



Stock Code: 2105

CHENG SHIN RUBBER IND. CO., LTD.

**Handbook for the 2016 Annual General
Meeting of Shareholders
(Translation)**

Time and Date: 9:30 a.m., June 15 (Wednesday), 2016

Place: Conference room of the new office building of Cheng Shin Rubber Ind. Co., LTD. located at B2, No. 215, Meigang Rd., Huangcuo Village, Dacun Township, Changhua County

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CHENG SHIN RUBBER IND. CO., LTD.

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CHENG SHIN RUBBER IND. CO., LTD.

Agenda of the 2016 Annual General Meeting of Shareholders

Time and Date: 9:30 a.m., Wednesday, June 15, 2016

Place: Conference room of the new office building of Cheng Shin Rubber Ind. Co., LTD. (the "Company") located at B2, No. 215, Meigang Rd., Huangcuo Village, Dacun Township, Changhua County

- I. Call the Meeting to Order
- II. Chairperson's Remarks
- III. Proposal and Discussion
 1. Proposal to amend the Company's Articles of Incorporation.
- IV. Reports
 1. 2015 Business Report.
 2. Supervisors' report on the review of the 2015 Financial Statements.
 3. Report of the Company's distribution of dividends to its directors, supervisors and employees in 2015.
 4. Reports of endorsements and guarantees of obligations provided to third parties by the Company.
 5. Implementation reports of spin-offs of the Company's domestic sales (business) department to the subsidiary "MAXXIS Trading Ltd.", which is 100% held by the Company.
- V. Ratifications
 1. To ratify the Company's 2015 Business Report and Financial Statements.
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- VI. Motions
- VII. Adjournment

Proposal and Discussion

Proposal and Discussion

Item No. 1: Proposal to amend the Company's Articles of Incorporation. (submitted by the Board of Directors)

Explanation: To comply with the amendments to Article 235 and Article 235-1 of the Company Act, it is proposed to amend the provision in connection with the Director, Supervisor and employee dividends under Article 36 and add Article 36-1 of the Company's Articles of Incorporation. For more details, please refer to the provisions comparison table on page 4 of this Handbook.

Amendment Comparison Table for Cheng Shin Rubber Ind. Co., LTD.'s Articles of Incorporation

Article	Original Provision	Amended Provision	Reason for Amendment
36	<p>The Company is in an industry that is constantly changing, the Company's business cycle is at a stage of steady growth, the Company shall consider the need for future capital funding and long-term financial planning. If the Company has pre-tax earnings for the fiscal year after the accounts are closed, the Company shall first set aside an amount to pay any business income tax due, offset the losses of previous years, and set aside ten percent (10%) of the residual amount as the legal reserve, and shall, pursuant to applicable laws and regulations, set aside a portion of the after-tax earnings for its special reserve. To the extent that there is any balance of the Company's after-tax earnings remaining, an amount no less than two percent (2%) of such balance shall be paid out as employee bonus and no more than three percent (3%) of such balance as director and supervisor bonus. The total earnings available for distribution shall consist of the remainder of such balance and the retained earnings from the previous year. The Board of</p>	<p>If the Company has pre-tax earnings for the fiscal year after the accounts are closed, the Company shall first set aside an amount to pay any business income tax due, offset the losses of previous years, and set aside ten percent (10%) of the residual amount as the legal reserve, and shall, pursuant to applicable laws and regulations, set aside a portion of the after-tax earnings for its special reserve. To the extent that there is any balance of the Company's after-tax earnings remaining, the total earnings available for distribution shall consist of the remainder of such balance and the retained earnings from the previous year. The Board of Directors may propose a profit distribution plan for approval at the shareholders' meeting.</p> <p>The dividends to the shareholders under such plan shall be ten to eighty percent (10-80%) of the total distributable earnings, from which the cash dividends shall not be lower than ten percent (10%) of the total dividends declared.</p>	<p>Amend the wordings of this Article to comply with the amendment to Article 235 of the Company Act.</p>

	<p><u>Directors shall propose a profit distribution plan for approval at the shareholders' meeting. The dividends to the shareholders under such plan shall be ten to eighty percent (10-80%) of the total distributable earnings, from which the cash dividends shall not be lower than ten percent (10%) of the total dividends declared.</u></p> <p><u>The employee bonus referred to in the preceding paragraph may be paid in the form of shares. The persons who may receive such shares include employees of the Company's subsidiaries who meet certain criteria.</u></p>		
36-1	N/A	<p>To the extent that the Company has profit in the year, the Company shall set aside at least 2% of such profit as employee dividends and no more than 3% of such profit as director and supervisor dividends, provided that the Company shall first offset the cumulative losses, if any.</p> <p>Employee dividends shall be distributed in the form of shares or cash, and director and supervisor dividends shall be distributed in the form of cash. The distribution of dividends shall be approved by more than one half of the Directors present at the Board of Directors' meeting attended by at least two-thirds of</p>	<p>Add this provision of employee bonuses to comply with Article 235-1 of the Company Act.</p>

		<p>all Directors, and shall be reported at the shareholders' meeting.</p> <p>The recipients of employee dividends in the form of shares or cash in accordance with the preceding subparagraph may include the employees of the Company's subsidiaries who meet certain conditions; the terms of the distribution shall be decided by the Board of Directors.</p>	
39	<p>The original Articles of Incorporation were adopted on December 15, 1969.</p> <p>Amended thereafter on June 25, 1971...(omitted)...June 18, 2013; June 17, 2014.</p>	<p>The original Articles of Incorporation were adopted on December 15, 1969.</p> <p>Amended thereafter on June 25, 1971...(omitted)...June 18, 2013; June 17, 2014; June 15, 2016.</p>	<p>Add the date of the 48th amendment.</p>

Reports

Reports

Item No. 1 - 2015 Business Report

Explanation: The 2015 Business Report of the Company can be found on pages 9 of this Handbook.

CHENG SHIN RUBBER IND. CO., LTD.

2015 Business Report

With the end of 2015, looking back on economic development in 2015, the development trend in developed countries has had positive influences on the economy, although such positive influences are still not sufficient to mitigate the negative influences on the economy. Economic activity is still slow in progress, and market demand is still low. The following three major reasons will continue to influence the global economy: firstly, the price of energy and other commodities will continue to fall; secondly, China is beginning to adjust its economic structure, with the adjustments aimed towards boosting the growth rate via consumption (instead of investment which was their original stimulus plan); third, countries such as the members of the European Union and Japan will continue implementing their quantitative easing policies. In an era of low commodity prices and low inflation rates, the economic growth of the country will be limited. Among Asian countries, it is expected that China, India and members of the Association of Southeast Asian Nations will have more competitive advantages towards becoming thriving economies.

Influenced by the plummeting prices of major raw materials, the average selling prices in the tire industry are also decreasing. In terms of regional markets, the demand increases in some markets and decreases in other markets result in a minor increase with respect to the aggregate market demand, which is consistent with economic development trends. In addition to continued market expansion into China, the Company is also committed to expanding its share in emerging markets. The implementation of "Project India + Indonesia" is progressing strongly, with the Company's collection of capital funds complete and factory construction in progress, the project may become a force for the Company's group in the future.

Although it is unclear whether the economic conditions would improve in 2016, we remain optimistic about the industry's development. Whether exploring new markets or continuing to work on existing ones, the Company will not only act as the market leader, but also serve as a guide for emerging markets. The Company insists on the core "Triple 3" values of enterprises, "100% Quality", "100% Service" and "100% Trust", in its beliefs and principles, dedication to research, development and innovation, and persists in manufacturing tires of high quality, to ensure the safety of people on or by the roads and protecting them on their way home.

The Company insists on focusing on the tire industry and is looking to the global market with a service-oriented attitude. The Company promises to provide products of higher quality and to create the best interests for its clients. The

Company appreciates the support of all its shareholders, clients and employees, and the Company will endeavor to create new value for you all.

Results of Operations in 2015 and Operating Prospects of 2016

I. Results of Operations in 2015

(1) Results of operations based on our business plan for 2015

1. Sales and Production

(pcs. in thousands)		
2015 PCR	Production	42,792
	Sales	42,823
Compared with sales of 42,918 in 2014		-0.22%
2015 TBR	Production	3,132
	Sales	3,126
Compared with sales of 3,323 in 2014		-5.93%
2015 MC	Production	50,541
	Sales	50,737
Compared with sales of 51,794 in 2014		-2.04%
2015 BC	Production	78,904
	Sales	81,674
Compared with sales of 92,207 in 2014		-11.42%
2015 TUBE	Production	126,901
	Sales	130,593
Compared with sales of 156,648 in 2014		-16.63%
2015 OTHER TIRES	Production	15,895
	Sales	15,876
Compared with sales of 16,455 in 2014		-3.52%

2. Operation Summary

IFRS Consolidated

(in thousands in NT\$)

2015 Net Sales	116,726,293
Compared with 129,014,062 in 2014	-9.52%
2015 Cost of Goods Sold	81,168,501
Compared with 93,113,558 in 2014	-12.83%
2015 Operating Expenses	16,937,412
Compared with 14,710,765 in 2014	15.14%
2015 Operating Profit	18,620,380
Compared with 21,189,739 in 2014	-12.13%
2015 Net Profit	12,839,214
Compared with 16,111,617 in 2014	-20.31%

IFRS Individual

(in thousands in NT\$)

2015 Net Sales	21,348,480
Compared with 23,639,942 in 2014	-9.69%
2015 Cost of Goods Sold	14,063,907
Compared with 16,650,828 in 2014	-15.54%
2015 Operating Expenses	4,027,925
Compared with 3,876,414 in 2014	3.91%
2015 Operating Profit	3,186,455
Compared with 3,037,576 in 2014	4.90%
2015 Net Profit	12,776,655
Compared with 16,015,591 in 2014	-20.22%

(2) Revenue Forecast and Realization

The sales revenue in 2015 totaled NT\$116.7 billion, a realization of 86% of the sales forecast, which was NT\$135 billion.

(3) Financial Position and Profitability Analysis

IFRS Consolidated

(in thousands in NT\$)

Year			2015	2014	%
Item					Change
Income Statement	Sales Revenue		116,726,293	129,014,062	-9.52%
	Gross Profit		35,557,792	35,900,504	-0.95%
	Net Profit		12,839,214	16,111,617	-20.31%
Profitability	Return on Assets (ROA) (%)		8.12	10.28	-21.01%
	Return on Equity (ROE) (%)		14.38	19.19	-25.07%
	As a % of Paid-in Capital	Operating Profit	57.45	65.37	-12.12%
		Pre-tax Profit	53.92	65.62	-17.83%
	Net Profit Margin (%)		11.00	12.49	-11.93%
	Earnings Per Share (NT\$)		3.94	4.94	-20.24%

IFRS Individual

(in thousands in NT\$)

Year			2015	2014	%
Item					Change
Income Statement	Sales Revenue		21,348,480	23,639,942	-9.69%
	Gross Profit		7,284,573	6,989,114	4.23%
	Net Profit		12,776,655	16,015,591	-20.22%
Profitability	Return on Assets (ROA) (%)		10.73	14.16	-24.22%
	Return on Equity (ROE) (%)		14.44	19.23	-24.91%
	As a % of Paid-in Capital	Operating Profit	9.83	9.37	4.91%
		Pre-tax Profit	47.56	57.08	-16.68%
	Net Profit Margin (%)		59.85	67.75	-11.66%
	Earnings Per Share (NT\$)		3.94	4.94	-20.24%

(4) Research and Development

- 25" OTR TIRE research and development
- C886 LTB/TB series research and development
- New Generation motocross MX-HT series research and development
- MCR Steel raping building method for SPORT series research and development
- Tubular cyclocross racing tire research and development
- 700C high air pressure TLR construction techniques research and development
- Gravel road tire research and development
- Go Kart new generation tire K19 research and development
- ATV L.W new generation tire research and development
- ATV LT style 18" tire research and development
- Bighorn 3 New generation tire research and development
- MAXXIS-VICTRA RACING TIRE_VRI research and development
- MAXXIS NEW GENERATION SUV ALL SEASON TIRE research and development
- MAXXIS NEW GENERATION LTR ALL SEASON TIRE research and development
- MAXXIS-RAZR MT 772 research and development
- PRESA-PJ66 SUV TIRE research and development
- Coach 295/80R22.5 LRR tire research and development
- European 315/70R22.5 Low aspect Bib steer research and development
- European 315/70R22.5 Low aspect Drive tire research and development
- LTS On-Off Road 9.5R17.5 UL387 research and development
- South Asia 295/80R22.5 MT212 Trailer Tire research and development

II. Outline of 2016 Business Plan

(1) Business Strategy

Implementing the advanced 5S concept, including Safety, Simplification, Standardization, Synchronization and Synergy, which is the code of conduct for Maxxis, and setting up the three 100% strategies (100% for Quality, 100% for Service and 100% for Trust) with the Maxxis Family to be core members of our business, in order to achieve the business goal to be one of the top tire manufacturers in the world. Then, we will reach the targeted revenue scale, and increase the brand value and market share.

1. Implement Maxxis advanced 5S concept, and improve business synergy through overseas expansion.
2. Enhance R&D technology and synchronize the development of new product.
3. Intelligentize manufacturing system and implement the advanced 5S concept, to improve the synergy of manufacturing procedures.
4. Improve and synchronize the quality of each line of products manufactured by the Company's group.
5. Cultivate international and highly qualified talents as planned and build up communication learning system among the Company's group.
6. Ensure safety, health and environmental protection, and implement energy management.

(2) Sales Volume Forecast and Basis

IFRS Consolidated

(in pcs. in thousands)

Item	Year	2016 Volume Forecast
		Sales
PCR		43,965
TBR		3,941
MC		56,395
BC		85,701
TUBE		116,727
OTHER TIRES		10,337
TOTAL		317,066

IFRS Individual

(in pcs. in thousands)

Item	Year	2016 Volume Forecast	
		Sales	
PCR			7,238
TBR			330
MC			5,987
BC			8,448
TUBE			11,716
OTHER TIRES			2,983
TOTAL			36,702

**This forecast is based on the assessment made during the sales meeting held on February 04, 2016.*

(3) Key Production and Distribution Policy

As we enter into the year of 2016, the Company will continue to drive growth based on its “Glocalization” policy, which means combining globalization with localization, sharpening our R&D focus, and providing our customers from over 180 countries with a more competitive product portfolio.

On behalf of the management team of the Company, thank you for the continued support of all of our shareholders. We remain committed to corporate social responsibility, and will continue to create greater profits and higher value for our shareholders and the Company.

Lou, Tsau-Jen

Chairman

Chen, Yun-Hwa

General Manager

Lo, Yung-Li

Controller

Reports

Item No. 2 - Supervisors' report on the review of the 2015 Financial Statements

Explanation:

The 2015 Financial Statements of the Company have been prepared by the Board of Directors and audited and certified by independent auditors, Grace Hung and Steven Go, of PricewaterhouseCoopers Taiwan. The Financial Statements, along with the Business Report and the proposed profit distribution, have been adopted by resolution of the Board of Directors and reviewed by the supervisors of the Company. The Supervisors' Report can be found on page 18 of the Handbook.

Supervisors' Report

To the 2016 Annual General Meeting of Shareholders of Cheng Shin Rubber Ind. Co., LTD.:

The Board of Directors has prepared and submitted the Company's 2015 Financial Statements (including the consolidated financial statements), which have been audited and certified by independent auditors, Grace Hung and Steven Go, of PricewaterhouseCoopers Taiwan. The Financial Statements, along with the Business Report and the proposed profit distribution, have been reviewed by us, the supervisors of the Company. We have not found any inconsistencies with the Company Act and other relevant laws in our review of the aforementioned documents. Therefore, we, the supervisors, hereby issue this report in compliance with Article 219 of the Company Act.

Dated: March 24, 2016

Tseng, Sung-Chu

Supervisor

Chen, Han-Chi

Supervisor

Chiu, Li-Ching

Supervisor

Reports

Item No. 3 - Report of the Company's distribution of dividends to its directors, supervisors and employees in 2015.

Explanation –

1. The director, supervisor and employee dividends in 2015 are distributed in accordance with Article 36-1 of the Company's Articles of Incorporation amended by the Company's Board of Directors, in response to the slightly decreased sales revenue and net profit in 2015, and taking into account the average distribution amount in 2014.
2. The profit in 2015 is NTD 16,095,664,962, setting aside 1.585% of such profit as director and supervisor dividends in the amount of NTD 255,116,290, and setting aside 2% of such profit as employee dividends in the amount of NTD 321,913,299. The aforementioned dividends are distributed in cash.
3. The amount of employee dividends in 2015 is recognized as expenses in the same amount as distributed. The amount of director and supervisor dividends in 2015 is recognized as expenses in the amount of NTD 357,323,762, which is more than the distributed amount by NTD 102,207,472. The amount recognized was decided by the Board of Directors, and the amount of NTD 102,207,472 will be recognized as income adjustment in 2016.

Reports

Item No. 4 – Reports of endorsement and guarantee of obligations provided to third parties by the Company.

Explanation: As of December 31, 2015, the total amount under the endorsement and guarantee of obligations provided to third parties by the Company is US\$545,000,000, or approximately NT\$17,889,625,000; the details of which can be found on pages 21-23 of the Handbook. It is hereby reported to annual general meeting pursuant to the Company's Rules Governing Endorsement and Guarantee.

CHENG SHIN RUBBER IND. CO., LTD.

Endorsement and Guarantee to Third Parties

As of December 31, 2015

Obligor	Guaranteed Obligation	Type of Guarantee	Balance on Guarantee	Bank Name	Start Date	Due Date	Note
Cheng Shin Tire & Rubber (CHONGQING)	Loan Guarantee	Long-term	USD 20,000,000.00	Taipei Fubon Bank	11.10.2010	12.14.2017	
Cheng Shin Tire & Rubber (CHONGQING)	Loan Guarantee	Long-term	USD 10,000,000.00	Shin Kong Bank	03.10.2011	03.16.2018	
Cheng Shin Tire & Rubber (CHONGQING)	Loan Guarantee	Long-term	USD 30,000,000.00	Public Bank	06.21.2011	06.27.2018	
Cheng Shin Tire & Rubber (CHONGQING)	Loan Guarantee	Long-term	USD 60,000,000.00	Mega Bank	08.25.2011	08.25.2018	
Cheng Shin Tire & Rubber (CHONGQING)	Loan Guarantee	Long-term	USD 20,000,000.00	E. SUN Bank	09.04.2012	08.16.2017	
CST RUBBER (ZHANGZHOU) IND. CO., LTD.	Loan Guarantee	Long-term	USD 15,000,000.00	Mega Bank	08.03.2012	07.10.2019	
CST RUBBER (ZHANGZHOU) IND. CO., LTD.	Loan Guarantee	Long-term	USD 30,000,000.00	First Bank	01.21.2013	01.20.2018	
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$20,000,000.00	Mega Bank	09.09.2010	05.22.2017	
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$15,000,000.00	Shin Kong Bank	02.15.2011	02.15.2018	

Obligor	Guaranteed Obligation	Type of Guarantee	Balance on Guarantee	Bank Name	Start Date	Due Date	Note
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$30,000,000.00	Mega Bank	04.01.2011	04.26.2018	
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$14,000,000.00	HSBC Bank	04.27.2011	05.18.2016	
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$30,000,000.00	Land Bank	06.29.2012	08.22.2017	
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$15,000,000.00	Jih Sun Bank	04.24.2013	07.11.2018	
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$20,000,000.00	MIZUHO Bank	12.16.2013	12.19.2016	
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$20,000,000.00	SMBC Bank	05.22.2014	06.19.2017	
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$10,000,000.00	Standard Chartered Bank	08.15.2014	08.20.2017	
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$25,000,000.00	BBL Bank	09.15.2015	09.15.2017	
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$20,000,000.00	Mega Bank	02.16.2015	02.16.2020	
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$20,000,000.00	HSBC Bank	08.20.2015	08.20.2017	
Maxxis International (Thailand) Co., Ltd	Loan Guarantee	Long-term	US\$12,000,000.00	Mega Bank	10.08.2009	10.08.2016	
Cheng Shin Rubber	Loan	Long-term	US\$24,000,000.00	First Bank	08.10.2010	08.10.2017	

Obligor	Guaranteed Obligation	Type of Guarantee	Balance on Guarantee	Bank Name	Start Date	Due Date	Note
(Vietnam) Ind. Co., Ltd	Guarantee						
Cheng Shin Rubber (Vietnam) Ind. Co., Ltd	Loan Guarantee	Long-term	US\$10,000,000.00	Taipei Fubon Bank	05.06.2013	07.23.2018	
Cheng Shin Rubber (Vietnam) Ind. Co., Ltd	Loan Guarantee	Long-term	US\$10,000,000.00	CTBC Bank	05.27.2014	05.27.2017	
Cheng Shin Rubber (Vietnam) Ind. Co., Ltd	Loan Guarantee	Short-term	US\$5,000,000.00	MIZUHO Bank	01.02.2015	01.02.2016	
Cheng Shin Rubber (Vietnam) Ind. Co., Ltd	Loan Guarantee	Short-term	US\$7,000,000.00	First Bank	01.30.2015	01.30.2016	
Cheng Shin Rubber (Vietnam) Ind. Co., Ltd.	Loan Guarantee	Short-term	US\$5,000,000.00	MUFG Bank	02.28.2015	02.28.2016	
Cheng Shin Rubber (Vietnam) Ind. Co., Ltd	Loan Guarantee	Short-term	US\$7,000,000.00	HSBC Bank	03.27.2015	03.27.2018	
Cheng Shin Rubber (Vietnam) Ind. Co., Ltd	Loan Guarantee	Short-term	US\$10,000,000.00	BBL Bank	05.23.2015	05.23.2016	
Cheng Shin Rubber (Vietnam) Ind. Co., Ltd	Loan Guarantee	Short-term	US\$10,000,000.00	CTBC Bank	05.31.2015	05.31.2016	
Cheng Shin Rubber (Vietnam) Ind. Co., Ltd	Loan Guarantee	Short-term	US\$5,000,000.00	ANZ Bank	09.29.2015	09.29.2016	
Cheng Shin Rubber (Vietnam) Ind. Co., Ltd	Loan Guarantee	Short-term	US\$7,000,000.00	Mega Bank	10.17.2015	10.16.2016	
Cheng Shin Rubber (Vietnam) Ind. Co., Ltd	Loan Guarantee	Short-term	US\$9,000,000.00	Taipei Fubon Bank	11.20.2015	11.20.2016	

Reports

Item No. 5 –Implementation reports of spin-off of the Company's domestic sales (business) department to the subsidiary "MAXXIS Trading Ltd.", which is 100% held by the Company.

Explanation: The spin-off is for the Company to focus on research, development and manufacture of the products, making the Company an international brand, and expanding the markets overseas, and for MAXXIS Trading Ltd. to focus on developing domestic distribution channels, so as to develop production and distribution evenly, to continue expanding the Company's business scale in the market, and to seek the best interests for the shareholders. The Company spins off its domestic sales (business) department to its subsidiary, MAXXIS Trading Ltd., which is 100% held by the Company. The Company has filed application with the competent authorities in accordance with relevant laws after such spin-off plan is adopted at the Board of Directors' meeting on March 24, 2016. The record date for spin-off is scheduled to be June 1, 2016.

Ratifications

Ratifications

Item No. 1 – To ratify the 2015 Business Report and Financial Statements
(submitted by the Board of Directors)

Explanation:

1. The 2015 Business Report and Financial Statements have been prepared by the Board of Directors and the Financial Statements have been audited and certified by independent auditors, Grace Hung and Steven Go, of PricewaterhouseCoopers Taiwan. The Business Report and the Financial Statements have been adopted by resolution of the Board of Directors and reviewed by the supervisors of the Company. The supervisors have not found any inaccuracies in their review of these documents and delivered a report accordingly. The Business Report, Supervisors' Report, and Financial Statements can be found on pages 9-16, 18, and 27-43 of the Handbook.
2. The proposal is hereby submitted for ratification.

Resolution:

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR 15004111

To the Board of Directors and Stockholders of Cheng Shin Rubber Ind. Co., Ltd. :

We have audited the accompanying consolidated balance sheets of Cheng Shin Rubber Ind. Co., Ltd. and its subsidiaries (the “Cheng Shin Group”) as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Cheng Shin Group’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$4,964,734 thousand and NT\$5,004,026 thousand, both representing 3% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and the total liabilities of NT\$2,425,578 thousand and NT\$2,914,994 thousand, constituting 3% and 4% of the consolidated total liabilities as of December 31, 2015 and 2014, respectively, and total operating revenues of NT\$5,024,129 thousand and NT\$4,686,035 thousand, both representing 4% of consolidated total net operating revenue for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the

consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cheng Shin Rubber Ind. Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Cheng Shin Rubber Ind. Co., Ltd. as of and for the years ended December 31, 2015 and 2014, and have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 24, 2016

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan Dollars)

Assets		Notes	2015		2014	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 22,381,482	14	\$ 21,166,079	12
1125	Available-for-sale financial	6(2)				
	assets—current		167,347	-	137,351	-
1150	Notes receivable, net	6(3)	2,242,936	1	3,148,922	2
1170	Accounts receivable, net	6(4)	10,694,137	7	11,179,906	6
1180	Accounts receivable—related	7				
	parties, net		161,489	-	178,105	-
130X	Inventories, net	6(5)	13,213,153	8	16,572,698	10
1410	Prepayments		1,126,046	1	1,623,294	1
1470	Other current assets		2,360,540	1	1,169,890	1
11XX	Total current assets		52,347,130	32	55,176,245	32
Non-current assets						
1523	Available-for-sale financial	6(2)				
	assets—non-current		58,187	-	58,187	-
1550	Investments accounted for using	6(6)(20)				
	equity method		181,668	-	175,325	-
1600	Property, plant and equipment, net	6(7)	106,476,804	64	109,430,271	65
1760	Investment property, net	6(8)	328,252	-	329,221	-
1840	Deferred income tax assets	6(25)	701,125	-	730,697	1
1900	Other non-current assets	6(9) and 8	5,865,056	4	3,970,421	2
15XX	Total non-current assets		113,611,092	68	114,694,122	68
1XXX	Total assets		\$ 165,958,222	100	\$ 169,870,367	100

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31

(Expressed in thousands of New Taiwan Dollars)

	Liabilities and Equity	Notes	2015		2014	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	\$ 16,206,436	10	\$ 14,436,115	9
2120	Financial liabilities at fair value through profit or loss - current	6(13)	19,173	-	-	-
2150	Notes payable		207,011	-	57,482	-
2170	Accounts payable		6,744,632	4	8,239,180	5
2200	Other payables	6(11)	6,314,880	4	6,707,782	4
2230	Current income tax liabilities	6(25)	1,751,321	1	2,206,857	1
2300	Other current liabilities	6(12)(14)(15)	6,146,918	4	8,937,676	5
21XX	Total current liabilities		<u>37,390,371</u>	<u>23</u>	<u>40,585,092</u>	<u>24</u>
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss—non-current	6(13)	-	-	47,823	-
2530	Bonds payable	6(14)	8,600,000	5	8,600,000	5
2540	Long-term borrowings	6(15) and 7	23,458,920	14	25,028,308	15
2550	Provisions—non-current		118,340	-	106,684	-
2570	Deferred income tax liabilities	6(25)	2,415,551	2	2,778,204	2
2600	Other non-current liabilities	6(16)	4,022,456	2	4,167,231	2
25XX	Total non-current liabilities		<u>38,615,267</u>	<u>23</u>	<u>40,728,250</u>	<u>24</u>
2XXX	Total liabilities		<u>76,005,638</u>	<u>46</u>	<u>81,313,342</u>	<u>48</u>
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(17)				
3110	Ordinary shares		32,414,155	20	32,414,155	19
	Capital surplus	6(18)				
3200	Capital surplus		52,576	-	52,576	-
	Retained earnings	6(19)				
3310	Legal reserve		11,678,012	7	10,076,452	6
3320	Special reserve		2,604,163	2	2,604,163	2
3350	Unappropriated retained earnings		40,593,212	24	39,169,276	23
	Other equity interest	6(20)				
3400	Other equity interest		1,819,019	1	3,446,772	2
31XX	Total equity attributable to owners of the parent		<u>89,161,137</u>	<u>54</u>	<u>87,763,394</u>	<u>52</u>
36XX	Non-controlling interests		<u>791,447</u>	<u>-</u>	<u>793,631</u>	<u>-</u>
3XXX	Total equity		<u>89,952,584</u>	<u>54</u>	<u>88,557,025</u>	<u>52</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 165,958,222</u>	<u>100</u>	<u>\$ 169,870,367</u>	<u>100</u>

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

See report of independent accountants dated March 24, 2016.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan Dollars, except earnings per share data)

Items	Notes	2015		2014	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	7	\$ 116,726,293	100	\$ 129,014,062	100
5000 Operating costs	6(5)	(81,168,501)	(70)	(93,113,558)	(72)
5900 Gross profit		35,557,792	30	35,900,504	28
Operating expenses	7				
6100 Selling expenses		(9,198,205)	(8)	(8,474,651)	(7)
6200 General and administrative expenses		(3,415,096)	(3)	(3,006,727)	(2)
6300 Research and development expenses		(4,324,111)	(3)	(3,229,387)	(2)
6000 Total operating expenses		(16,937,412)	(14)	(14,710,765)	(11)
6900 Operating profit		18,620,380	16	21,189,739	17
Non-operating income and expenses					
7010 Other income	6(21)	1,001,299	1	1,150,998	1
7020 Other gains and losses	6(22)	(1,234,867)	(1)	19,828	-
7050 Finance costs	6(23)	(948,371)	(1)	(1,129,829)	(1)
7060 Share of profit of associates and joint ventures accounted for under equity method	6(6)	37,762	-	40,060	-
7000 Total non-operating income and expenses		(1,144,177)	(1)	81,057	-
7900 Profit before income tax		17,476,203	15	21,270,796	17
7950 Income tax expense	6(25)	(4,636,989)	(4)	(5,159,179)	(4)
8200 Profit for the year		\$ 12,839,214	11	\$ 16,111,617	13

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

(Expressed in thousands of New Taiwan Dollars, except earnings per share data)

	Items	Notes	2015		2014	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive loss, before tax, actuarial losses on defined benefit plans		(\$ 32,031)	-	(\$ 25,859)	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(327)	-	(458)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	5,445	-	4,396	-
8310	Components of other comprehensive loss that will not be reclassified to profit or loss		(26,913)	-	(21,921)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		(2,062,100)	(2)	3,328,237	3
8362	Unrealized gain on valuation of available-for-sale financial assets	6(2)	40,790	-	13,683	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(10,794)	-	(1,286)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(25)	339,608	1	(548,547)	(1)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(1,692,496)	(1)	2,792,087	2
8300	Other comprehensive (loss) income for the year		(\$ 1,719,409)	(1)	\$ 2,770,166	2
8500	Total comprehensive income for the year		\$ 11,119,805	10	\$ 18,881,783	15
	Profit attributable to:					
8610	Owners of the parent		\$ 12,776,655	11	\$ 16,015,591	13
8620	Non-controlling interest		62,559	-	96,026	-
			\$ 12,839,214	11	\$ 16,111,617	13
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 11,121,989	10	\$ 18,673,535	15
8720	Non-controlling interest		(2,184)	-	208,248	-
			\$ 11,119,805	10	\$ 18,881,783	15
	Earnings per share (in dollars)	6(26)				
9750	Basic earnings per share		\$ 3.94		\$ 4.94	
9850	Diluted earnings per share		\$ 3.93		\$ 4.93	

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 24, 2016

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
		Capital Reserves			Retained Earnings			Other Equity Interest				
		Share capital -Ordinary shares	Treasury stock transactions	Gain on sale of fixed assets	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statement translation differences of foreign operations	Unrealized gain or loss on available-for- sale financial assets	Total	Non-controlling interest	Total equity
	Notes											
<u>2014</u>												
Balance at January 1, 2014		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 8,221,599	\$ 2,604,163	\$ 34,754,705	\$ 734,974	\$ 31,933	\$ 78,814,105	\$ 585,383	\$ 79,399,488
Appropriations of 2013 earnings:												
Legal reserve		-	-	-	1,854,853	-	(1,854,853)	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	-	(9,724,246)	-	-	(9,724,246)	-	(9,724,246)
Profit for the year		-	-	-	-	-	16,015,591	-	-	16,015,591	96,026	16,111,617
Other comprehensive (loss)income for the year	6(20)	-	-	-	-	-	(21,921)	2,667,428	12,437	2,657,944	112,222	2,770,166
Balance at December 31, 2014		<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 10,076,452</u>	<u>\$ 2,604,163</u>	<u>\$ 39,169,276</u>	<u>\$ 3,402,402</u>	<u>\$ 44,370</u>	<u>\$ 87,763,394</u>	<u>\$ 793,631</u>	<u>\$ 88,557,025</u>
<u>2015</u>												
Balance at January 1, 2015		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 10,076,452	\$ 2,604,163	\$ 39,169,276	\$ 3,402,402	\$ 44,370	\$ 87,763,394	\$ 793,631	\$ 88,557,025
Appropriations of 2014 earnings:												
Legal reserve		-	-	-	1,601,560	-	(1,601,560)	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	-	(9,724,246)	-	-	(9,724,246)	-	(9,724,246)
Profit for the year		-	-	-	-	-	12,776,655	-	-	12,776,655	62,559	12,839,214
Other comprehensive (loss)income for the year	6(20)	-	-	-	-	-	(26,913)	(1,658,083)	30,330	(1,654,666)	(64,743)	(1,719,409)
Balance at December 31, 2015		<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 11,678,012</u>	<u>\$ 2,604,163</u>	<u>\$ 40,593,212</u>	<u>\$ 1,744,319</u>	<u>\$ 74,700</u>	<u>\$ 89,161,137</u>	<u>\$ 791,447</u>	<u>\$ 89,952,584</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 24, 2015.

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See report of independent accountants dated March 24, 2016

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan Dollars)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		\$ 17,476,203	\$ 21,270,796
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(7)(24)	11,363,038	10,460,914
Depreciation on investment property	6(8)	969	969
Rental expenses for land use right	6(9)	89,803	92,562
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(37,762)	(40,060)
Investment loss	6(22)	-	7,485
Net gain on financial assets or liabilities at fair value through profit or loss	6(22)	(28,266)	(27,501)
Loss on disposal of property, plant and equipment	6(7)(22)	77,370	36,488
Property, plant and equipment transferred to expenses	6(7)	172,419	129,914
Provision for bad debts expense	6(4)	254	6,309
Interest expense	6(7)(23)	948,371	1,129,829
Interest income	6(21)	(194,775)	(214,634)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial instruments at fair value through profit or loss		-	1,250
Notes receivable, net		905,986	(721,901)
Accounts receivable - related parties		16,616	(12,620)
Accounts receivable		485,471	(1,249,544)
Inventories		3,359,545	786,517
Prepayments		497,248	561,582
Other current assets		(305,745)	(342,259)
Other operating assets		(21,778)	(7,929)
Net changes in liabilities relating to operating activities			
Notes payable		149,529	(6,380)
Accounts payable		(1,494,548)	(214,643)
Other payables		165,948	290,076
Other current liabilities		72,089	68,976
Accrued pension liabilities		4,380	(7,800)
Cash generated from operations		33,702,365	31,998,396
Interest received		196,954	220,760
Dividends received	6(6)	33,888	17,000
Interest paid		(964,235)	(1,147,641)
Income tax paid		(5,181,149)	(5,487,288)
Net cash provided by operating activities		27,787,823	25,601,227

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan Dollars)

	Notes	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in available-for-sale financial assets, net – current		\$ -	(\$ 2,652)
Proceeds from capital reduction of available-for-sale financial assets		-	150
Proceeds from disposal of available-for-sale financial assets		-	20,000
Proceeds from disposal of property, plant and equipment	6(7)	196,678	295,638
Payment for capitalized interests	6(7)(23)(27)	(37,230)	(30,724)
Acquisition of property, plant and equipment	6(7)(27)	(11,521,974)	(12,687,332)
Decrease (increase) in refundable deposits		230,981	(311,658)
Increase in land use rights		(2,284,925)	(72,622)
Decrease in land use rights		75,745	-
Increase in other non-current liabilities		(118,390)	958,774
Net cash used in investing activities		(13,459,115)	(11,830,426)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in other current assets		(809,989)	-
Increase in short-term loans		17,862,179	19,401,174
Decrease in short-term loans		(16,175,218)	(17,703,198)
Proceeds from issuing bonds	6(14)	-	4,800,000
Repayments of bonds	6(14)	(2,000,000)	(3,500,000)
Increase in long-term loans		8,050,954	7,314,022
Decrease in long-term loans		(10,122,171)	(14,823,204)
(Decrease) increase in guarantee deposits received		(7,862)	10,551
Cash dividends paid	6(19)	(9,724,246)	(9,724,246)
(Decrease) increase in other payables to related parties	7	(152,760)	152,760
Net cash used in financing activities		(13,079,113)	(14,072,141)
Effect of exchange rate changes on cash and cash equivalents		(34,192)	1,652,994
Increase in cash and cash equivalents		1,215,403	1,351,654
Cash and cash equivalents at beginning of year	6(1)	21,166,079	19,814,425
Cash and cash equivalents at end of year	6(1)	<u>\$ 22,381,482</u>	<u>\$ 21,166,079</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 24, 2016.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR 15004060

To the Board of Directors and Stockholders of Cheng Shin Rubber Ind. Co., Ltd:

We have audited the accompanying parent company only balance sheets of Cheng Shin Rubber Ind. Co., Ltd. as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits. As described in Note 6(7), we did not audit the financial statements of certain investments accounted for using equity method and related amounts disclosed in Note 13. The balances of investments accounted for using equity method were NT\$2,539,156 thousand and NT\$2,089,031 thousand, both representing 2% of the total assets as of December 31, 2015 and 2014, respectively; and the share of profit of subsidiaries, associates and joint ventures accounted for using equity method were NT\$795,889 thousand and NT\$542,498 thousand, representing 7% and 3% of the total comprehensive income for the years then ended, respectively. These financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, is based solely on the audit reports of the other independent accountants.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test

basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of Cheng Shin Rubber Ind. Co., Ltd. as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in conformity with the “Rules Governing the Preparations of Financial Statements by Securities Issuers”.

PricewaterhouseCoopers, Taiwan

March 24, 2016

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	2015		2014	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 8,933,048	7	\$ 9,339,832	8
1125	Available-for-sale financial assets	6(3)				
	- current		100,055	-	58,931	-
1150	Notes receivable, net	6(4) and 7	25,209	-	34,787	-
1170	Accounts receivable, net	6(5)	1,406,253	1	1,761,979	1
1180	Accounts receivable - related parties, net	7	934,590	1	1,332,936	1
130X	Inventories, net	6(6)	2,077,886	2	2,077,832	2
1410	Prepayments		198,894	-	227,382	-
1470	Other current assets	7	710,099	1	686,314	1
11XX	Total current assets		14,386,034	12	15,519,993	13
Non-current assets						
1523	Available-for-sale financial assets — non-current	6(3)	58,187	-	58,187	-
1550	Investments accounted for using equity method	6(7)	90,614,333	74	87,672,464	72
1600	Property, plant and equipment, net	6(8)(26)	16,761,445	14	17,296,891	14
1760	Investment property, net	6(9)	328,252	-	329,221	1
1840	Deferred income tax assets	6(24)	286,970	-	297,147	-
1900	Other non-current assets	8	16,067	-	314,711	-
15XX	Total non-current assets		108,065,254	88	105,968,621	87
1XXX	Total assets		\$ 122,451,288	100	\$ 121,488,614	100

(Continued)

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	2015		2014	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	\$ -	-	\$ 54,394	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	7,415	-	-	-
2170	Accounts payable		964,368	1	1,200,823	1
2180	Accounts payable - related parties	7	14,945	-	18,344	-
2200	Other payables	6(11) and 7	2,501,181	2	2,816,252	2
2230	Current income tax liabilities	6(24)	1,412,819	1	1,652,298	2
2300	Other current liabilities	6(12)	589,945	-	2,089,200	2
21XX	Total current liabilities		<u>5,490,673</u>	<u>4</u>	<u>7,831,311</u>	<u>7</u>
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss—non-current	6(2)	-	-	22,407	-
2530	Bonds payable	6(13)	8,600,000	7	8,600,000	7
2540	Long-term borrowings	6(14)	15,867,000	13	13,603,667	11
2570	Deferred income tax liabilities	6(24)	2,415,551	2	2,778,204	2
2600	Other non-current liabilities	6(15)	916,927	1	889,631	1
25XX	Total non-current liabilities		<u>27,799,478</u>	<u>23</u>	<u>25,893,909</u>	<u>21</u>
2XXX	Total liabilities		<u>33,290,151</u>	<u>27</u>	<u>33,725,220</u>	<u>28</u>
	Equity					
	Share capital					
3110	Ordinary shares	6(16)	32,414,155	27	32,414,155	27
	Capital surplus	6(17)				
3200	Capital surplus		52,576	-	52,576	-
	Retained earnings	6(18)(25)				
3310	Legal reserve		11,678,012	10	10,076,452	8
3320	Special reserve		2,604,163	2	2,604,163	2
3350	Unappropriated retained earnings		40,593,212	33	39,169,276	32
	Other equity interest	6(19)				
3400	Other equity interest		1,819,019	1	3,446,772	3
3XXX	Total equity		<u>89,161,137</u>	<u>73</u>	<u>87,763,394</u>	<u>72</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 122,451,288</u>	<u>100</u>	<u>\$ 121,488,614</u>	<u>100</u>

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 24, 2016.

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

Items	Notes	2015		2014	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	7	\$ 21,348,480	100	\$ 23,639,942	100
5000 Operating costs	6(6)	(14,063,907)	(66)	(16,650,828)	(71)
5900 Gross profit		7,284,573	34	6,989,114	29
5910 Unrealized profit from sales		(70,193)	-	(75,124)	-
5950 Gross profit from operations		7,214,380	34	6,913,990	29
Operating expenses					
6100 Selling expenses	7	(2,508,537)	(12)	(2,201,057)	(9)
6200 General and administrative expenses		(644,711)	(3)	(833,147)	(3)
6300 Research and development expenses		(874,677)	(4)	(842,210)	(4)
6000 Total operating expenses	6(23)	(4,027,925)	(19)	(3,876,414)	(16)
6900 Operating profit		3,186,455	15	3,037,576	13
Non-operating income and expenses					
7010 Other income	6(20) and 7	1,396,912	6	1,549,914	7
7020 Other gains and losses	6(21)	622,982	3	552,312	2
7050 Finance costs	6(22)	(378,023)	(2)	(360,817)	(2)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	10,588,102	50	13,722,817	58
7000 Total non-operating income and expenses		12,229,973	57	15,464,226	65
7900 Profit before income tax		15,416,428	72	18,501,802	78
7950 Income tax expense	6(24)	(2,639,773)	(12)	(2,486,211)	(10)
8200 Profit for the year		\$ 12,776,655	60	\$ 16,015,591	68
Other comprehensive income	6(19)(24)				
Components of other comprehensive loss that will not be reclassified to profit or loss					
8311 Other comprehensive loss, before tax, actuarial losses on defined benefit plans	6(15)	(\$ 32,031)	-	(\$ 25,859)	-
8330 Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive loss that will not be reclassified to profit or loss		(327)	-	(458)	-
8349 Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss	6(24)	5,445	-	4,396	-
8310 Components of other comprehensive loss that will not be reclassified to profit or loss		(26,913)	-	(21,921)	-
Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361 Other comprehensive (loss) income, before tax, exchange differences on translation		(1,997,691)	(9)	3,215,975	13
8362 Other comprehensive income, before tax, available-for-sale financial assets		41,124	-	13,723	-
8380 Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(10,794)	-	(1,286)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss		339,608	1	(548,547)	(2)
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		(1,627,753)	(8)	2,679,865	11
8300 Other comprehensive (loss) income for the year		(\$ 1,654,666)	(8)	\$ 2,657,944	11
8500 Total comprehensive income for the year		\$ 11,121,989	52	\$ 18,673,535	79
Earnings per share (in dollars)	6(25)				
9750 Basic earnings per share		\$ 3.94		\$ 4.94	
9850 Diluted earnings per share		\$ 3.93		\$ 4.93	

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 24, 2016.

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

Notes	Share capital - Ordinary shares	Capital Surplus		Retained Earnings		Total unappropriated retained earnings (accumulated deficit)	Other equity interest		Total equity
		Treasury stock transactions	Gain on sale of assets	Legal reserve	Special reserve		Financial statement translation differences of foreign operations	Unrealized gain or loss on available-for-sa le financial assets	
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 8,221,599	\$ 2,604,163	\$ 34,754,705	\$ 734,974	\$ 31,933	\$ 78,814,105
6(18)	-	-	-	1,854,853	-	(1,854,853)	-	-	-
	-	-	-	-	-	(9,724,246)	-	-	(9,724,246)
	-	-	-	-	-	16,015,591	-	-	16,015,591
6(19)	-	-	-	-	-	(21,921)	2,667,428	12,437	2,657,944
	<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 10,076,452</u>	<u>\$ 2,604,163</u>	<u>\$ 39,169,276</u>	<u>\$ 3,402,402</u>	<u>\$ 44,370</u>	<u>\$ 87,763,394</u>
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 10,076,452	\$ 2,604,163	\$ 39,169,276	\$ 3,402,402	\$ 44,370	\$ 87,763,394
6(18)	-	-	-	1,601,560	-	(1,601,560)	-	-	-
	-	-	-	-	-	(9,724,246)	-	-	(9,724,246)
	-	-	-	-	-	12,776,655	-	-	12,776,655
6(19)	-	-	-	-	-	(26,913)	(1,658,083)	30,330	(1,654,666)
	<u>\$ 32,414,155</u>	<u>\$ 9,772</u>	<u>\$ 42,804</u>	<u>\$ 11,678,012</u>	<u>\$ 2,604,163</u>	<u>\$ 40,593,212</u>	<u>\$ 1,744,319</u>	<u>\$ 74,700</u>	<u>\$ 89,161,137</u>

The directors' and supervisors' remuneration of \$500,810 and employees' bonus of \$333,874 for 2013 have been deducted from the parent company only statement of comprehensive income.
The directors' and supervisors' remuneration of \$319,992 and employees' bonus of \$288,281 for 2014 have been deducted from the parent company only statement of comprehensive income.

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 24, 2016.

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax for the year		\$ 15,416,428	\$ 18,501,802
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Unrealised loss on inter-company transactions		37,230	114,736
Depreciation	6(8)	1,549,388	1,521,618
Provision for bad debts expense		-	7,461
Depreciation on investment property	6(9)	969	969
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(21)	(14,992)	(14,131)
Loss on disposal of investments	6(21)	-	7,485
Gain on disposal of property, plant and equipment	6(8)	(238,298)	(281,250)
Loss on unfinished construction and equipment under acceptance transferred to expenses	6(8)	14,540	4,410
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	(10,588,102)	(13,722,817)
Interest income	6(20)	(79,485)	(79,681)
Interest expense	6(22)	390,816	373,911
Unrealised foreign exchange (gain) loss		(1,360)	883
Effect of exchange rate		(78,381)	(108,946)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial instruments at fair value through profit or loss		-	1,250
Notes receivable		9,578	(10,100)
Accounts receivable		355,726	(46,825)
Accounts receivable - related parties		398,346	(203,654)
Inventories		(54)	172,761
Other current assets		78,426	1,186,310
Net changes in liabilities relating to operating activities			
Accounts payable		(236,455)	166,196
Accounts payable - related parties		(3,399)	331
Other payables		(236,458)	21,587
Accrued pension liabilities		(4,436)	(8,706)
Other current liabilities		(19,255)	11,962
Cash generated from operations		6,750,772	7,617,562
Interest received		82,858	95,017
Dividends received		8,330,064	8,677,715
Interest paid		(388,108)	(345,876)
Income tax paid		(2,978,536)	(2,467,777)
Net cash provided by operating activities		11,797,050	13,576,641

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan Dollars)

	Notes	2015	2014
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of available-for-sale financial assets		\$ -	(\$ 149)
Proceeds from disposal of available-for-sale financial assets		-	20,000
Proceeds from capital reduction of available-for-sale financial assets		-	150
Acquisition of investments accounted for using equity method		(2,613,800)	(1,673,650)
Proceeds from disposal of property, plant and equipment	6(8)	802,781	1,002,303
Acquisition of property, plant and equipment	6(8)(26)	(1,777,566)	(1,784,576)
Payment for capitalized interests	6(8)(26)	(12,793)	(13,094)
Decrease (increase) in refundable deposits		<u>313,409</u>	<u>(311,418)</u>
Net cash used in investing activities		<u>(3,287,969)</u>	<u>(2,760,434)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans		(53,034)	4,819
Decrease in long-term loans	6(13)	(4,216,667)	(4,380,500)
Increase in long-term loans		7,000,000	5,500,000
(Decrease) increase in guarantee deposits received		(299)	6,134
Proceeds from issuing bonds	6(13)	-	4,800,000
Repayment of bonds		(2,000,000)	(3,500,000)
Cash dividends paid	6(18)	<u>(9,724,246)</u>	<u>(9,724,246)</u>
Net cash used in financing activities		<u>(8,994,246)</u>	<u>(7,293,793)</u>
Effect of exchange rate changes on cash and cash equivalents		<u>78,381</u>	<u>108,946</u>
(Decrease) increase in cash and cash equivalents		(406,784)	3,631,360
Cash and cash equivalents at beginning of year	6(1)	<u>9,339,832</u>	<u>5,708,472</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 8,933,048</u>	<u>\$ 9,339,832</u>

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 24, 2016.

Ratifications

Item No. 2 – Proposal of the 2015 profit distribution (submitted by the Board of Directors)

Explanation:

1. The Board has adopted a proposal for the distribution of the Company's 2015 profits, which has been reviewed by the supervisors.
2. After setting aside the legal reserve, the 2015 after-tax earnings together with the undistributed earnings from the previous year shall amount to a total distributable earnings of NT\$39,315,546,124. In accordance with the Articles of Incorporation of the Company, the Board of Directors proposes to distribute cash dividends in the amount of NT\$9,724,246,608 to the shareholders at NT\$3 per share. The profit distribution shall be allocated out of the 2015 earnings. If the 2015 earnings are insufficient for the current profit distribution, then the distribution shall be allocated out of the 2014 undistributed earnings. The cumulative undistributed earnings after distribution will be NT\$29,591,299,516. (The details of which may be found on page 45 of the Earnings Allocation Table in this Handbook.)
3. It is proposed that after the profit distribution has been approved at the shareholders' meeting, the Board of Directors will be authorized to set the ex-dividend date. Dividends will be paid out to the shareholders whose name are on the shareholder register as of the record date. Cash dividend to shareholder that are under NT\$1 shall be categorized as "other income" of the Company.
4. The proposal is hereby submitted for ratification.

Resolution:

CHENG SHIN RUBBER IND. CO., LTD.

**Profit Distribution
Year Ended December 31, 2015**

	(NT\$)
Beginning balance of retained earnings	27,843,469,839
	<u>(26,913,089)</u>
Less adjustment of 2014 retained earnings	
Adjusted beginning balance of retained earnings	<u>27,816,556,750</u>
Net Income of 2014	<u>12,776,654,860</u>
Less 10% legal reserve appropriated	<u>(1,277,665,486)</u>
Earnings available for distribution	<u>39,315,546,124</u>
<u>Distribution items:</u>	
Cash dividends (at NT\$3 per share)	<u>(9,724,246,608)</u>
Balance of 2014 retained earnings	<u>29,591,299,516</u>

Lou, Tsau-Jen

Chairman

Chen, Yun-Hwa

General Manager

Lo, Yung-Li

Controller

Motions

Other Matters

Details of accepting shareholder proposals for the 2016 Annual General Meeting of the Shareholders

Explanation:

1. According to Article 172-1 of the Company Act, a shareholder who holds 1% or more of the total issued and outstanding shares may submit one proposal in writing to the Company to be discussed at the shareholders' meeting; the proposal may only address one matter, and may not contain more than 300 Chinese characters.
2. Shareholder proposals must be submitted during the period from April 8, 2016 to April 18, 2016. As required by law, the Company has posted information regarding shareholder proposals on MOPS.
3. As of April 18, 2016, the Company has not received any written submission of shareholder proposals.

Adjournment

Annex 1

Cheng Shin Rubber Ind. Co., LTD. Articles of Incorporation (non-amended)

Section I General Provisions

Article 1

The name of the company is CHENG SHIN RUBBER IND. CO., LTD. (正新橡膠工業股份有限公司) (the “Company”), which is duly organized as a company limited by shares under the Company Act of Taiwan.

Article 2

The business to be operated by the Company is as follows:

1. C801990 Manufacturing of other chemical materials
2. C802160 Manufacturing of sticky tapes
3. C804010 Manufacturing of tires
4. C804020 Manufacturing of industrial rubber products
5. C804990 Manufacturing of other rubber products
6. CB01010 Manufacturing of machinery and equipment
7. F112040 Wholesale of Petrochemical Fuel Products
8. F212050 Retail of petroleum products
9. F401010 International trade
10. ZZ99999 All business not prohibited or restricted by law, except for those subject to special approval

Article 3

The total amount of investments by the Company may exceed forty percent of the paid-in capital of the Company.

Article 4

The headquarters of the Company is located in Changhua County, Taiwan. The Company may establish branches or subsidiaries in Taiwan or overseas as the Company may require upon resolution by the board of directors of the Company

("Board or "Board of Directors").

Article 5

The Company may act as a guarantor for companies in the same industry.

Section II Shares

Article 6

The registered capital of the Company shall be thirty two billion four hundred fourteen million one hundred fifty five thousand three hundred sixty New Taiwan Dollars (NT\$32,414,155,360), divided into three billion two hundred forty one million four hundred fifteen thousand five hundred thirty six (3,241,415,536) shares, with a par value of ten New Taiwan Dollars (NT\$10) per share, which are fully issued.

Article 7

The Company's shares shall be registered and numbered, and shall bear the signatures or personal seals of at least three directors, and be issued upon certification in accordance with the law.

The Company may issue shares without certificates, and such shares shall be registered with a central securities depository.

Article 8

The Company's shares shall be handled according to the "Regulations Governing the Administration of Shareholder Service of Public Companies" prescribed by the competent authority.

Article 9

Registration for the transfer of shares shall be completed sixty (60) days before the date of each annual meeting, thirty (30) days before the date of each special meeting, or five (5) days before the date on which dividends, bonus, or any other distributions will be paid or made by the Company.

Section III

Shareholders' Meeting

Article 10

There are two types of shareholders' meeting of the Company, the annual meeting and special meeting.

Annual meetings shall be convened by the Board of Directors annually within six (6) months after the end of each fiscal year.

Special meetings shall be convened as required in accordance with applicable laws and regulations.

Article 11

Notice shall be given to the shareholders by mail or electronic transmission at least thirty (30) days prior to an annual meeting, and at least fifteen (15) days prior to a special meeting, stating the date, place, and purpose of the meeting. Notice to shareholders holding less than a thousand (1,000) shares may be given by public announcement.

Article 11-1

A shareholder holding one percent or more of the total issued and outstanding shares may submit a proposal in writing to be discussed at the annual meeting, provided that only one matter may be included in such proposal. Any proposal that includes more than one matter shall be disregarded and excluded from the meeting agenda. The relevant process shall comply with the Company Act and all applicable laws and regulations.

Article 12

A shareholder who is unable to attend the shareholders' meeting may authorize another person to attend as proxy using the form provided by the Company affixed with the seal that such shareholder left in the Company's safekeeping, which sets forth the scope of the authorization. The proxy process is governed by Article 177 of the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" prescribed by the competent authority.

Article 13

The shareholders' meetings shall be presided by the Chairman of the Board. If the

Chairman of the Board is on leave or unable to exercise his powers and duties for any reason, the chairperson of the meetings shall be appointed pursuant to Article 208 of the Company Act. If the meeting is convened by a person with the authority to convene other than the Board of Directors, such person shall act as the chairperson at that meeting; if there are more than one person with the authority to convene, the chairperson for the meeting shall be appointed from among them.

Article 14

Except as otherwise provided by applicable law, the shareholders' resolutions shall be adopted upon the approval of a majority of the voting shares present at the meeting, which is attended by holders of a majority of the total issued and outstanding shares of the Company.

The shareholders may exercise their voting rights by mail or electronic transmission in accordance with the applicable laws and regulations. The notice of the shareholders' meeting shall specify the instructions for voting by mail or electronic transmission.

Article 15

Except for the shares with restricted voting right or without voting rights under the Company Act, each share of the Company is entitled to one vote.

A shareholder who exercises his voting rights by mail or electronic transmission will be deemed to have waived his rights to vote on any ad hoc motions and amendments to the original proposals at such meeting.

Article 16

The resolutions adopted at the shareholders' meeting shall be made into minutes, which shall be signed by or affixed with seal of the chairperson of the meeting and distributed to all shareholders within 20 days after the meeting. The distribution of the meeting minutes shall comply with Article 183 of the Company Act.

Minutes of the meeting shall include the date and place of the meeting, the name of the chairperson at the meeting, the method for adopting the resolutions, and summary and results of the proceedings. Minutes of the meetings shall be kept for as long as the Company is in existence.

The attendance register and proxy forms shall be kept for at least one year; provided, however, records concerning an action initiated by a shareholder

pursuant to Article 189 of the Company Act shall be kept until the conclusion of the lawsuit.

Section IV

Board of Directors

Article 17

Subject to Article 26-3 of the Securities and Exchange Act, the Company shall have nine to eleven directors, who shall be elected from legally competent persons at the shareholders' meeting and hold office for three years; re-elected directors may serve consecutive terms.

There shall be at least two independent directors among the number of directors to be elected referred to in the preceding paragraph, and the independent directors shall represent at least one-fifth of the Board. The independent directors shall be elected at the shareholders' meeting using the candidate nomination system and from among a list of candidates. The restrictions on professional qualifications, share ownership, concurrent positions held, the manner of nomination, the election of the independent directors, and other related matters shall comply with applicable laws and regulations prescribed by the competent authority.

The election of independent directors and non-independent directors shall be held concurrently, provided that the number of independent directors and non-independent directors elected are calculated separately. The directors shall comply with the rules of the securities regulatory authorities concerning minimum share ownership.

Article 18

The Chairman of the Board shall be elected from among the directors, and the Vice Chairman may be elected in the same manner. The Chairman of the Board shall have the authority to represent the Company and preside at the shareholders' meeting and Board meeting of the Company.

Article 19

The Board of Directors shall have the following powers and duties:

1. Review and adopt material rules of the Company;
2. Decide on the business directions of the Company;
3. Approve budgets and financial statements;

4. Submit proposals regarding distribution of profits;
5. Submit proposals regarding capital increase or reduction;
6. Sale and purchase and investment of real property;
7. Appoint and remove key management of the Company;
8. Guarantee for companies in the same industry;
9. Decide on adjustment of the organizational structure and other important matters of the Company;
10. Prepare and review annual and quarterly financial statements; and
11. Other powers and duties conferred by the Company Act or by the shareholders at the shareholders' meeting.
12. According to the Company Act, actions taken under the aforementioned powers and duties of the Board shall be reported to or approved by the shareholders at shareholders' meeting whenever necessary.

Article 20

In case that the vacancies in the office of directors reach one-third of the Board, the Board of Directors shall convene a special meeting of the shareholders within sixty (60) days to elect new directors to fill the vacancies. A director elected to fill such vacancy shall hold office for the unexpired term of the director whose office was vacant.

Article 21

The meeting of the Board of Directors shall be held at least once every quarter and may be called in case of emergency or upon the request of more than one-half of the directors. The meeting of the Board of Directors shall be convened by delivery a notice to each director via mail, email, or fax.

Article 22

The Chairman of the Board shall preside at all meetings of the Board of Directors. If the Chairman of the Board is on leave or cannot exercise his powers and duties for any reason, a chairperson shall be appointed pursuant to Article 208 of the Company Act.

Article 23

The directors shall attend all meetings of the Board of Directors in person. If a director is unable to attend the meeting due to special circumstances, such director may appoint another director as his proxy. If participation by means of video conferencing is made available at a meeting, directors who participate in

the meeting by such means shall be deemed to have attended such meeting in person. A director who appoints another director as his proxy to attend the meeting shall fill out a proxy form setting forth the scope of authorization with respect to the matters to be discussed at such meeting. A director may only be appointed as a proxy by one other director. A director who resides overseas may, in writing, appoint a shareholder residing in Taiwan as his proxy to regularly attend the meetings of the Board of Directors.

Article 24

Except as otherwise provided by the Company Act, resolutions of the Board of Directors shall be adopted by at least a majority of the directors present at a meeting attended by at least a majority of the directors holding office.

Minutes of the Board meetings shall be signed by or affixed with seals of the chairperson and the secretary for the meeting. A copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting and shall be classified as important company records and properly maintained for as long as the Company is in existence.

The preparation and distribution of the meeting minutes specified in paragraph 1 may be done through electronic means.

Article 24-1

The Board of Directors is authorized to determine the compensation of the directors by referencing the standards within the industry; provided, however, independent directors shall not participate in the distribution of earnings as set forth in Article 36 herein.

Article 25

The Company may purchase liability insurance for the directors during their tenures, which shall cover the directors' liabilities arising from the performance of their duties.

Section V Supervisors

Article 26

Subject to Article 26-3 of the Securities and Exchange Act, the Company shall have

two to three supervisors, who shall be elected from the legally competent persons at the shareholders' meetings and hold office for three years; re-elected supervisors may serve consecutive terms.

The supervisors shall comply with the rules of the securities regulatory authorities concerning minimum share ownership.

Article 27

The supervisors shall have the following powers and duties:

1. Audit the financial position of the Company;
2. Inspect books and records of the Company;
3. Examine the operating conditions of the Company;
4. Supervise the employees of the Company and report any unlawful conduct or neglect of duties; and
5. Other powers and duties as prescribed by the laws and regulations.

Article 28

The supervisors may attend the meetings of the Board of Directors to state their opinions, provided that the supervisors have no right to vote on matters.

Article 29

In performing their duties, supervisors shall sign and affix their personal seals on the financial statements reviewed by him/her, and submit a report at the shareholders' meeting.

Article 29-1

The Board of Directors is authorized to determine the compensation of the supervisors by referencing the standards within the industry.

Article 30

The Company may purchase liability insurance for the supervisors during their tenures, which shall cover the supervisors' liabilities arising from the performance of their duties..

Section VI Managerial Personnel and Employees

Article 31

The Company may have a general manager, and one or more vice president(s) and assistant manager(s). The general manager shall be nominated by the Chairman of the Board and appointed by the Board of Directors by a vote of the majority of the directors. The vice president(s) and assistant manager(s) shall be nominated by the general manager and appointed by the Board of Directors by a vote of the majority of the directors. The foregoing shall also apply to the removal of managerial officers of the Company. The compensation of the managerial officers shall comply with Article 29 of the Company Act and the Remuneration Rules of the Company.

Article 32

The general manager shall have the power of general supervision on the business and operations of the Company, subject, however, to the directions of the Board of Directors. In the event that the general manager is unable to carry out his duties, the vice president(s) shall assume such duties of the general manager.

Article 33

The Company's organizational structure, headcounts and employment of employees at all job levels shall be determined by the Board of Directors.

Section VII Accounting

Article 34

The fiscal year of the Company shall begin on January 1 and end on December 31 of each year. At the end of the fiscal year, the accounts of the Company shall be closed.

Article 35

After the end of each fiscal year, the Board of Directors shall prepare the following reports and submit such reports to the supervisors 30 days prior to the annual general meeting, and a report shall be prepared by the supervisors and submitted to such meeting of shareholders for approval.

1. Business report;
2. Financial statements; and

3. Proposal(s) regarding distribution of profits or offsetting of losses.

Article 36

The Company is in an industry that is constantly changing, the Company's business cycle is at a stage of steady growth, the Company shall consider the need for future capital funding and long-term financial planning. If the Company has pre-tax earnings for the fiscal year after the accounts are closed, the Company shall first set aside an amount to pay any business income tax due, offset the losses of previous years, and set aside ten percent (10%) of the residual amount as the legal reserve, and shall, pursuant to applicable laws and regulations, set aside a portion of the after-tax earnings for its special reserve. To the extent that there is any balance of the Company's after-tax earnings remaining, an amount no less than two percent (2%) of such balance shall be paid out as employee bonus and no more than three percent (3%) of such balance as director and supervisor bonus. The total earnings available for distribution shall consist of the remainder of such balance and the retained earnings from the previous year. The Board of Directors shall propose a profit distribution plan for approval at the shareholders' meeting. The dividends to the shareholders under such plan shall be ten to eighty percent (10-80%) of the total distributable earnings, from which the cash dividends shall not be lower than ten percent (10%) of the total dividends declared.

The employee bonus referred to in the preceding paragraph may be paid in the form of shares. The persons who may receive such shares include employees of the Company's subsidiaries who meet certain criteria.

Section VIII Miscellaneous

Article 37

The organizational charter and by-laws of the Company shall be separately adopted by the Board of Directors.

Article 38

Matters not specified in this Articles of Incorporation shall be governed by the Company Act.

Article 39

The original Articles of Incorporation were adopted on December 15, 1969.

Amended thereafter on June 25, 1971; April 25, 1972; October 25, 1972; November 25, 1973; May 1, 1974; May 30, 1975; September 16, 1976; May 16, 1977; June 30, 1977; March 16, 1978; August 16, 1978; February 20, 1979; August 20, 1980; May 24, 1981; June 13, 1982; May 15, 1983; April 8, 1984; April 21, 1985; April 27, 1986; April 25, 1987; May 9, 1988; April 20, 1989; April 20, 1990; April 23, 1991; April 23, 1992; April 17, 1993; April 21, 1994; April 21, 1995; April 23, 1996; April 24, 1997; April 24, 1998; April 23, 1999; April 25, 2000; April 25, 2001; May 29, 2002; May 27, 2003; May 25, 2004; June 14, 2005; June 13, 2006; June 15, 2007; June 13, 2008; June 4, 2009; June 15, 2010; June 15, 2011; June 15, 2012; June 18, 2013; June 17, 2014.

Lo, Tsai-Jen

Chairman of the Board

CHENG SHIN RUBBER IND. CO., LTD.

Cheng Shin Rubber Ind. Co., LTD.
Rules and Procedures of the Shareholders' Meeting

Article 1

Unless otherwise required by the law, the shareholders' meeting of Cheng Shin Rubber Ind. Co., LTD. (the "Company") shall be conducted in accordance with the Rules and Procedures of the Shareholders' Meeting (the "Rules").

Article 2

The Company shall, in the notice of the shareholders' meeting, specify the time and place for shareholder registration, and other important matters.

Registration for shareholders referred to in the preceding paragraph shall begin at least thirty minutes before the meeting. There shall be clear signs and sufficient and adequate staff at the registration desk.

The Company shall provide an attendance register for shareholders to sign in, or require the attending shareholders to submit their sign-in cards in lieu of signing the register.

The calculation of the number of shares present shall be based on the attendance register or sign-in cards submitted by the shareholders and those shares whose votes are exercised by mail or electronically via the internet.

Article 3

Each shareholder is entitled to one vote for every share held. Except for those shares without voting rights under Article 179 of the Company Act, the attendance and votes at a shareholders' meeting shall be determined based on the number of shares present.

A shareholder may exercise his voting rights by mail or electronically via the internet on those matters presented at the shareholders' meeting convened by the Company. Where the voting right may be exercised by mail or electronically via the internet, the Company shall set forth in the notice the instructions for voting by mail and electronically via the internet. A shareholder who exercises his voting rights by mail or electronically via the internet shall be deemed to have attended the shareholders' meeting in person; provided, however, such shareholder shall be deemed to have waived his voting rights to vote on any ad hoc motions and

amendments to the original proposals at the shareholders' meeting.

Article 4

The shareholders' meeting shall be held in the city or county where the Company is located or at any other place that is convenient for the shareholders to attend and appropriate to convene such meeting, and shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m.

Article 5

If a shareholders' meeting is convened by the board of directors of the Company (the "Board" or "Board of Directors"), the Chairman of the Board shall preside at such meeting. If the Chairman of the Board is on leave or unable to exercise his powers and duties for any reason, the Vice Chairman of the Board shall preside at such meeting. The Chairman of the Board shall designate a managing director to preside as the chairman if a Vice Chairman is not appointed, or if the Vice Chairman of the Board is on leave or unable to exercise his powers and duties for any reason. If no managing director of the Company is appointed, the Chairman of the Board shall designate a director to preside as the chairperson. If the Chairman of the Board fails to designate a chairperson for the meeting, the managing director or the directors shall nominate one from among themselves to preside at the meeting.

The Vice Chairman of the Board, a managing director, or a director who is designated as the chairperson for the meeting pursuant to the preceding paragraph shall have held office for at least six months and be familiar with the financial and business condition of the Company. The same requirements shall apply if the chairperson for the meeting is a director representative of a juristic person.

If the shareholders' meeting is convened by a person with the authority to convene other than the Board of Directors, such person shall act as the chairperson at that meeting.

Article 6

The Company may designate legal counsels, certified public accountants, and other relevant personnel to attend and observe the shareholders' meeting.

Staff at the shareholders' meetings shall wear ID badges or arm badges.

Article 7

The entire process of the shareholders' meeting shall be tape-recorded or videotaped, which must be kept for at least one year; provided, however, records concerning an action initiated by a shareholder pursuant to Article 189 of the Company Act shall be kept until the conclusion of the lawsuit.

Article 8

Upon the scheduled meeting time, the chairperson shall call the meeting to order when the number of shares present constitutes more than one-half of the total issued and outstanding shares. If the number of shares present does not constitute the quorum under the law at the scheduled meeting time, the chairperson may postpone the meeting. A meeting may be postponed up to two times, with the total adjournment time not exceeding one hour. If, after two postponements, the number of shares present does not constitute more than one-third of the total issued and outstanding shares, the chairman shall declare the adjournment of such meeting due to lack of quorum. If, after two postponements, the number of shares present does not constitute more than one-half of the total issued and outstanding shares but represent more than one-third of the total issued and outstanding shares, tentative resolutions may be adopted in accordance with Paragraph 1, Article 175 of the Company Act.

If, after the tentative resolutions have been adopted, the number of shares represented by the shareholders present reaches more than one-half of the total issued and outstanding shares before the meeting is adjourned, the chairperson may re-submit the foregoing tentative resolutions for approval at the meeting in accordance with Article 174 of the Company Act.

Article 9

The agenda for the shareholders' meeting shall be set by the Board of Directors if such meeting is convened by the Board of Directors. Unless otherwise resolved by resolution at the meeting, the meeting shall be carried out in accordance with the scheduled agenda.

The preceding paragraph shall apply *mutatis mutandis* to meetings convened by any person, other than the Board of Directors, with the authority to convene such meeting.

In respect of the scheduled agenda referred to in the preceding two paragraphs, the chairman may not, absent a resolution, unilaterally announce the adjournment of the meeting before all of the items on the scheduled agenda have been resolved (including ad hoc motions).

After the meeting is adjourned, the shareholders shall not elect another chairperson to resume such meeting at the same location or seek an alternative venue.

Article 10

Prior to speaking at the meeting, an attending shareholder shall submit a slip of paper summarizing his/her/its comments and/or questions and specifying his/her/its shareholder account number (or the attendance ID number) and the account name of the shareholder, in order for the chairman to determine the speaking order.

An attending shareholder who submits a slip of paper but does not speak at the meeting is deemed to have not spoken. In the event of any inconsistency between the the contents of shareholder's speech and those recorded on the slip, the contents of shareholder's speech shall prevail.

When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless otherwise permitted by the chairperson and such speaking shareholder; the chairperson shall stop any such violations.

Article 11

Unless otherwise permitted by the chairperson, a shareholder may only speak, up to two times, on a single proposal, each time no more than five minutes in length.

The chairman may stop the speech of any shareholder that is in violation of the preceding paragraph or exceeds the scope of the proposal.

Article 12

If a juristic person is entrusted to attend the shareholders' meeting, such juristic person may only appoint one person to be its representative at the meeting.

If a shareholder who is a juristic person appoints two or more representatives to attend the meeting, only one representative may speak on any given proposal.

Article 13

After the speech is given by an attending shareholders, the chairman may personally respond or designate relevant personnel to respond.

Article 14

If the chairman believes that the discussion for a proposal has reached a level where a vote may be called, the chairman may make an announcement to end such discussion and call for a vote.

The counting of ballots shall be conducted in a public space at the meeting venue. Once all the ballots have been counted, the voting results, including the number of votes cast, shall be announced and recorded in writing.

Article 15

The person(s) supervising the casting of the ballots and the person(s) counting the ballots are designated by the chairperson, provided that the person(s) supervising the casting of the ballots shall be a shareholder. The voting results shall be announced at the meeting and recorded in writing.

The preparation and distribution of the minutes of the shareholders' meeting may be done by way of entering the information into the Market Observation Post System and posting it as a public announcement.

Article 16

The chairman may, at his or her discretion, set time for recess during the meeting. If the meeting venue becomes unavailable before all of the items on the agenda have been resolved (including ad hoc motions), the shareholders may, by resolution, seek an alternative venue and resume the meeting.

Article 17

Except as otherwise provided under the Company Act and/or the Company's Articles of Incorporation, a resolution shall be adopted with the approval of more than one-half of the votes of the shareholders present.

If, in the course of the vote, no objections are made by the shareholders present after inquiry by the chairperson and no electronic votes are cast against a proposal, such proposal is deemed to be adopted with the same effect as if it had been adopted through a voting process.

Shareholders who exercise their voting rights by mail or electronically via the internet shall comply with Article 177-2 of the Company Act.

Article 18

In the event that there is an amendment to or a replacement for the original

proposal, the chairperson shall decide on the order in which such proposal will be voted along with the original proposal, provided that if one of such proposal has been approved, the other proposals will be deemed to be vetoed and no further action will be necessary.

Article 19

The chairman may direct patrol personnel (or security personnel) to assist in maintaining the order of the meeting. Such patrol personnel (or security personnel) shall wear arm badges marked "Patrol Personnel" while assisting in maintaining the order of the meeting.

Article 20

The Rules and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.

Article 21

The Rules became effective as of April 24, 1998 upon resolution at the shareholders' meeting.

The Rules have been amended by resolution at the shareholders' meetings held on June 4, 2009, June 15, 2012, and June 18, 2013 respectively.

Annex 3

Cheng Shin Rubber Ind. Co., LTD.
Share Ownership of Directors and Supervisors

Dated: April 16, 2016

Position	Name	Number of Shares	Ownership Percentage (%)
Chairman	Luo, Tsai-Jen	284,225,502	8.77%
Director	Chen, Yun-Hwa	40,570,531	1.25%
Director	Chen, Shiu-Hsiung	57,819,456	1.78%
Director	Horning Yih Investment Corporation (Representative: Lee, Chin-Chang)	11,131,695	0.34%
Director	Horning Yih Investment Corporation (Representative: Wu, Hsuan-Mail)	11,131,695	0.34%
Director	Horning Yih Investment Corporation (Representative: Lin, Hung-Yu)	11,131,695	0.34%
Independent Director	Hsu, En-Dz	0	0%
Independent Director	Too, Jui-Rze	0	0%
Share Ownership of All Directors		393,747,184	12.14%
Supervisor	Chiu, Li-Ching	27,996,793	0.86%
Supervisor	Tseng, Sung-Chu	21,688,580	0.67%
Supervisor	Chen, Han-Chi	9,734,867	0.30%
Share Ownership of All Supervisors		59,420,240	1.83%

Note: The corporate shareholder “Horning Yih Investment Corporation” has one more seat in the Board of Directors, yet it has not appointed a representative for that position.

Minimum share ownership by all directors of the Company: 77,793,972 shares

Minimum share ownership by all supervisors of the Company: 7,779,397 shares

Minimum share ownership by all directors and supervisors of the Company:
85,573,369 shares