current liabilities		<u>16,374,563</u>	<u>54</u>	<u>17,681,344</u>	<u>56</u>
25xx	Non-current liabilities					
2570	Deferred income tax liabilities	6(24)	9,506	-	11,467	-
2630	Long-term deferred revenue	6(21)	175,482	1	146,926	-
2640	Net defined benefit liabilities-noncurrent	6(19)	1,536,050	5	1,441,178	5
2645	Deposit received	6(18)	195,546	1	224,765	1
2670	Other non-current liabilities		1,134	-	1,822	-
25xx	Total non-current liabilities		<u>1,917,718</u>	<u>7</u>	<u>1,826,158</u>	<u>6</u>
2xxx	Total liabilities		<u>18,292,281</u>	<u>61</u>	<u>19,507,502</u>	<u>62</u>
31xx	Total equity attributable to owners of parent					
3100	Share capital	6(20)	4,108,200	13	4,108,200	13
3200	Capital surplus	6(20)	205,581	1	244,192	1
3300	Retained earnings	6(20)				
3310	Legal reserve		2,556,338	8	2,354,168	8
3350	Undistributed earnings		4,088,177	13	3,753,113	12
3400	Other equity	6(20)	1,102,857	4	1,288,118	4
3500	Treasury stock	6(20)	(69,411)	-	(69,411)	-
31xx	Equity attributable to owners of parent		<u>12,036,742</u>	<u>39</u>	<u>11,678,380</u>	<u>38</u>
36xx	Non-controlling interest		172,548	-	173,763	-
3xxx	Total equity		<u>12,209,290</u>	<u>39</u>	<u>11,852,143</u>	<u>38</u>
3x2x	Total liabilities and equity		<u>\$30,501,571</u>	<u>100</u>	<u>31,359,645</u>	<u>100</u>

(Notes attached are part of the consolidated financial statements)

Yungtay Engineering Co., Ltd. and its Subsidiaries
Consolidated Statement of Comprehensive Income
December 31, 2015 and 2014
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	Note	December 31, 2015		December 31, 2014	
			Amount	%	Amount	%
4000	Operating revenue	6(21)	\$ 23,098,740	100	23,875,782	100
5000	Operating costs	6(5)	(16,899,340)	(73)	(17,695,202)	(74)
5900	Gross profits from operations		6,199,400	27	6,180,580	26
6000	Operating expenses					
6100	Selling expenses		(1,623,592)	(7)	(1,298,809)	(5)
6200	Administrative expenses		(1,594,325)	(7)	(1,613,993)	(7)
6300	Research and development expenses		(647,579)	(3)	(578,827)	(2)
	Total operating expenses		(3,865,496)	(17)	(3,491,629)	(14)
6900	Operating income		2,333,904	10	2,688,951	12
7000	Non-operating income and expenses					
7010	Other income	6(22)	61,488	-	50,260	-
7020	Government grants	6(22)	12,992	-	28,555	-
7020	Other gains and losses	6(22)	44,087	-	74,726	1
7020	Gain (loss) on foreign currency exchange, net	6(22)	(2,720)	-	15,096	-
7050	Finance costs	6(22)	(59)	-	(60)	-
7060	Share of (loss) profit of associates accounted for using the equity method	6(10)	44,783	-	11,366	-
	Total non-operating income and expenses		160,571	-	179,943	1
7900	Profit before tax		2,494,475	10	2,868,894	13
7950	Income tax expenses					
7951	Current income tax (expenses)	6(24)	(651,074)	(3)	(749,045)	(3)
7952	Deferred income tax (expenses)	6(24)	35,389	-	(65,015)	-
8000	Profit for the period from continuing operations		1,878,790	7	2,054,837	10
8100	Gains (losses) from discontinuing operation, net		-	-	-	-
8200	Profits for the period		1,878,790	7	2,054,837	10
8300	Other comprehensive income (loss), net					
8310	Items not reclassified into gains and losses					
8311	Re-measurement on defined benefits plan	6(19)	(94,967)	-	(54,919)	-
8320	Share of other comprehensive gains and losses of associates accounted for using the equity method		(1,154)	-	(210)	-

Code	Account	Note	December 31, 2015		December 31, 2014	
			Amount	%	Amount	%
8349	Income tax related to items not reclassified	6(24)	16,144	-	9,336	-
	Total items not reclassified into gains and losses		(79,977)	-	(45,793)	-
8360	Items to be reclassified into gains and losses					
8361	Exchange differences on translation of foreign financial statements	6(20)	(178,746)	(1)	438,076	2
8362	Unrealized gains (losses) from financial assets available-for-sale	6(20)	(345)	-	21,205	-
8370	Share of other comprehensive gains and losses of associates accounted for using the equity method	6(20)	(6,170)	-	10,627	-
	Total items to be reclassified into gains and losses		(185,261)	(1)	469,908	2
8500	Total comprehensive income for the period		\$ 1,613,552	6	2,478,952	12
8600	Profit attributable to					
8610	Profit attributable to owners of parent		\$ 1,849,671	7	2,021,698	10
8620	Profit attributable to non-controlling interests		29,119	-	33,139	-
	Total		1,878,790	7	2,054,837	10
8700	Comprehensive income attributable to					
8710	Comprehensive income attributable to owners of parent		\$1,584,433	6	2,445,811	12
8720	Comprehensive income attributable to non-controlling interests		29,119	-	33,141	-
	Total		\$1,613,552	6	2,478,952	12
	Earnings per share (in NT dollar)	6(25)				
9750	Basic earnings per share (in NT dollar)		4.53		4.95	

(Notes attached are part of the consolidated financial statements)

Yungtay Engineering Co., Ltd. and its Subsidiaries
Consolidated Statement of Change in Equity
December 31, 2015 and 2014
(Amounts Expressed in Thousands of New Taiwan Dollars)

Account	Equity attributable to owners of parent									
	Share capital	Capital surplus	Retained earnings		Other equity			Total	Non-controlling interests	Total equity
			Legal reserve	Undistributed earnings	Cumulative translation differences of foreign operations	Unrealized gains (losses) from available-for-sale financial assets	Treasury stock			
Balance as of January 1, 2014	\$ 4,108,200	238,867	2,182,818	2,975,608	839,769	(21,557)	(69,411)	10,254,294	154,709	10,409,003
Distribution of earnings in 2013										
Legal reserve			171,350	(171,350)				-	-	-
Cash dividends				(1,027,050)				(1,027,050)	-	(1,027,050)
Adjustments of capital surplus for parent company's cash dividends paid to subsidiaries		5,325						5,325	-	5,325
Profits in 2014				2,021,698				2,021,698	33,139	2,054,837
Other comprehensive income in 2014				(45,793)	448,701	21,205		424,113	2	424,115
Total comprehensive income in 2014	-	-	-	1,975,905	448,701	21,205	-	2,445,811	33,141	2,478,952
Non-controlling interests from cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(14,087)	(14,087)
Balance as of December 31, 2014	\$4,108,200	244,192	2,354,168	3,753,113	1,288,470	(352)	(69,411)	11,678,380	173,763	11,852,143
Balance as of January 1, 2015	\$4,108,200	244,192	2,354,168	3,753,113	1,288,470	(352)	(69,411)	11,678,380	173,763	11,852,143
Distribution of earnings in 2014										
Legal reserve			202,170	(202,170)				-	-	-
Cash dividends				(1,232,460)				(1,232,460)	-	(1,232,460)
Adjustments of capital surplus for parent company's cash dividends paid to subsidiaries		6,389						6,389	-	6,389
Profits in 2015				1,849,671				1,849,671	29,119	1,878,790
Other comprehensive income in 2015				(79,977)	(183,819)	(1,442)		(265,238)	-	(265,238)
Total comprehensive income in 2015	-	-	-	1,796,694	(183,819)	(1,442)	-	1,584,433	29,119	1,613,552
Non-controlling interests from cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(30,334)	(30,334)
Balance as of December 31, 2015	\$4,108,200	250,581	2,556,338	4,088,177	1,104,651	(1,794)	(69,411)	12,036,742	172,548	12,209,290

(Notes attached are part of the consolidated financial statements)

Yungtay Engineering Co., Ltd. and its Subsidiaries
Consolidated Statement of Cash flow
December 31, 2015 and 2014
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	2015	2014
AAAA	Cash flows from operating activities:		
A10000	Profit before tax for the period	\$ 2,494,475	\$ 2,868,894
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss) before tax to net cash provided by operating activities		
A20100	Depreciation expense	382,565	354,919
A20200	Amortization expense	15,938	11,707
A20300	Provision for bad debt expense	168,992	29,944
A20400	(Profit) of financial asset at fair value through profit or loss	(28,098)	(44,660)
A20900	Interest expense	59	60
A29900	Expenses recognized from long-term prepaid rents	5,479	5,392
A21200	Interest income	(52,388)	(44,939)
A21300	Dividend income	(9,100)	(5,321)
A22300	Share of loss (gain) of associates accounted for using equity method	(44,783)	(11,366)
A22500	Gain on disposal of property, plant and equipment, net	4,492	(4,767)
A22500	Loss (gain) on abandonment of property, plant and equipment	9,311	6,609
A23000	Gain on disposal of non-current assets available-for-sale	(6,816)	-
A23100	Loss (gain) on disposal of investments	217	(7,537)
A23700	Impairment losses on investment property	2,108	788
A23700	Impairment losses on non-current assets available-for-sale	-	1,261
A23700	Loss on decline for inventory valuation	16,067	14,886
A23800	Gain on reversal of impairment losses on non-current assets available-for-sale	(4,916)	-
A24100	Unrealized foreign exchange loss (gain)	7,188	(14,764)
A20010	Total adjustments to reconcile profit (loss)	<u>466,315</u>	<u>292,212</u>
A30000	Change in operating assets and liabilities		
A31000	Change in operating assets		
A31110	Increase (decrease) in held-for-trading financial assets	(51,697)	68,473
A31130	Increase (decrease) in notes receivable, net	(111,241)	156,929
A31150	Increase (decrease) in accounts receivable, net	(1,029,067)	(639,851)
A31180	Increase (decrease) in other receivables	(5,352)	(4,543)
A31200	Decrease (increase) in inventory	1,459,175	425,376
A31230	Decrease in prepayments	171,905	(174,095)

Code	Account	2015	2014
A31240	Decrease in other current assets	-	140
A31000	Total change in operating assets	433,723	(16,571)
A32000	Change in operating liabilities		
A32130	Increase (decrease) in notes payable	(145,838)	(8,811)
A32150	Increase (decrease) in accounts payable	(344,700)	107,092
A32180	Increase (decrease) in other payables	14	176,500
A32210	Increase (decrease) in advance payments	(931,362)	(277,102)
A32200	Increase (decrease) in liability reserve	(548)	376
A32230	Increase (decrease) in other current liabilities	(35)	39
A32240	Increase (decrease) in net defined benefit liabilities, net	(95)	13,801
A23990	Increase in deferred revenue	71,802	53,260
A32000	Total change in operating liabilities	(1,350,762)	65,155
A30000	Total change in operating assets and liabilities	(917,039)	(102,416)
A20000	Total adjustments	(450,724)	189,796
A33000	Cash inflow (outflow) generated from operations	2,043,751	3,058,690
A33100	Interest received	52,087	42,587
A33200	Dividends received (dividends accounted for using the equity method included)	12,970	7,901
A33300	Interest paid	(59)	(667)
A333500	Income tax paid	(542,754)	(841,722)
AAAA	Net cash flows from operating activities	1,565,995	2,266,789
BBBB	Cash flow from investing activities:		
B00400	Profit from disposal of available-for sale financial assets non-current value	1,101	48,920
B01400	Financial assets measured at cost-recovered funds, non-current	125	-
B01900	Disposal of investment using equity method	644	-
B02600	Disposal of non-current assets available-for-sale	11,379	-
B02700	Acquisition of property, plant and equipment (Note 6(22))	(820,836)	(522,880)
B02800	Proceeds from disposal of property, plant and equipment	18,418	15,580
B04500	Acquisition of intangible assets	(17,137)	(39,801)
B03800	Decrease in refundable deposits	97,337	48,296
B06800	Decrease (increase) in other non-current assets	17,040	(10,995)
B07100	Increase in prepayments on equipment	(140,627)	(20,769)
BBBB	Net cash flows in investing activities	(832,556)	(481,649)
CCCC	Cash flows from financing activities:		
C03100	Decrease in deposits received	(29,219)	(54,918)
C04400	Decrease in other non-current liabilities	(688)	(787)
C04500	Cash dividends paid	(1,256,405)	(1,035,812)
C05800	Change in non-controlling equity	-	2
CCCC	Net cash flows from financing activities	(1,286,312)	(1,091,515)
DDDD	Effect of change in exchange rate	(76,767)	130,050

<u>Code</u>	<u>Account</u>	<u>2015</u>	<u>2014</u>
EEEE	Net (decrease) increase in cash and cash equivalents	(629,640)	823,675
E00100	Cash and cash equivalents at beginning of period	5,061,153	4,237,478
E00200	Cash and cash equivalents at end of period	<u>\$ 4,431,513</u>	<u>\$ 5,061,153</u>

(Notes attached are (Notes attached are part of the consolidated financial statements)

Rules of Procedure for Shareholders' Meeting

Article 1 Meetings of shareholders shall be acted upon in accordance with these rules.

Article 2 The Company shall state the registration time, location, and other notices in the Notice of General Shareholders' Meeting.

The registration shall be held at least 30 minutes prior to the meeting; the registration location shall be clearly marked and staffed.

The shareholders or their representatives (shareholders) present shall wear attendance badges, attendance cards, or other badges; representatives on behalf shareholders shall also bring their ID cards for examination.

The attendance book shall be prepared for shareholders' to sign in, or shareholders present may turn in their attendance cards.

The total attendance and vote shall be calculated in accordance with the attendance book or attendance cards turned in at the meeting.

The agenda handbooks, annual reports, attendance cards, speaker's slips, votes, and other meeting data shall be distributed to shareholders present; votes shall be given to those eligible for the election of directors and supervisors.

Article 3 If a shareholders' meeting is convened by the board, the chairman of the board shall be the chairman presiding at the meeting. If the chairman of the board is on leave or cannot perform his duties for some reason, the vice chairman shall preside at the meeting on the chairman's behalf; if the Company does not have a vice chairman or the vice chairman is on leave or cannot perform his duties for some reason, the chairman shall designate one managing director to act on his behalf. If the Company does not have a managing director, the chairman shall designate one director to act on his behalf. If the chairman has not appointed an agent or the designated director cannot perform his duties for some reason, the meeting chair shall be elected from among the directors present.

The managing director or the director acting on the chairman's behalf shall serve for more than six months and understand the financial and operating conditions of the Company.

If the meeting is convened by any other person besides the board of directors who is entitled to convene the meeting, such person shall be the chairman to preside at the meeting. If there are more than two persons convening the meeting, then shall be the one elected by the other.

Article 4 The chairman shall call the meeting to order at the time scheduled for the meeting, provided, however, that if during postpone the shareholders' meeting to a later time, provided, however, that the maximum number of times a shareholder meeting may be postponed shall be two and total time of postponement shall not exceed one hour. If after two postponements no quorum can yet be constituted but the shareholders present at the meeting represent more than one third of the

total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act. If before the end of the meeting and at enough shares become present to constitute a quorum, the chairman may then re-submit the tentative resolutions to the meeting for approval, in accordance with Article 174 of the Company Act.

Article 5 The agenda for the shareholders' meetings shall be set by the Board of Directors if the meeting is convened by the Board of Directors. The meeting shall be conducted in accordance with the agenda, which may not be altered without a resolution adopted at the shareholders' meeting. The preceding provisions of this Article apply *mutatis mutandis* to cases where shareholders' meetings are convened by any person(s), other than the Board of Directors, entitled to convene the meeting.

Unless otherwise resolved at the shareholders' meeting, the chairman may not announce adjournment of the meeting unless the scheduled agenda items (including Special Motions) set forth in the preceding provisions of this Article are concluded.

After the meeting is adjourned, shareholders may not separately elect a chair and resume the meeting at the original or another venue. If the chairman announces adjournment of the meeting and violates these rules of procedure, the meeting may be continued after electing one of the attendees to be the meeting chairman in accordance to the approval of the majority of the votes represented by the attending shareholders.

Article 6 In addition to proposals listed in the meeting agenda, amendments, alternatives, or other proposals proposed by shareholders in the special motion shall be endorsed by other shareholders, which apply *mutatis mutandis* to the change in the agenda and adjournment. The shareholding of the proposers and endorsers mentioned in the preceding paragraph shall reach 0.2% of total shares issued or 100,000 shares.

Article 7 The Company may appoint designated attorneys, certified public accounts or other relevant persons to attend shareholders' meetings.

The staff members who take charge of the shareholders' meeting affairs shall wear identification certificates or armbands.

Article 8 The Company shall record the registration, shareholders' meetings, and vote counting processes by audio or video.

The recording mentioned in the preceding paragraph shall be kept for at least one year. The litigations brought by shareholders in accordance with Article 189 of Company Act shall be recorded until closed.

To maintain the order of the meeting, attendants other than the mass media and clerks designated by the Company are restricted from taking pictures or recording to avoid interfering with the proceedings or offending personal privacy of shareholders present.

Article 9 When a shareholder attending the meeting wishes to speak, he or she shall first fill out a speaker's card, specifying therein the major points of his or her speech, account number (or number appeared on attendance pass) and account name. The chairman shall determine sequence

of shareholders' speeches.

A shareholder in attendance who submits a speaker's slip but does not speak shall be deemed to have not spoken. In the case where the contents of a shareholder's speech differ from those specified on the speaker's card, the contents of the actual speech shall prevail.

Unless otherwise permitted by the chairman and speaking shareholder, no shareholder shall interrupt the speech of the speaking shareholder; the chairman shall stop any such interruptions.

Article 10 A shareholder may not speak more than twice on the same resolution without the chairman's consent, with five minutes maximum for each speech.

The chairman may stop any shareholder who violates the above rules or exceeds the scope of the agenda item.

Article 11 Any legal entity designated as proxy by shareholder(s) to be present at the meeting may appoint only one representative to attend the meeting.

If a corporate shareholder designates two or more representatives to attend the meeting, only one of the representatives so designated may speak on any one motion.

Article 12 The chairman may respond or designate other persons to respond after an attending shareholder's speech.

Article 13 When the chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.

Article 14 The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chairman, provided, however, that the person supervising the casting of votes shall be a shareholder.

The vote counting process of the voting and election shall be announced at the venue of the meeting once completed, including the weights. And the result of the vote counting process shall be recorded.

The election of directors and supervisor shall be held in accordance with election regulations formulated by the Company. The result of the election shall be announced at the scene, including the list of elected directors and supervisors and the weights.

The votes mentioned in the preceding paragraph shall be sealed and signed by the tellers and kept for at least a year. The litigations brought by shareholders in accordance with Article 189 of Company Act shall be recorded until closed.

Article 15 During the process of the meeting, the chairman may announce a recess at an appropriate time.

Article 16 Unless otherwise specified in the Company Act and the Articles of Association, resolutions shall be adopted by a majority of the votes represented by the attending shareholders.

The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after inquiry by the chairman.

Article 17 If there is an amendment or replacement proposal to the original proposal, the chairman shall decide the sequence of voting for such proposals, provided that if any one of the proposals has

been approved, the others shall be deemed vetoed and no further voting is required.

Article 18 The chairman may direct disciplinary officers (or security personnel) to maintain the order of the Meeting. For identification purposes, they shall wear a badge bearing the words of “disciplinary officer.”

Article 19 If the matters do not provided this rules, shall pursuant to applicable laws and regulations and Articles of Association.

Article 20 These rules and procedures shall be effective after ratification at the shareholders’ meetings. The same applies to modifications.

Yungtay Engineering Co., Ltd.

Articles of Association

Chapter 1 General Provisions

Article 1: The Company, organized under the Company Act as a Company limited by shares, and shall be named Yungtay Engineering Co., Ltd. (hereinafter, “the Company”).

Article 2: The Company’s scope of business is as follows:

1. CB01010 Machinery and Equipment Manufacturing
2. F113010 Wholesale of Machinery
3. E603020 Elevator Construction
4. E604010 Machinery Installation Construction
5. F401010 International Trade
6. E599010 Pipe Lines Construction
7. E605010 Computing Equipment Installation Construction
8. E603040 Fire Fighting Equipment Construction
9. E603090 Illumination Equipment Construction
10. E603050 Cybernation Equipment Construction
11. H701010 Residence and Buildings Lease Construction and Development
12. F112040 Wholesale of Petrochemical Fuel Products
13. F113020 Wholesale of Household Appliance
14. F113030 Wholesale of Precision Instruments
15. F113050 Wholesale of Computing and Business Machinery Equipment
16. JE01010 Rental and Leasing Business
17. IF01010 Traditional Physical Management
18. IB01010 Buildings Public Security Check
19. G202010 Parking Garage Business
20. J101010 Buildings Cleaning Service
21. CB01030 Pollution Controlling Equipment Manufacturing
22. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
23. CC01080 Electronic Parts and Components Manufacturing
24. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
25. E701010 Telecommunications Construction
26. I301010 Software Design Services
27. I301020 Data Processing Services

28. I301030 Digital Information Supply Services
29. CA02010 Metal Architectural Components Manufacturing
30. H703100 Real Estate Rental and Leasing

- Article 2-1: The Company can invest other companies and become their shareholders. The amount of investment is not limited by the percentage of paid-up share capital.
- Article 3: The Company is headquartered in Taipei City, Taiwan and when necessary may establish branches at home and abroad according to resolutions by the board of directors.
- Article 4: Any and all public announcements to be made by the Company shall be published in a conspicuous place on a daily newspaper circulating in the municipality or county (city) wherein the company is located, or uploaded to Market Observation Post System, or through other common ways.

Chapter 2 Shares

- Article 5: The authorized capital of the Company is NT\$4.6 billion, consisting of 460 million shares, all of common stock, with a par value of NT\$10 per share. The board of directors is authorized to issue the shares in separate installments as required.
- Article 6: The share certificates of the Company shall without exception be in registered form, signed by, or affixed with the seals of five directors, and stamped and authenticated by the competent governmental authority upon issuance. Shares issued by the Company and registered with centralized securities depository enterprises need not be in certificate form.
- Article 7: Shareholders or representatives shall fill in signature cards and send to the Company for record. The procedures apply to any change. Acquisition of shares or dividends, contacts in writing, and exercise of all rights shall be made with signature.
- Article 8: If a shareholder's seal is lost, damaged, or replaced,... If the shareholder entrusts a representative to register the new seal, the representative shall submit the shareholder's ID card or the seal certificate issued by the household registration office, the power of attorney, and the representative's ID card to the Company for the registration of new seal.
- Article 9: If intending to transfer shares, shareholders shall fill in the application form for share transfer and have the assignors and assignees sign and submit the application form and shares to the Company for share transfer. After being registered in the shareholders register, they shall be the shareholders of the Company. If the procedures mentioned above are not performed, the original shareholders remain unchanged. Successors shall provide the valid proof documents to apply for the change in the title.
- Article 10: In case of share loss or damage, shareholders shall inform the Company in writing and receive new shares in accordance with Company Act and related laws and regulations.

- Article 11: If shares are defaced or reissued in accordance with the provisions of the preceding two articles, a fee will be charged by the Company.
- Article 12: All entries in the shareholders register due to share transfers shall be suspended for 60 days prior to an ordinary shareholders meeting, or for 30 days prior to an extraordinary shareholders meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.

Chapter 3 Shareholders' Meeting

- Article 13: Shareholders' meetings of the Company are of two kinds: regular shareholders meetings and extraordinary shareholders meetings. The regular shareholders' meeting is called once per year within six months of the close of the fiscal year. Extraordinary shareholders meetings may be called in accordance with applicable laws and regulations whenever necessary.
- Article 14: The convener of the shareholders' meeting shall inform shareholders of time, venue, and subject of the meeting or extraordinary meeting 30 days or 15 days prior to the meeting or extraordinary meeting respectively.
- Article 15: For any shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy. A proxy shall act on behalf of the shareholder in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and related laws and regulations.
- Article 16: The chairman of the board shall be the chairman presiding at the meeting. If the chairman of the board is on leave or cannot perform his duties for some reason, the board of directors shall designate one director. If the board of directors does not designate one director, the shareholders' meeting shall be convened by others who have the right to convene a meeting and he or she shall be the chairman. If there is more than one person with the rights to convene a shareholders' meeting, they shall nominate a chairman from among themselves.
- Article 17: Unless otherwise provided by applicable law or regulation, a resolution of the shareholders' meeting shall be adopted by the consent of a majority of the votes represented by those in attendance at the meeting, in person or by proxy, by shareholders who represent a majority of the total issued shares.
- Article 18: Each shareholder of the Company is entitled to one vote per share, unless otherwise provided in Article 179 of Company Act.
- Article 19: The resolutions of the shareholders meeting shall be recorded in the minutes stating the time, venue, and chairman's name, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting and distributed to all shareholders

within 20 days. The making and distribution of such minutes may be made in electronic form. The distribution of such minutes mentioned in the preceding paragraph may include the announcement on the market observation post system.

Chapter 4 Directors and Board of Directors

- Article 20: The Company shall have seven to eleven directors, to be elected by the shareholders' meeting from among candidates with legal capacity. The term of office shall be three years, and they may continue in office if re-elected. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities.
- Article 20-1: Pursuant to the provisions of Securities and Exchange Act, the Company's board of directors shall include two to three independent, at least 1/5 of total directors. The election of independent directors shall be based on a candidate nomination system. Other related matters shall proceed in accordance with the regulations of competent authorities.
- Article 21: The board of directors shall consist of the directors of the Company; the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors.
- Article 22: Meetings of the board of directors shall be called once per quarter; though in emergency situations, a meeting may be called whenever necessary. Except for the first meeting of the board of directors of every new term, all other meetings of the board of directors shall be convened and presided by the chairman of the board of directors. If the chairman of the board is on leave or cannot perform his duties for some reason, the board of directors shall designate one director. If the board of directors does not designate one director, the chairman of shall be elected from among the directors present.
- Article 23: Unless otherwise provided for by applicable law or regulation, a resolution of the board of directors shall be adopted by the consent of a majority of the votes represented by those the majority in attendance at the board of directors meeting. The resolutions of the meetings of the board of directors shall be recorded in the minutes, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting.
- Article 24: If there exists a shortfall of one-third of directors, the board of directors shall convene a shareholders' meeting for the by election of absent directors. The term of newly elected directors shall continue for the original term of the directors replaced.
- Article 25: A directors may authorize a director to attend the meeting of the board of directors on behalf of them with the power of attorney stating the scope of authorization.

Article 26: (Deleted).

Chapter 5 Supervisors

Article 27: The Company shall have two or three supervisors, to be elected by the shareholders' meeting from among candidates with legal capacity. The term of office is three years, and they may continue in office if reelected. The aggregate shareholding percentages of the entire body of supervisors shall comply with the regulations prescribed by the competent authority.

Article 28: In addition to performing their duties of supervision in accordance with laws and regulations, supervisors of the Company may attend the meeting of the board of directors and state their opinions without votes.

Article 29: If all supervisors have been dismissed, the board of directors shall convene a shareholders' meeting for the by election of absent supervisors. The term of newly elected supervisors shall continue for the original term of the supervisors replaced.

Article 30: Supervisors shall not act as directors or managers of the Company or perform other duties.

Chapter 6 Managers

Article 31: The Company may appoint managers, including one Chief Executive Officer, whose commissioning, decommissioning and pay rate shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the Company.

Article 32: (Deleted).

Chapter 7 Finance

Article 33: The fiscal year of the Company is fixed from January 1 to December 31.

Article 34: After the close of each fiscal year, the following reports shall be prepared by the board of directors and submitted to the supervisors for review. Supervisors shall prepare the review report accordingly and submit it to the general shareholders' meeting for reviewing and for ratification:

- (1) Business Report
- (2) Financial Statements
- (3) Proposal Concerning Appropriation of Net Profits or Recovering of Losses

Article 35: If the Company makes profits in a fiscal year, such profits shall be used to offset the losses and pay the taxes in accordance with applicable laws; then, 10% of the remaining earnings shall be held as the legal reserve, followed by the special reserve and dividends. The rest of such profits shall be appropriated in accordance with the following procedures:

- (1) Shareholders' bonuses.
- (2) 0.5% as the remuneration of directors and supervisors.
- (3) 4.5% as employees' bonuses.
- (4) Retained earnings.

The distribution ratio mentioned in the preceding paragraph shall be determined by the Board of Directors and then adopted in the General Shareholders' Meeting.

Article 35-1: The dividends and bonuses shall be distributed by the Company from 50% of net profit after tax for the period. Among the dividends and bonuses, cash dividends shall account for 50% or more in response to the mature market development of major products and operations of the Company the abovementioned distribution ratio may be adjusted subject to actual demands for business development or investments.

Article 36: The remuneration of directors, supervisors, and employees shall be paid regardless of profits or losses.

Article 36-1: The remuneration of directors (including the chairman) and supervisors shall be paid in accordance with the recommendations of Remuneration Committee and the normal standards in the same trade.

Chapter 8 Supplementary Provisions

Article 37: (Deleted).

Article 38: Any matters not sufficiently provided for in these Articles of Association shall be handled in accordance with the Company Act and other applicable laws or regulations.

Article 39: The amendments to Articles of Association shall be approved by a majority of shareholders in attendance at a meeting attended by shareholders accounting for at least two-thirds of total shares. If the shareholding mentioned in the preceding paragraph is short, the amendments to Articles of Association shall be approved by at least two-thirds of shareholders having votes in attendance at a meeting attended by shareholders accounting for a majority of total shares issued.

Article 40: The Company may provide endorsements and guarantees and act as a guarantor.

Article 41: These Articles of Association were enacted on June 16, 1966 and took effect after the approval and registration by the competent authority.

The 1st amendment was made on December 27, 1967.

The 2ed amendment was made on November 25, 1968.

The 3rd amendment was made on March 31, 1972.

The 4th amendment was made on March 30, 1973.

The 5th amendment was made on April 16, 1973.

The 6th amendment was made on June 25, 1976.
The 7th amendment was made on June 27, 1977.
The 8th amendment was made on June 29, 1978.
The 9th amendment was made on May 11, 1979.
The 10th amendment was made on April 18, 1980.
The 11th amendment was made on December 12, 1980.
The 12th amendment was made on April 17, 1981.
The 13th amendment was made on May 28, 1982.
The 14th amendment was made on November 21, 1982.
The 15th amendment was made on May 27, 1983.
The 16th amendment was made on June 8, 1983.
The 17th amendment was made on October 21, 1983.
The 18th amendment was made on April 20, 1984.
The 19th amendment was made on April 10, 1985.
The 20th amendment was made on April 25, 1985.
The 21st amendment was made on May 11, 1985.
The 22ed amendment was made on April 25, 1986.
The 23rd amendment was made on February 28, 1987.
The 24th amendment was made on April 24, 1987.
The 25th amendment was made on April 22, 1988.
The 26th amendment was made on January 26, 1989.
The 27th amendment was made on April 21, 1989.
The 28th amendment was made on April 23, 1990.
The 29th amendment was made on April 26, 1991.
The 30th amendment was made on May 7, 1993.
The 31st amendment was made on May 27, 1994.
The 32ed amendment was made on May 12, 1995.
The 33rd amendment was made on May 23, 1997.
The 34th amendment was made on May 22, 1998.
The 35th amendment was made on May 21, 1999.
The 36th amendment was made on May 18, 2000.
The 37th amendment was made on June 6, 2002.
The 38th amendment was made on May 23, 2003.
The 39th amendment was made on May 7, 2004.
The 40th amendment was made on May 6, 2005.

The 41st amendment was made on June 23, 2006.

The 42ed amendment was made on June 15, 2012.

The 43rd amendment was made on June 12, 2014.

The establishment of audit committee and supervisors and other related matters are set in accordance with Article 14-4 of Securities and Exchange Act and Regulations Governing Exercise of Power by Audit Committee of Public Companies

Yungtay Engineering Co., Ltd.
Shareholdings of Directors and Supervisors

Paid-up capital: 410,820,000

Transfer suspended from: April 18, 2016

Title	Name	Shares held in share register
Chairman	Hsu, Tso-Li	17,000,000
Director	Hitachi, Ltd. Representative: Mizumoto Shinji	31,817,168
Director	Tsao, Tien-Po	4,134
Director	Hsu, Tso-Ming	1,009,709
Director	Hsu, Jui-Chun	0
Director	Hsu, Yu-Hsin	138,000
Director	Wu, Feng-Ming	422,930
Independent Director	Chang, Kung-Hsiao	542
Independent Director	Hsu, Hsien-Cheng	10,569
Total shares held by all directors		50,403,052
Statutory minimum shares held by all directors		16,000,000
Supervisor	Chang, Kuang-Ming	1,190,260
Supervisor	Cheng, Wan-Lai	586,508
Supervisor	Qi Shen Investment Co., Ltd. Representative: Liang, Yu-Ming	2,989,126
Total shares held by all supervisors		4,765,894
Statutory minimum shares held by all supervisors		1,600,000

Imputed Earnings per Share in 2015 after distribution of remuneration of employees and directors and supervisors

Not applicable (Since January 1, 2008, the remuneration of employees and directors and supervisors is recognized as expenses for the period).

The Impact of Stock Dividend Issuance on Business Performance and Earning per Share (EPS)

Not applicable (no proposal for stock dividend issuance is proposed in the General Shareholders' Meeting).