Stock number: 3010

WAH LEE INDUSTRIAL CORP.

2017 Annual Shareholders' Meeting Manual

Date：May 26, 2017

Meeting Venue: 5F, No.211, Zhongzheng 4th Road, Kaohsiung City

(Mega International Commercial Bank South District Training Centre)

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2017 Meeting Order

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2. Chairman Address

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9. Meeting Adjourned

Wah Lee Industrial Corp.

2017 Annual Shareholders' Meeting Agenda

Date：May 26, 2017

Meeting Venue: 5F, No.211, Zhongzheng 4th Road, Kaohsiung City

(Mega International Commercial Bank South District Training Centre)

1. Call meeting to order (Report presented shares)
2. Chairman Address
3. Reporting Items
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   (II) 2016 Supervisors' review reporting
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6. Election
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7. Other Business
8. Relief new elected director who does anything for himself or on behalf of another person that is within the scope of the company's business from the limitation of accepting job offer from the same industries.
9. Special Motion
10. Meeting Adjourned

Reporting Items

(I) 2016 Business Reporting
Explanatory Notes: Please refer to page 12 and page 13 (Attachment (I))

(II) 2016 Supervisors' review reporting
Explanatory Notes: Please refer to page 14 and page 15 (Attachment (II))

(III) To report 2016 employees' profit sharing bonus and directors' compensations
Explanatory Notes:
According to article 20 of Articles of Incorporation and the approval of the Board of Directors, the compensations of Board of Directors' and Supervisors' shared 1.15 % of the corporate profit before taxes and totaled TWD 16,787,000. The employees' profit sharing bonus shared 11% of the corporate profit before taxes and totaled TWD 160,575,000. Both of them will be paid by cash.

(IV) 2016 Endorsement reporting
Explanatory Notes: Please refer to page 16 (Attachment (III))

(V) 2016 Lending reporting
Explanatory Notes: Please refer to page 17 (Attachment (IV))

(VI) 2016 China Investments
Explanatory Notes: Please refer to page 18 and page 19 (Attachment (V))

(VII) The 2nd Domestic Unsecured corporate bond issuance progress reporting
Explanatory Notes: Please refer to page 20 (Attachment (VI))

(VIII) Corporate governance
Explanatory Notes: Please refer to page 21~32 (Attachment (VII))

Proposed Resolution

Proposal 1 by Board of Directors

Cause of action: 2016 Business reporting and financial statement recognition.

Explanatory Notes:

i) Wah Lee Industrial Corp's business reports, the parent company only financial statements, and the consolidated financial statements were audited by independent auditors, Ms. Zehn-Li Chen And Mr. Jun-ji Gong of Deloitte & Touche.

ii) 2016 business reports, the audited parent company only financial statements, the audited consolidated financial statements. Please refer to page 12~13 (Attachment (I)) and page 33~55 (Attachment (VIII))

Vote by poll:

Proposal 2 by Board of Directors

Cause of action: 2016 Earnings distribution proposal recognition.

Explanatory Notes:

i) The net profit of 2016 is NTD 1,045,390,508. According to Company Law and Article of Incorporation of Wah Lee Industrial Corp, TWD 104,539,051 set aside as a legal capital reserve and TWD 124,836,858 as a special capital reserve. Recognized TWD 4,312,172,968 at the yearend as allocable capital reserve after adding TWD 3,503,707,524 unallocated legal capital reserve at the beginning of year 2016, subtracting TWD 7,549,155 compensation and bonus allocation, and retaining TWD 7,549,155. Dividend allocation is TWD 601,614,359 and meet the condition of cash dividend issued.

ii) When cash dividend issued, round it to dollar and adjust decimals with descending order and shareholders' account number with ascending order to match total allocable cash dividends.

iii) Propose to vote for approval and authorize the board of directors to set up ex-dividend day and other associated follow-up.

iv) Authorize board of directors to deal with effect of the total shares outstanding if they diluted the earning per share and shareholders' dividends.

v) 2016 Earnings distribution proposal. Please refer to page 56 (Attachment (IX))

Voting by poll:

Discussion

Proposal 1 by Board of Directors

Cause of action: Partial article revision of “Articles of Incorporation “

Explanatory Notes:

i) Set up Audit committee, delete “supervisors” wording and revise partial Articles of Incorporation to accommodate Wah Lee Industrial Corp. need.

ii) Amendments to the Articles of Incorporation make-up and clear revision. Please refer to page 57~59 (Attachment X).

iii) Articles of Incorporation before revision, please refer to page 80~83 (Attachment II).

Voting by poll:

Proposal 2 by Board of Directors

Cause of action: Partial article revision of “The Procedures for Acquisition or Disposal of Assets”

Explanatory Notes:

i) According to No. 1060001296 issued by Financial Supervisory Commission R.O.C. (Taiwan) as well as considering Wah Lee Industrial Corp. need along with audit committee set-up, it requires to delete “supervisors” wording, add “independent director” and “audit committee”, and revise partial “The Procedures for Acquisition or Disposal of Assets”.

ii) “The Procedures for Acquisition or Disposal of Assets” revision comparison. Please refer to page 60~70 (Attachment (XI).

iii) “The Procedures for Acquisition or Disposal of Assets” before the revision. Please refer to page 84~94 (Attachment (III).

Voting by poll:

Proposal 3 by Board of Directors

Cause of action: Partial article revision of “Endorsement procedure”

Explanatory Notes:

i) Delete “supervisors” wording, add “independent director” and “audit committee”, and revise partial “independent director” and “audit committee”, and revise partial articles “Endorsement procedure”.

ii) “Endorsement procedure” revision comparison. Please refer to page 71~73 (Attachment 12).

iii) “Endorsement procedure” before the revision. Please refer to page 95~98 (Attachment IV).

Voting by poll:

Proposal 4 by Board of Directors

Cause of action: Partial article revision of “Lending procedure”

Explanatory Notes:

i) Delete “supervisors” wording, add “independent director” and “audit committee”, and revise partial “independent director” and “audit committee”, and revise partial articles of “Lending procedure”.

ii) “Lending procedure” revision comparison. Please refer to page 74~76 (Attachment XIII).

iii) “Lending procedure” before the revision. Please refer to page 99~102 (Attachment V).

Voting by poll:

Election

Proposal 1 by Board of Directors

Cause of action: Elect new Board of Directors.

Explanatory Notes:

i) The term of Board of Director and supervisors is till June 16, 2017.According to the Company Law, the new board of directors have to be voted during this meeting.

ii) According to article 13 of Articles of Incorporation, nine board of directors including three independent directors require to be voted in. The term of them will be three years from May 26, 2017 to May 25, 2020. The duties of current board of directors and supervisors will come to end till this meeting adjourned. Three independent directors will replace supervisors.

iii) According to article 13, board of directors are nominated. Board of directors will be voted in from the shortlisted board of director nominees including independent directors on April 13, 2017 and the relevant information recorded as follow:

Board of Director Nominee	Education Background	Professional Experiences	Current Occupation	Holding (Unit: Share)
Ray-Ching Chang	Honor Doctor of National Sun Yat-sen University and Chungkong University	National Cheng Kung University Engineer of Chinese Petroleum Corp. (CPC)	Representative of Kung Tai Investment Co., Ltd. CEO & Executive of Wanhong Industrial Corp.	14,414,155
Chun-Yin Chen	B.S. Department of Mining and Metallurgical Engineering of Waseda University	Chief of Yu-lon Motor, Plant Manager of Taiwan Steel, and Vise Executive of Wah Lee Industrial Corp.	Vise President of Wah Lee Industrial Corp.	4,137,014
Chi-Hai Lin	Chemistry Engineering of Chungkong University	CEO of Resin Corporation Limited.	Director of Wah Lee Industrial Corp. CEO of Resin Corporation Limited.	2,609,959
Shu-Chen Lin	Accounting of Kouxiong business school	Manager of Taiwan Business Bank and Senior Vise President of Wah Lee Industrial Corp.	Director and Senior Consultant of Wah Lee Industrial Corp.	1,971,873
Tsuen-Hsien Chang	Bio-industrial Mechatronic Engineering University of Southern California	Special Assistant of Executive Office of Wah Lee Industrial Corp.	Executive of Wah Lee Industrial Corp.	14,414,155
Ching-Pin Yeh	EMBA, National Sun Yat-sen University	Senior Vice President of Wah Lee Industrial Corp.	Supervisor of Wah Lee Industrial Corp. Director & Manager of Wanhong Industrial Corp.	3,356,263

Independent Director	Education Background	Professional Experiences	Current Occupation	Holding (Unit: Share)
Hau-Min Chu	Ph. D, Brown University, USA Professor, Department of Money and Banking	Chief of NCCU Department of Money and Banking, Director of Taiwan Future Exchange, Principal of Hsing Kuo University of Management, Director of Taiwan Financial Holdings, executive council member of the Export-Import Bank of R.O.C., Director Land Bank of Taiwan.	Independent Director of Wah Lee Industrial Corp. Professor of Takming University of Science and Technology Professor of NCCU Department of Money and Banking	0
Yea-Kang Wang	Law Master, Graduate Institute of Urban Planning, National Chung Hsing University	Ministry of Economic Affairs: Head of Department of Commerce, Head of Department of Industrial Technology, Head of Department of Small Business. Secretary of National Industry Organization. CEO of Taiwan Textile Research Institute.	Independent Director of Wah Lee Industrial Corp. Consultant of National Industry Organization. Evaluator & Expert of PCC. Consultant of Taiwan Textile Research Institute. Chief of Development Funding in Chunkong University	0
So-De Shyu	Ph. D, University of Alabama	Professor, Department of Finance Management, National Sun Yat-sen University	Independent Supervisor of Wah Lee Industrial Corp. Professor & Principal of Takming University of Science and Technology	0

iv) Board of Director Election. Please refer to page 103 and page 104 (Attachment VI).

v) Please vote.

Voting by poll:

Other Business

Proposal by Board of Director

Cause of action: Relief new elected director who does anything for himself or on behalf of another person that is within the scope of the company's business from the limitation of accepting job offer from the same industries.

Explanatory Notes:

i) According to article 209, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

ii) With no conflicts of interests, the directors can contribute their expertise and request to relief the limitation of forbiting them to work in the similar industries.

iii) Directors and representatives request to relief their forbidden clause.

Occupation	Name	Current position of other companies
Director	Ray-Ching Chang	CEO & Executive of Wanhong Industrial Corp. CEO of Chunghwa Plastic Corp. Director of Dali Industrial Corp. CEO of Wah Hong Holding Ltd. CEO of Wah Hong Technology Ltd. CEO of Wah Hong International Ltd. CEO of Wah Hong Development Ltd. CEO of Wah Lee Holding Ltd. CEO of SHC Holding Ltd. CEO of Chunda Investment Corp. CEO of Yujun International Limited.
Director	Chun-Yin Chen	Director of Chunhwa Plastic Corp. Director of Orc Manufacturing Corp. Director of Hua Hsu Optotech Co. Ltd. Director of Shinhau Corp. Director of Chang Wah Technology Co. Ltd. Director of Shanghai Chang Wah Electro Material Inc. Director of WSP Electromaterials Ltd.
Director	Chi-Hai Lin	CEO of Resin Corporation Limited. CEO of Jingshan Technology Corp. Director of Mingtai Chemistry Engineering Director of Ifeng rubber industrial. Director of Taiwan Nicca Chemical Co. Ltd. Supervisor of Zhihwei Technology Corp. Supervisor of Shunhwa Technology Corp.
Juristic Director, authorized representative	Tsuen-Hsien Chang	CEO of Wah Kong Industrial Co. Limited CEO of Shanghai Yikang Chemical & Industrial Co. Ltd. Director of Wah Chang International Trade Co. Ltd. Director of Dongguan China and Hong Kong International Trade Co., Ltd. Director of Orc Technology Corp.
Juristic Director	Bao Guang Invesment Corp.	Supervisor of Wanhong Industrial Corp.

Occupation	Name	Current position of other companies
Director, authorized representative	Shu-Chen Lin, authorized representative of Bao Guang Invesment Corp.	CEO of Bao Guang Invesment Corp.
Director	Ching-Pin Yeh	Director & Manager of Wanhong Industrial Corp. Director of Jintaishun Corp. Director of Wah Ma Chemical Sdn, Bhd CEO of Jun Hong Optronics Corporation Independent director of Sumeeko Corp.
Independent Director	Hau-Min Chu	Independent Director of First Financial Holdings Independent Director of First Commercial Bank Independent Director of Gamma Optical Co. Ltd.
Independent Director	Yea-Kang Wang	Director of Johnson Fitness Corp. Director of Singtex Industrial Co. Ltd. Independent director of Texray Industrial Co. Ltd. Independent director of Eclat Textile Co. Ltd.
Independent Director	So-De Shyu	Independent Director of Soft-World Corp.

Voting by pull:

Special Motion

Meeting Adjourned

Attachment I

Wah Lee Industrial Corp.

2016 Business report

Dear Shareholders,

There were several events affecting the global economics as well as the financial world such as Brexit vote of The United Kingdom European Union membership referendum ("Should the United Kingdom remain a member of the European Union or leave the European Union?") voted in favor of leaving EU, American businessman Donald Trump elected as a president of the United States, tough oil price per barrel negotiations held by Organization of the Petroleum Exporting Countries (OPEC), and the US central bank held the target range for the federal funds rate raising trend. On one hand, China has slowed down the trades with Taiwan causing some industries' growth declined; on the other hand, the production of IC and display components as well as semi-conductor in China are picking up the speed with Taiwan. All the aspects are correlated to the economic growth in Taiwan of year 2017. What is the global economic heading? Will this be influenced by President Trump's vow to make America Great Again? Or, will China's growth bring any new opportunity to Taiwan? We are confident and looking forward to grow onward.

In 2016 fiscal year, the revenue of Hwh Lee Industrial Corp parent company only totaled NTD 24.758 billion, a decrease of 10 percent year over year; Net income is NTD .530 billion, an increase of 14.9 percent compared to net income of 2015. Non-operating items is reported NTD .753 billion, a decrease of 15.2 percent compared with the prior year. The net income is TWD 1.045 billion, a 7.5 percent declined, and the diluted earning per share is TWD 4.52.

Although the consolidated revenue totaled is NTD 39.542, a decrease of 1.3 percent against the prior year performance, the sales of ICT Engineering Plastics Materials used to produce information communication devices such as USB Type C of new models, the inlet of DDR4 DRAM, and the components of new smart phones has well increased; the use in chemicals of Wah Lee Industrial Corp. has increase in semi-conductor high level phase process and so has the company's business revenues. It has been a bit rocky in growth last year on IC and display components and solar power materials. The pressure coming from the production of IC and display components in China is forced the unit price dropped in the entire supply chain; due to the global economic recession, the solar power industries has been impacted negatively. Therefore, the consolidated revenues are pressured to decline. However, Wah Lee industrial Corp. remains the company's focus on refining the product line, increasing the consolidated margin and operating net income, and decreasing operating costs. Overall, the consolidated net income of year 2016 increases TWD 1.439 billion, an incline of 7.2 percent; the investments of non-operating items in 2015 declined boosts the non-operating consolidated revenues to TWD 0.132 billion. The financial performance recorded by the consolidated net income is TWD 1.145 billion, a 6.7 percent decline. In finance indication, the consolidated current ratio and quick ratio are 161 percent and 128 percent respectively. The account receivable collection cycle is five days shortened than the prior year. Meanwhile, the Rate of Return on Common Stockholders' Equity of year 2016 is 10.6 percent and other financial indicates are at the good standing.

Ever since Wah Lee Industrial Corp. established, the company always serves the general public with the company's core values of integrity, enthusiasm, respect, succession, and innovation in order to provide fine products, outstanding employees, touching quality services, and maximize the shareholders' profits. With the confidence and solid foundation, the company continuously grows in the company's market share, professional material advancement, and reginal expansion to ensure the company's commitments to the existing customers. Lately, the focus on existing materials applied to advanced development and their innovations such as the materials of lithium-ion rechargeable battery, biotechnologies, water cycle management, portable with wearable devices and communication network total solutions, Cloud computation, and future trends of The Internet of Things. Wah Lee Industrial Corp. has continued the sharpness of following closely to the economic indication and discovered every business opportunities for the company's expansion and sustainability.

2016 business performance report and 2017 company development have been fully disclosed. In the new fiscal year, the company will work toward business goals. Wah Lee Industrial Corp. would like to take this opportunity to thank to all the shareholders for the supports and vow that everyone in this family will continue contributing to the company success, recreate the outstanding business revenue, and reflect to the shareholders' return.

Chairman: Ray-Ching Chang CEO: Tsuen-Hsien Chang Accounting Controller: Guo-Ping Li

Attachment II

Supervisors’ review reporting

After the Board of Director reviewed 2016 business report, financial statements, and earnings distribution proposal and appointed Deloitte & Touche for an audit, Wah Lee Industrial Corp’s business reports, the parent company only financial statements, and the consolidated financial statements were audited by independent auditors, Ms. Zehn-Li Chen And Mr. Jun-ji Gong of Deloitte & Touche and the audit report has been generated.

The business report, financial statements, and earnings distribution proposal were sent to the supervisors and deemed to respect Article 219 of Company Act.

Respectfully present to Annual Shareholder Meeting of Wah Lee Industrial Corp. in 2017.

Supervisor: Ming-Huang Huang

So-De Shyu

Date: March 28, 2017

Supervisors' review reporting

After the Board of Director reviewed 2016 business report, financial statements, and earnings distribution proposal and appointed Deloitte & Touche for an audit, Wah Lee Industrial Corp's business reports, the parent company only financial statements, and the consolidated financial statements were audited by independent auditors, Ms. Zehn-Li Chen And Mr. Jun-ji Gong of Deloitte & Touche and the audit report has been generated.

The business report, financial statements, and earnings distribution proposal were sent to the supervisors and deemed to respect Article 219 of Company Act.

Respectfully present to Annual Shareholder Meeting of Wah Lee Industrial Corp. in 2017.

Supervisor: Ching-Pin Yeh

Date: March 28, 2017

Wah Lee Industrial Corp.

Endorsement Report

January 1 to December 31, 2016

Number	Endorser	Endorsee		Single Company Endorsement Limit	Beginning Balance	Ending Balance	Incurred Amount	Insured by Assets	% of Accumulated Endorsement/latest net income	Endorsement Maximum	Endorsement Parent to subsidiary	Endorsement Subsidiary to Parent	Endorsement to China	Note
		Company Name	Relationship											
0	Wah Lee Industrial Corp.	Chunhwa Plastic Corp	Shareholder's Capital Holdings (%)	$ 1,977,233	$ 476,000	$ 448,000	$ 178,136	$ -	4.53	$ 6,920,317	N	N	N	1 & 3
0	Wah Lee Industrial Corp.	Hua Hsu Optotech Co. Ltd.	Shareholder's Capital Holdings (%)	1,977,233	25,194	25,194	13,566	-	0.25	6,920,317	N	N	N	1 & 3
0	Wah Lee Industrial Corp.	Wah Kong Industrial Co. Limited	Subsidiary	2,965,850	611,515	306,375	151,575	-	3.10	6,920,317	Y	N	N	2, 3, & 4
0	Wah Lee Industrial Corp.	Shanghai Yikang Chemicals & Industrial Co. Ltd.	Subsidiary	1,977,233	651,940	311,698	27,699	-	3.15	6,920,317	Y	N	Y	1, 3, & 4
0	Wah Lee Industrial Corp.	Dongguan China and Hong Kong International Trade Co., Ltd.	Subsidiary	2,965,850	1,438,350	713,375	211,383	-	7.22	6,920,317	Y	N	Y	2, 3, & 4
0	Wah Lee Industrial Corp.	Wah Kong Industrial Co. Limited, Shanghai Yikang Chemicals & Industrial Co. Ltd., Dongguan China and Hong Kong International Trade Co., Ltd.	Subsidiary	2,965,850	155,000	120,000	38,385	-	1.21	6,920,317	Y	N	Y	2&3
0	Wah Lee Industrial Corp.	Wah Chang International Trade Co. Ltd.	Shareholder's Capital Holdings (%)	1,977,233	665,655	641,775	549,918	-	6.49	6,920,317	N	N	Y	1, 3, & 4
0	Wah Lee Industrial Corp.	Wah Lee Tech (Singapore) Pte. Ltd.	Subsidiary	2,965,850	906,495	599,850	360,525	-	6.07	6,920,317	Y	N	N	2, 3, & 4
0	Wah Lee Industrial Corp.	Skypower Gōdō gaisha，GDK	Subsidiary	1,977,233	202,409	177,486	141,989	-	1.80	6,920,317	Y	N	N	1, 3, & 4
0	Wah Lee Industrial Corp.	Okayama Solar Gōdō gaisha，GDK	Subsidiary	1,977,233	298,271	261,544		-	2.65	6,920,317	Y	N	N	1, 3, & 4
0	Wah Lee Industrial Corp.	Sakurakawa Solar Gōdō gaisha，GDK	Subsidiary	1,977,233	198,638	174,179	173,641	-	1.76	6,920,317	Y	N	N	1, 3, & 4
0	Wah Lee Industrial Corp.	Miyazaki Solar Gōdō gaisha，GDK	Subsidiary	1,977,233	232,896	204,220	171,137	-	2.07	6,920,317	Y	N	N	1, 3, & 4
0	Wah Lee Industrial Corp.	PT. Wah Lee Indonesia	Subsidiary	1,977,233	32,615	32,250	19,363	-	0.33	6,920,317	Y	N	N	1, 3, & 4
0	Wah Lee Industrial Corp.	Wah Lee (Vietnam) Co., Ltd.	Subsidiary	2,965,850	16,308	16,125	6,431	-	0.16	6,920,317	Y	N	N	2, 3, & 4
1	Shanghai Yikang Chemicals & Industrial Co. Ltd.	Shanghai Chang Wah Electro Material Inc.	Shareholder's Capital Holdings (%)	580,468	57,367	55,309	26,641	-	1.91	1,451,171	N	N	Y	1, 3, & 4
2	Raycong Industrial (Hong Kong) Limited	Dongguan China and Hong Kong International Trade Co., Ltd	Subsidiary	1,327,232	16,308	16,125	4,675	-	0.36	2,212,054	Y	N	Y	1, 3, & 4

Notes:

1. Single Company Endorsement Limit=20% of Net Worth
2. Endorsee has100% shareholders' voting right of subsidiary directly or indirectly =30% of Net Worth
3. Endorsement Maximum =70% of Net Worth; 50% of Net Worth for Shanghai Yikang Chemicals & Industrial Co. Ltd. and Raycong Industrial (Hong Kong) Limited.
4. US exchange rate US$1=$32.25; Japanese Yen exchange rate= JPY$1=$0.2756

Attachment IV

Wah Lee Industrial Corp.

Lending Report

January 1 to December 31, 2016

(In thousands of New Taiwan Dollars)

Number	Lessor	Lessee	Accounting Item	Relationship	Lending Maximum	Ending Balance	Incurred lending Amount	Interest Rate (%)	Purpose of Lending	Business Transaction Amount	Short Term Lending Rationale	Estimate Allowance of Doubtful Account	collateral		Single Company Lending Limit	Individual Lending Limit	Note
													Name	Market Price			
1	Shanghai Yikang Chemicals & Industrial Co. Ltd.	Dongguan China and Hong Kong International Trade Co., Ltd	Other Account Receivable-related	Y	$281,946	$ 278,286	$ 278,286	3.574	Short-term operating	$ -	For Operating	$ -	-	$ -	$ 870,	$ 870,	

Notes:

1. RMB exchange rate CNY$1＝$4.6381
2. Individual lending guideline is not exceeding 30% of Net Worth the Net Worth for Shanghai Yikang Chemicals & Industrial Co.
3. Single Company Lending Limit: Lending guideline is not exceeding 30% of Net Worth the Net Worth for Shanghai Yikang Chemicals & Industrial Co.

Attachment V

Wah Lee Industrial Corp.

Investment to China Report

January 1 to December 31, 2016

(In thousands of New Taiwan Dollars)

(Subject to unit redefine)

Invested Company	Business Items	Actual Equity	Investment Method	Beginning Balance of Investment Wired from Taiwan	Wired to or Collected from the Invested Company		Ending Balance of Investment Wired from Taiwan	Net Income (Loss) of Year End	Directly or Indirectly Held by Invested Company Shareholding %	Realized Net Income (Loss) of Year End	Market Value of shareholding	Realized Net Income Wired back to Taiwan	Note
					Wired to	Collected from							
Wah Fu International Trade Co. Ltd. (Shenzhen)	Industrial material sales	$ -	Via the existing subsidiary in the third country to invest	$ 34,461	$ -	$ -	$ 34,461	$ -	100.00	$ -	$ -	$ -	1
Dongguan Nai Li Optoelectronics Co. Ltd	Industrial plastic cutting and sales	-	Via the existing subsidiary in the third country to invest	-	-	-	-	-	100.00	-	-	-	
Dongguan Wah Kong International Trade Co., Ltd.	Business Items	831,600	Via the existing subsidiary in the third country to invest	-	-	-	-	103,351	100.00	103,351	1,358,480	-	
Shanghai Yikang Chemicals & Industrial Co. Ltd.	Chemical materials, Wax processing and sales, international trades, bonded area trades, domestic trades and warehouse business.	973,950	Via the existing subsidiary in the third country to invest	340,629	-	-	340,629	297,359	70.00	208,161	2,051,814	-	1 & 2
Hongkong YLY Supply Chain (Shenzhen)	Industrial material sales	29,106	Via the existing subsidiary in the third country to invest	-	-	-	-	47,700	100.00	47,700	72,532	-	
Shanghai Wah Chang International Trade Co. Ltd.	International trade & consulting; bonded area trades, domestic trades & simple processing business	77,400	Via the existing subsidiary in the third country to invest	43,714	-	-	43,714	179,487	30.00	53,846	550,172	-	1
Guangzhou Youguang Optoelectronics Co., Ltd.	Light box, LED components and composites.	125,740	Via the existing subsidiary in the third country to invest	-	-	-	-	-	12.82	-	-	-	

Shanghai Chang Wah Electro Material Inc.	IC materials and equipment as an distributed agency	129,000	Via invested company in China to invest	-	-	-	-	45,801	30.63	8,238	138,098	-	
Ju Bao (Jiangsu) Precision Industry Co., Ltd. (former Jong Hwa Ye New Tech Co., Ltd)	Properties of Cast Magnesium alloys & sales	13,222,500	Via the existing subsidiary in the third country to invest	42,644	-	-	42,644	-	0.75	-	-	-	
Shu Bao Electronics Technology (Chongqing)	Properties of Cast Magnesium alloys & sales	1,935,000	Via the existing subsidiary in the third country to invest	-	-	-	-	-	-	-	-	-	
Wu Han Kai De Waster Cycle Co., Ltd.	Industrial water cycle, industrial water waste cycle, waste water & Ocean water treatment	231,904	Via the existing subsidiary in the third country to invest	120,334	-	-	120,334	-	12.00	-	35,659	-	4

Investor	Accumulated investment to China at year end (Note 3)	Ministry of Economic Affairs Investment Committee Approved Investment Amount (Note 4)	Investment Limit to China (Note 5)
Wah Lee Industrial Corp.	$ 581,782	$ 2,086,687	$ -

(Continued to the following page)

Notes:

1. Wah Chang International Trade Co. Ltd. recorded USD 6,354,000 on SHC Holding Ltd as Distributed surplus summed up from2006 to 2016; Shanghai Yikang Chemicals & Industrial Co. Ltd. recorded NTD 101,880,000 (equivalent to Cash USD 486,000; comprehensive income USD 13,790,000) on Global SYK Holding Ltd. as distributed surplus.
   Wah Fu International Trade Co. Ltd. (Shenzhen) recoded RMB 12,800,000 as distributed surplus and liquidated on July 2010; USD 4,942,000 transferred back to Wah Kong International Trade Co., Ltd. and SHC Holding. USD 2, 602, 000 of Wah Lee Holding Ltd is recorded as distributed surplus. Up until December 2016, it has not wired back Taiwan. Moreover, Wah Fu International Trade Co. Ltd. (Shenzhen) and Dongguan Nai Li Optoelectronics Co. Ltd had been liquidated in October 2010 and August 2012.

2. According to No. 09900572160 of Ministry of Economic Affairs Investment Committee on January 18, 20, 2011, Global SYK Holding Ltd. transferred its Shanghai Yikang Chemicals & Industrial Co. Ltd. shareholdings to Raycong Industrial (Hong Kong) Limited now held 70% shareholding of Shanghai Yikang Chemicals & Industrial Co. Ltd.

3. Ministry of Economic Affairs Investment Committee approved the variance of NTD 1,504,905,000 will be reinvested NTD 947,133,000 by the subsidiary, Raycong Industrial (Hong Kong) Limited (Equivalent to USD 8,4,88,000 and HKD 167,000,000); reinvested NTD 108,887,000 (Equivalent to USD 3,497,000) by Wah Yuen Technology Holding Limited; Shanghai Yikang Chemicals & Industrial Co. Ltd. retained earning transferred to reinvestment of NTD 434,385,000 (equivalent to USD 13,790,000); and SHC Holding Ltd. invested NTD 14,500,000 (equivalent USD 500,000) to Guangzhou Youguang Optoelectronics Co., Ltd.

4. Ministry of Economic Affairs Investment Committee approved that Wah Lee invested USD 3,100,000 to Wah Fu International Trade Co. Ltd. (Shenzhen) ; USD 1,260,000 to Dongguan Nai Li Optoelectronics Co. Ltd, USD 5,128,000 Dongguan Wah Kong International Trade Co., Ltd. and HKD 160,000,000; USD 1,290,000 to Shanghai Wah Chang International Trade Co. Ltd.; USD 24,130,000 to Shanghai Yikang Chemicals & Industrial Co. Ltd.; USD 4,142,000 to Ju Bao (Jiangsu) Precision Industry Co., Ltd.; USD 500,000 to Guangzhou Youguang Optoelectronics Co., Ltd.; HKD 7,000,000 to Hongkong YLY Supply Chain (Shenzhen); USD 675,000 Shu Bao Electronics Technology (Chongqing); and RMB 24,144,000 Wu Han Kai De Waster Cycle Co., Ltd. based on No. 10500160180 totaled 60 percent investments in exchange of 8.8 percent shareholding of Singapore publicly traded company, Darco Water Technologies.

5. According to No. 0970460680 on August 29, 2008 amended by Ministry of Economic Affairs and amended announcement of "the guidance reviewing and auditing the investment in China or work with China in technology cooperation". Wah Lee Industrial Corp has gained the approval by Industry Department of Ministry of Economic Affairs to meet the third point amendment criteria and also qualify to expand its business to China with no investment limit.

Wah Lee Industrial Corp.

Unsecured corporate bond issuance progress reporting

<table>
<tr><td colspan="2">Type of Corporate Bond</td><td>The 2nd Domestic Unsecured corporate bond issuance</td></tr>
<tr><td colspan="2">Issue Date</td><td>August 1, 2014</td></tr>
<tr><td colspan="2">Face Value</td><td>NTD 100,000</td></tr>
<tr><td colspan="2">Issue and Trade Place</td><td>Taiwan Exchange Direction Over-the-Counter stocks market</td></tr>
<tr><td colspan="2">Issue Price</td><td>Face Value</td></tr>
<tr><td colspan="2">Totaled Issue Value</td><td>NTD one billion</td></tr>
<tr><td colspan="2">Interest</td><td>0%</td></tr>
<tr><td colspan="2">Term</td><td>Three years. Redemption date: August 1, 2017.</td></tr>
<tr><td colspan="2">Guarantor</td><td>Not applicable</td></tr>
<tr><td colspan="2">Trustee</td><td>Hua Nan Bank Trust Department</td></tr>
<tr><td colspan="2">Securities Underwriter</td><td>Yuanta Securities</td></tr>
<tr><td colspan="2">Certified Legal service</td><td>Tai-Yuan Huang of Hui-Guo Law Firm</td></tr>
<tr><td colspan="2">Certified Accounting Service</td><td>Certified Accountants: Ms. Zehn-Li Chen And Mr. Jun-ji Gong of Deloitte & Touche</td></tr>
<tr><td colspan="2">Bond Redemption</td><td>Cash redemption at maturity except for Wah Lee Industrial Corp’s early exchange or early redemption notice</td></tr>
<tr><td colspan="2">Principal subject to redemption</td><td>NTD one billion</td></tr>
<tr><td colspan="2">Terms of Redemption or Early Redemption</td><td>Refer to Corporate Bond Issuance and Exchange</td></tr>
<tr><td colspan="2">Condition</td><td>Refer to Corporate Bond Issuance and Exchange</td></tr>
<tr><td colspan="2">Credit Rating Agency, Rate Date, and Rating</td><td>Not applicable</td></tr>
<tr><td rowspan="2">Others</td><td>Before annual reporting date, share exchange to equivalency of common share, Global Depository Receipts/American Depository Receipts, or other financial instruments</td><td>Not applicable</td></tr>
<tr><td>Terms of Issuance or Exchange</td><td>Refer to Market Observation Post System Bond Issuance Division</td></tr>
<tr><td colspan="2">Issuance, Convertible, Exchange, and terms of Diluted Earning Per Share taken effect of outstanding shares</td><td>Convertible bond price: TWD 61; Diluted within 7.8 percent.
Prior to March 28, 2017, no bond holders have applied to converted to the common share.</td></tr>
<tr><td colspan="2">Exchange Instrument Trustee</td><td>Not applicable</td></tr>
</table>

Attachment VII

Wah Lee Industrial Corp.

Corporate Governance Practice Principles

Approved by board of directors on 11/8/2016

I. General Principles

To establish good corporate governance systems, set up an effective corporate governance framework and have complete governance operation systems, the principles are hereby set for compliance.

II. The corporate governance principles

When setting up the corporate governance system, in addition to complying with relevant laws and regulations, the company shall follow the following principles:

2.1. Protect the rights and interests of shareholders
2.2. Strengthen the powers of the board of directors.
2.3. Fulfill the function of functional Committee and supervisors.
2.4. Respect the rights, interests and the social responsibility of stakeholders
2.5. Enhance information transparency

III. Set up an Effective Corporate Governance Framework

3.1. The company shall follow the Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's internal and external environment.
3.2. The adoption or amendment of its internal control system shall be submitted to the board of directors for approval by resolution. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting; however if the company has established an audit committee in accordance with the Securities and Exchange Act, the adoption or amendment to its internal control system shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution.
3.3. Other than performing full self-assessments of its internal control system, its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The audit committee or supervisors shall also attend to and supervise these matters.
3.4. Directors and supervisors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors.
3.5. The management of the company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.
3.6. To put the internal control system into effect, strengthen the professional abilities of the agent of the internal auditor and to further improve and maintain the quality and implementing result of the audit, the company shall have a deputy in place for the internal auditing personnel.
3.7. The company may set up a full- (or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs and designate a senior officer to be in charge of supervision. Said officer shall be a qualified lawyer or accountant or have at least three years' management experience gained at a public company in handling legal affairs, financial affairs, stock affairs, etc.

It is advisable that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:

3.7.1. Handling corporate registration and amendment registration
3.7.2. Handling matters relating to board meeting and shareholders meetings according to laws, and assisting the company with compliance with laws and regulations governing such meetings

3.7.3. Producing minutes of board meetings and shareholders meetings

3.7.4. Furnishing information required for business execution of directors and supervisors, and updating them on development s of laws and regulations relating to the operation of the company in order to assist them with legal compliance

3.7.5. Affairs relating to investor relations

3.7.6. Other matters set out in the articles or corporation or contracts

IV. Protection of Shareholders' Rights and Interests

4.1 Encouraging Shareholders to Participate in Corporate Governance

4.1.1. When implementing the corporate governance system, the company shall be to protect shareholders' rights and interests and treat all shareholders fairly. The company shall establish a corporate governance system which ensures shareholders' right of being fully informed of, participating in and making decisions over important matters of the company.

4.1.2. The company shall convene shareholders meetings in accordance with the Company Act and relevant laws and regulations, and provide comprehensive rules for such meetings. The companies shall faithfully implement resolutions adopted by shareholders meetings in accordance with the rules for the meetings. Resolutions adopted by shareholders meetings of the company shall comply with laws, regulations and articles of incorporation.

4.1.3. The company shall properly arrange the agenda items and procedures for shareholders meetings. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

For a shareholders meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and at least one supervisor attend in person, and that at least one member of each functional committee attend as representative. Attendance details should be recorded in the shareholders meeting minutes.

4.1.4 The company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis.

4.1.5. The company shall seek all ways and means, including fully exploiting technologies for information disclosure and casting votes, and is advised to upload notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws. The company that employs electronic voting at a shareholders meeting is advised to avoid raising extraordinary motions and amendments to original proposals, and is advised to adopt a candidate nomination system for the election of directors and supervisors. The companies are advised to arrange for their shareholders to vote on each separate proposal in the shareholders meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System. If the company distributes souvenirs at its shareholders meeting, it shall not practice differential treatment or discrimination.

4.1.6. The company shall record the minutes of the shareholders' meeting in accordance with the Company Law and other applicable laws and regulations. With respect to unanimous by adopted proposal, the meeting minutes shall state: "The resolution is unanimously adopted by all shareholders attending the shareholders' meeting after the chairman inquires all attending shareholders' opinion." As to any proposal that has received any dissent and been adopted in the shareholders' meeting, the meeting minutes shall record the method and result of the voting. With respect to the election of directors and supervisors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the directors or supervisors who were elected.

The minutes of the shareholders' meeting shall be properly and perpetually kept by the company during its legal existence. It would be advisable for a securities firm to fully disclose such meeting minutes on its website, if any.

4.1.7. The chairman of the shareholders' meetings shall be fully familiarized and comply with the rules governing the proceedings of the shareholders' meetings established by the company. The chairman shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will. In order to protect the interests of shareholders owning a significant portion of shares, if the chairman declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of the shareholders' meetings, it would be advisable for the members of the board of directors other than the chairman of the shareholders' meeting to promptly assist the attending shareholders at the shareholders' meeting in electing a new chairman of the shareholders' meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

4.1.8. The company shall respect the shareholders' right to know. With respect to the information of the financial conditions, operations, the insiders' shareholdings, and corporate governance status in the company, a securities firm shall faithfully comply with the applicable regulations regarding the information disclosure.

4.1.9. The shareholders shall be entitled to profit distributions by the company. In order to ensure the shareholders' investment interests, the shareholders' meeting may according to the regulations of the Company Law, examine the statements and books prepared and submitted by the board of directors and the audit reports submitted by the supervisors, and may decide, by resolution, profit distributions and deficit off-setting plans. In order to proceed with the above examination, the shareholders' meeting may appoint an inspector.

4.1.10. The shareholders may, according to the regulations of the Company Law, apply with the court to select an inspector in examining the accounting records and assets of the company.

4.1.11. The board of directors, supervisors and managers of the company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any obstruction, rejection or circumvention.

4.1.12 In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting so as to protect the interests of the shareholders.

When the company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the company's financial structure thereafter.

4.1.13 In order to protect the interests of the shareholders, it is advisable that the company designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes. The company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders meeting or a board of directors meeting in violation of applicable laws, regulations, or the company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the company's articles of incorporation by any directors, supervisors or managers in performing their duties.

It is advisable that the company adopt internal procedures for appropriate handling of matters referred to in the preceding two paragraphs, and that it keep relevant written records for future reference and incorporate the procedures in its internal control system for management purposes.

The board of directors of the company is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of company's objectives.

In addition to communicating with shareholders through shareholders meetings and encouraging shareholders to participate in such meetings, the board of directors of the company together with officers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound company policies explicitly, in order to gain shareholders' support.

4.2. Corporate Governance Relationships Between the Company and Its Affiliated Enterprises

4.2.1. The company shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

4.2.2. Unless otherwise provided by the laws and regulations, a manager of the company may not serve as a manager of its affiliated enterprises. A director who engages in any transaction for himself or on behalf of another person that is within the scope of the company's operations shall explain the major content of such actions to the shareholders meeting and obtain its consent.

4.2.3. The company shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.

4.2.4. The company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited. All transactions or contracts made by and between the company and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.

4.2.5. A corporate shareholder having controlling power over the company shall comply with the following provisions:

4.2.5.1. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the company to conduct any business which is contrary to normal business practice or profitable.

4.2.5.2. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director or supervisor.

4.2.5.3. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors or supervisors and shall not act beyond the authority granted by the shareholders meeting or board meeting.

4.2.5.4. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.

4.2.5.5. It shall not restrict or impede the management or production of the company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.

4.2.5.6. The representative that is designated when a corporate shareholder has been elected as a director or supervisor shall meet the company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

4.2.6. The company shall retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders. The major shareholder indicated in the first paragraph refers to those who owns 5 percent or more of the outstanding shares of the company or the shareholding stake thereof is on the top 10 list, provided however that the company may set up a lower shareholding threshold according to the actual shareholding stake that may control the company.

4.2.7. The company shall disclose periodically important information about its shareholders holding more than 10 percent of the outstanding shares of the company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

V. Enhancing the Functions of the Board of Directors

5.1. Structure of the Board of Directors

5.1.1. The board of directors of the company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.

5.1.2. The structure of the company's board of directors shall be determine by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

5.1.3. The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

5.1.3.1. Basic requirements and values: Gender, age, nationality, and culture.

5.1.3.2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

5.1.4. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

5.1.4.1. Ability to make operational judgments.

5.1.4.2. Ability to perform accounting and financial analysis

5.1.4.3. Ability to conduct management administration

5.1.4.4. Ability to conduct crisis management

5.1.4.5. Knowledge of the industry

5.1.4.6. An international market perspective

5.1.4.7. Ability to lead

5.1.4.8. Ability to make policy decisions.

5.1.5. The company shall, according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

5.1.6. Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the company.

5.1.7. When the number of directors falls below five due to the discharge of a director for any reason, the company shall hold a by-election for director at the following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).

5.1.8. The aggregate shareholding percentage of all of the directors of the company shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

5.1.9. Before conducting the change of directors in the shareholders' meeting, it is advisable that the company reviews in advance the qualifications, education, working experience, background, and the existence of any other matters set forth in the Company Act with respect to the director candidates recommended by shareholders or directors and provide the results of the review to shareholders for their reference, so that qualified directors will be elected.

The board of directors shall assess carefully the qualifications and other matters listed in the preceding paragraph and the willingness of a candidate to act as director after it is so elected, before proposing a roster of director candidates as required.

5.1.10. Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of the company and those of its general manager. It is inappropriate for the chairperson to also act as the general manager. If the chairperson also acts as the general manager or the chairperson and general manager are spouses or relatives within one degree of consanguinity, it is advisable that the number of independent directors be increased. The company with a functional committee shall clearly define the responsibilities and duties of the committee.

5.2. Independent Director System

5.2.1. The company shall appoint independent directors in accordance with its articles of incorporation. They shall be not less than two in number and not less than one-fifth of the total number of directors.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than five other TWSE/TPEx listed companies. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company.

5.2.2. The company is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of directors pursuant to the Company Act.

5.2.3. Change of status between independent directors and non-independent directors during their term of office is prohibited.

5.2.4. If an independent director is discharged for any reason, resulting in a number of directors lower than that required under paragraph 1 or the articles of incorporation, a by-election for independent director shall be held at the next shareholders meeting. In the event that all the independent directors have been discharged, the company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the vacancies arose.

5.2.5. Where the company has created the position of managing director, the managing directors shall include no less than one independent director, and no less than one-fifth of the managing director seats shall be held by independent directors.

5.2.6. Independent directors shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company. The company shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

5.2.7. The following matters shall be submitted to the board of directors for approval by resolution unless approval has been obtained from the Competent Authority; when an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting:

5.2.7.1. Adoption or amendment of an internal control system pursuant to the relating regulations of Securities and Exchange Act

5.2.7.2. Adoption or amendment, pursuant to the relating regulations Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

5.2.7.3. A matter bearing on the personal interest of a director.

5.2.7.4. A material asset or derivatives transaction.

5.2.7.5. A material monetary loan, endorsement, or provision of guarantee.

5.2.7.6. The offering, issuance, or private placement of any equity-type securities.

5.2.7.7. The hiring or dismissal of an attesting CPA, or the compensation given thereto.

5.2.7.8. The appointment or discharge of a financial, accounting, or internal auditing officer.

5.2.7.9 . Any other material matter so required by the Competent Authority.

5.2.8. The company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The company or other board members shall not restrict or obstruct the performance of duties by the independent directors.

5.2.9. The company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company, and shall also take the overall operational risks of the company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

When the company, under its articles of incorporation, or by resolution of its shareholders meeting, or by order of the competent authority, sets aside a certain proportion of earnings as special reserve, such allocation shall be made after the allocation of legal reserve and before the distribution of director, supervisor, and employee compensations, and the company shall provide in the articles of incorporation the method to be adopted for distributing earnings when reversal of the special reserve is added into the undistributed earnings.

5.3. Functional Committees

5.3.1. For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of the company, in consideration of the company's scale and type of operations and the number of its board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the articles of incorporation.

5.3.2. Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval, provided that the performance of supervisor's duties by the audit committee pursuant to the relating regulation of the Securities and Exchange Act shall be excluded.

5.3.3. Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the company for exercise of power by the committee.

5.3.4. For the company that has established an audit committee, the audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.

5.3.5. For the company that has established an audit committee, the above 5.2.7. herein does not apply to the following matters, which shall be subject to the consent of at least one half of all audit committee members and be submitted to the board of directors for a resolution:

5.3.5.1. Adoption or amendment of internal control system pursuant to the relating regulations of the Securities and Exchange Act.

5.3.5.2. Assessment of the effectiveness of the internal control system.

5.3.5.3. Adoption or amendment, pursuant to the relating regulations of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

5.3.5.4. A matter bearing on the personal interest of a director.

5.3.5.5. A material asset or derivatives transaction.

5.3.5.6. A material monetary loan, endorsement, or provision of guarantee.

5.3.5.7. The offering, issuance, or private placement of any equity-type securities.

5.3.5.8. The hiring, discharge, or compensation of an attesting CPA.

5.3.5.9. The appointment or discharge of a financial, accounting, or internal auditing officer.

5.3.5.10. Annual and semi-annual financial reports.

5.3.5.11. Any other material matter so required by the company or the competent authority.

5.3.6. For the company that has established a remuneration committee, he committee member shall not be fewer than three members, one of whom shall be the convener. One independent director shall participate on the remuneration committee. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the remuneration committee member shall be set forth in accordance with the relating regulation.

5.3.7. In terms of the remuneration policy of directors, supervisors and managerial personnel of the company, the remuneration committee shall submit its recommendations for deliberation by the board of directors. The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers, and shall submit its recommendations for deliberation by the board of directors.

5.3.8. When performing the official powers of the preceding paragraph, the remuneration committee shall follow the principles listed below:

5.3.8.1. It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the company may tolerate.

5.3.8.2. With respect to the performance assessment and remuneration of directors, supervisors and managerial personnel of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.

5.3.8.3. It shall take into consideration the characteristics of the industry and the nature of the company's business when determining the ratio of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration.
"Remuneration" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. It scope shall be consistent with that of remuneration for directors, supervisors, and managerial officers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

5.3.9. The company is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.

5.3.10. To improve the quality of its financial reports, the company shall establish the position of deputy to its principal accounting officer.
Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be company internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.
The company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors, the supervisor or audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.

5.3.11. The company shall evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually. In the event that the company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

5.3.12. It is advisable that the company engage a professional and competent legal counsel to provide adequate legal consultation services to the company, or to assist the directors, the supervisors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

5.3.13. When, as a result of performing their lawful duties, directors, supervisors or the management are involved in litigation or a dispute with shareholders, the company shall retain a legal counsel to provide assistance as circumstances require.

5.3.14. The audit committee or an independent director may retain the service of legal counsel, CPA, or other professionals on behalf of the company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the company.

5.4. Rules for the Proceedings and Decision-Making Procedures of Board Meetings

5.4.1. The board of directors of the company shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director and supervisor no later than 7 days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the board of directors.

5.4.2. The company shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

5.4.3. Company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

5.4.4. An independent director of the company shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.

5.4.5. In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS before the beginning of trading hours on the first business day after the date of the board meeting:

5.4.5.1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.

5.4.5.2 The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors.

5.4.6. During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

5.4.7. The minutes of the board of directors meetings shall be signed by the chairperson and secretary of the meeting and sent to each director and supervisor within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the company. Meeting minutes may be produced, distributed, and preserved by electronic means.

5.4.8. The company shall record on audio or video tape the entire proceedings of a board of directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise. If before the end of the preservation period referred to in the preceding paragraph a lawsuit arises with respect to a resolution of a board of directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.

5.4.9. Where a board of directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

5.4.10. When a resolution of the board of directors violates laws, regulations, the articles of incorporation, or resolutions adopted in the shareholders meeting, and thus causes an injury to the company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

5.4.11. The company listed company shall submit the following matters to its board of directors for discussion:

5.4.11.1. Corporate business plans

5.4.11.2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be CPA audited and attested

5.4.11.3. Adoption or amendment to an internal control system pursuant to the relating regulations of the Securities and Exchange Act.

5.4.11.4. Adoption or amendment, pursuant to the relating regulations of the Securities and Exchange Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.

5.4.11.5. The offering, issuance, or private placement of any equity-type securities.

5.4.11.6. The performance assessment and the standard of remuneration of the managerial officers.

5.4.11.7. The structure and system of director's remuneration.

5.4.11.8. The appointment or discharge of a financial, accounting, or internal audit officer.

5.4.11.9. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.

5.4.11.10. Any matter required by the relating regulations of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be submitted to a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

5.4.12. The company shall ask the appropriate corporate department or personnel to execute matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation. The board of directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decisions.

5.5. Fiduciary Duty, Duty of Care and Responsibility of Directors

5.5.1. Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

5.5.2. Any resolution of the board of directors that involves the company's business development or a major policy direction shall be carefully considered and may not affect the implementation or effectiveness of corporate governance.

5.5.3. It is advisable that the company formulate rules and procedures for board of directors performance assessments, and that each year it conduct regularly scheduled performance assessments of the board of directors, functional committees, and individual directors through self-assessment, peer-to-peer assessments, engaging outside professional institutions, or in any other appropriate manner. It is advisable that the performance assessment of the board of directors (functional committees) include the following aspects, and that appropriate assessment indicators be developed in consideration of the company's needs:

5.5.3.1. The degree of participation in the company's operations.

5.5.3.2. Improvement in the quality of decision making by the board of directors.

5.5.3.3. The composition and structure of the board of directors.

5.5.3.4. The election of the directors and their continuing professional education.

5.5.3.5. Internal controls.

5.5.4. It is advisable that performance assessments of board members (self-assessments or peer-to-peer assessments) include the following aspects, with appropriate adjustments made on the basis of the company's needs:

5.5.4.1. Their grasp of the company's goals and missions
5.5.4.2. Their recognition of director's duties
5.5.4.3. Their degree of participation in the company's operations.
5.5.4.4. Their management of internal relationship and communication
5.5.4.5. Their professionalism and continuing professional education
5.5.4.6. Internal controls.

5.5.5. The company's board of directors shall consider adjusting its composition based on the results of performance assessments.

5.5.6. It is advisable for the company to establish a succession plan for the management. The development and implementation of such plan shall be periodically evaluated by the board of directors to ensure sustainable operation.

5.5.7. If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of a supervisor to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.

5.5.8. Upon discovering a likelihood that the company would suffer material injury, members of the board of directors shall immediately report to the audit committee, an independent director member of the audit committee, or a supervisor in accordance with the foregoing paragraph.

5.5.9. The company is advised to take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.

The company is advised to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.

5.5.10. Members of the board of directors are advised, upon becoming directors or during their term of office, to participate in training courses on the subjects of finance, operations, business, accounting, law, or corporate social responsibility that include topics related to corporate governance. They shall also ensure that company employees at all levels enhance their professional and legal knowledge.

VI. Fulfilling the Functions of Supervisors

6.1. The Functions of Supervisors

6.1.1. The company shall take into consideration the needs of overall business operations and comply with the relating rules in setting the minimum number of supervisors.

6.1.2. The aggregate shareholding percentage of all of the supervisors of the company shall comply with laws and regulations. Restrictions on share transfers by each supervisor and the creation, release, or changes in pledges of shares held by each supervisor shall comply with the relevant laws and regulations, and the relevant information shall be fully disclosed.

6.1.3. At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.

6.1.4. The supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.

6.2. Powers and Obligations of Supervisors

6.2.1. A supervisor shall be familiar with the relevant laws and regulations, and shall understand the rights, obligations, and duties of directors of the company and the functions, duties, and operation of each department. A supervisor shall attend meetings of the board of directors to supervise their operations and to state his/her opinions when appropriate so as to grasp or discover any abnormal situation early on.

6.2.2. The company shall stipulate the supervisor's remuneration in its articles of incorporation or by an approval in a shareholders meeting.

6.2.3. A supervisor shall supervise the implementation of the operations of the company, and performance of duties by directors and managers, and care the enforcement of the internal control system, and establish communication channel with the auditors so as to reduce the financial and operational risks of the company.

6.2.4. Where a director, for himself/herself or on behalf of others, enters into a sale/purchase or loan transaction, or conducts any legal act with the company, a supervisor shall act as the representative of the company. In the event that the company has set up an audit committee, an independent director member of the audit committee shall act as the representative of the company in the above situation.

6.2.5. A supervisor shall investigate the operational and financial conditions of the company from time to time, and the relevant departments in the company shall provide the books or documents that will be needed for the supervisor's review.

6.2.6. When reviewing the finance or operations of the company, a supervisor may retain attorneys or CPAs on behalf of the company to perform the review; however, the company shall inform the relevant persons of their confidentiality obligations.

6.2.7. The board of directors or managers shall submit reports in accordance with the request of the supervisors and shall not for any reason obstruct, circumvent, or refuse the inspection of the supervisor.

6.2.8. When a supervisor performs his/her duties, the company shall provide necessary assistance as needed by the supervisor, and the reasonable expenses that the supervisor needs shall be borne by the company.

6.2.9. For supervisors to timely discover any possible irregular conduct in the company, the company shall establish a channel for supervisors to communicate with the employees, shareholders, and stakeholders.

6.2.10. Upon discovering any irregular conduct, a supervisor shall take appropriate measures timely to curb the expansion of the irregular conduct, and file a report to the relevant regulatory authorities or agencies if necessary. In the event that a supervisor neglects his/her duties and therefore causes harm to the company, the supervisor shall be liable to the company.

6.2.11. It is advisable that this Company, in accordance with the articles of incorporation or the resolution of a shareholders meeting, take out liability insurance for the supervisors with respect to liabilities resulting from the performance of duties during their terms of office, so as to reduce and spread the risk of material damage to the rights and interests of this Company and the shareholders as a result of error or negligence on the part of a supervisor.
The company is advised to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for supervisors, at the next board meeting.

6.2.12. When an independent director or general manager, an officer of the finance, accounting, research and development, or internal audit department, or a CPA resigns or is removed from his/her position, the supervisors shall investigate the reasons.

6.2.13. When exercising his/her supervisory power, each supervisor of the company may, after taking into consideration the overall interest of the company and shareholders, convene a meeting to exchange opinions among all the supervisors when he or she feels necessary, but in so doing may not obstruct supervisors in exercising their duties.

6.2.14. Upon becoming supervisors and throughout their terms, supervisors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of the companies covering subjects relating to corporate governance.

VII. Respecting Stakeholders' Rights and their Social Responsibility

7.1. The company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the company, respect and safeguard their legal rights and interests, and designate a stakeholders section on its website.

7.2. When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith.

7.3. The company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or supervisors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the company concerning employee welfare.

7.4. In developing its normal business and maximizing the shareholders' interest, the company shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the company's social responsibility.

VIII. Improving Information Transparency

8.1. Enhancing Information Disclosure

8.1.1. The company shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.

8.1.2. In order to enhance the accuracy and timeliness of the material information disclosed, the company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the company in making statements independently.

8.1.3. In order to implement the spokesperson system, the company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.

The company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.

8.1.4. In order to keep shareholders and stakeholders fully informed, the company shall utilize the convenience of the Internet, build the special Section for Stakeholders and set up a website containing the information regarding the company's finances, operations, and corporate governance. It is also advisable for the company to furnish the financial, corporate governance, and other relevant information in English. To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

8.1.5. The company shall hold an investor conference in compliance with the regulations of the TWSE and TPEx, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the company, or through other channels, in accordance with the relating rules.

8.2. Disclosure of Information on Corporate Governance

8.2.1. The company shall disclose and update from time to time the following information regarding corporate governance in the fiscal year in accordance with the relating regulations (disclosure of supervisors' information is not required if the company has an audit committee):

8.2.1.1. Corporate governance framework and rules.

8.2.1.2. Ownership structure and the rights and interests of shareholders, including specific and explicit dividend policy).

8.2.1.3. Structure, professionalism and independence of the board of directors.

8.2.1.4. Responsibility of the board of directors and managerial officers.

8.2.1.5. Composition, duties and independence of the audit committee or supervisors.

8.2.1.6. Composition, duties and operation of the remuneration committee and other functional committees.

8.2.1.7. The remuneration paid to the directors, supervisors, general manager and vice general manager in the last two fiscal years, the analysis of the percentage of total remuneration to net profit after tax in the parent company only financial reports or individual financial reports, the policy, standard and package of remuneration payment, the procedure for determination of remuneration and the connection with the operation performance and future risk. Under special individual circumstances, remuneration of individual directors and supervisors shall be disclosed.

8.2.1.8. The progress of training of directors and supervisors.

8.2.1.9. The rights, relationships, avenues for complaint, concerns, and appropriate response mechanism regarding stakeholders.

8.2.1.10. Details of the events subject to information disclosure required by law and regulations.

8.2.1.11. The enforcement of corporate governance, differences between the corporate governance principles implemented by the company and these Principles, and the reason for the differences.

8.2.1.12. Other information regarding corporate governance.

8.2.2. The company is advised, according to the actual performance of the corporate governance system, to disclose the plans and measures to improve its corporate governance system through appropriate mechanisms.

9. Method of Implementation and Disclosure

The best practice principles of the company shall be implemented after the board of directors grants the approval, disclose the best practice principles conduct it has adopted in its annual reports and prospectuses and on the MOPS. The board of directors may be authorized to adopt, by resolution, any future amendments to these principles.

Attachment IX

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Wah Lee Industrial Corporation

Opinion

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

In our opinion, based on our audits and report of the other independent auditors'(refer on paragraph of Other Matter), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

<u>Impairment Assessment on Trade Receivables</u>

The management's assessment of allowance for doubtful trade receivables was individually assessed on trade receivables that are past due or has impairment concerns, then other trade receivables were assessed for impairment on a collective basis according to past experience of collecting payments and aging. We considered the allowance for doubtful trade receivables to be significant accounting estimation and judgement. Therefore, we focused on whether the amounts of allowance for doubtful trade receivables present fairly.

Our key audit procedures performed included the following:

1. We obtained and examined, on a test basis, the aging schedule to assess the adequacy of trade receivables aging classification. We inquired management the reason of specific overdue receivables.

2. We evaluated the accounts balance of allowance for doubtful trade receivables by reviewing the evaluation

documentation of individual trade receivables with impairment concerns, past experience of collecting payments and overdue circumstances, etc.

Impairment Assessment of Inventories

Inventories were stated at the lower of cost and net realizable value. The estimation was assessed based on current market conditions and sales experience of similar products. The evaluation of net realizable value might be significantly changed by industrial market conditions. Therefore, we focused on the adequacy of impairment assessment of inventories.

Apart from confirming that the management evaluated inventory impairment by different industries and types of products, we also performed key audit procedures as the following:

1. Obtained the inventory aging report by inventory code and assessed, on a test basis, the adequacy of inventory aging classification.

2. Tested if the net realizable value were evaluated according to the aging and industry of the inventories and further examined the supporting documents of the selling price related to net realizable value from the above inventory aging report.

3. Examined if the impaired inventory items recorded at net realizable value, and assessed the adequacy of the amounts of write-down of inventories.

Other Matter

The consolidated financial statements of subsidiary Wah Lee Tech (Singapore) Pte., Ltd. and certain investee companies which were accounted for using equity method in the Group's consolidated financial statements for the years ended December 31, 2016 and 2015, were audited by other independent auditors, insofar as it relates to the amounts and information disclosed, is based solely on the report of the other independent auditors. The financial statements of Wah Lee Tech (Singapore) Pte., Ltd. reflected total assets of NT$771,719 thousand and NT$698,221 thousand, both representing 3% of total consolidated assets as of December 31, 2016 and 2015, respectively; and reflected total operating revenues of NT$1,239,160 thousand and NT$1,033,911 thousand, both representing 3% of total consolidated operating revenues for the years ended December 31, 2016 and 2015, respectively. The carrying value of the investments accounted for using equity method were NT$671,351 thousand and NT$700,954 thousand, both representing 3% of total consolidated assets as of December 31, 2016 and 2015, respectively; and the share of profit of associates was NT$58,221 thousand and NT$57,239 thousand, representing 4% and 3% of consolidated profit before income tax for the years ended December 31, 2016 and 2015, respectively.

We have also audited the parent company only financial statements of Wah Lee Industrial Corporation and for the years ended December 31, 2016 and 2015 on which we have expressed an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chen-Li Chen and Jun-Ji Kung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2017

Notice to Readers

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

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

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2016		December 31, 2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents	$ 2,465,568	10	$ 2,100,213	8
Available-for-sale financial assets - current	285,731	1	334,817	1
Notes receivable	1,243,859	5	1,761,610	7
Trade receivable, net	9,558,550	38	9,167,213	34
Trade receivable - related parties	131,701	1	100,497	1
Other receivables	44,578	-	45,092	-
Other receivables - related parties	21,850	-	5,272	-
Inventories	3,173,030	13	4,041,337	15
Prepayment and others	407,653	2	460,568	2
Other financial assets - current	83,154	-	840,738	3
Total current assets	17,415,674	70	18,857,357	71
NONCURRENT ASSETS				
Available-for-sale financial assets - noncurrent	551,062	2	461,609	2
Investments accounted for using equity method	4,219,655	17	4,463,950	17
Property, plant and equipment	2,322,312	9	2,481,713	9
Goodwill	58,587	-	97,058	-
Computer software	2,762	-	9,474	-
Deferred tax assets	198,277	1	209,873	1
Prepayments for equipment	808	-	26,751	-
Refundable deposits	86,952	1	107,452	-
Other noncurrent assets	62,328	-	16,128	-
Total noncurrent assets	7,502,743	30	7,874,008	29
TOTAL	$ 24,918,417	100	$ 26,731,365	100

	December 31, 2016		December 31, 2015	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans	$ 2,133,852	9	$ 3,701,797	14
Notes payable	583,182	2	411,874	1
Notes payable - related parties	276,403	1	250,280	1
Trade payable	5,204,673	21	5,388,244	20
Trade payable - related parties	271,234	1	265,502	1
Other payables	887,348	4	804,593	3
Current tax liabilities	130,342	1	163,038	1
Provisions - current	166,485	1	61,948	-
Current portion of long-term debts	1,044,391	4	51,119	-
Other current liabilities	117,509	-	197,001	1
Total current liabilities	10,815,419	44	11,295,396	42
NONCURRENT LIABILITIES				
Long-term debts	2,073,211	8	2,560,203	10
Bonds payable	-	-	992,112	4
Provision - noncurrent	14,760	-	14,760	-
Net defined benefit liabilities - noncurrent	345,804	2	347,718	1
Guarantee deposits received	425	-	421	-
Deferred tax liabilities	830,550	3	795,991	3
Total noncurrent liabilities	3,264,750	13	4,711,205	18
Total liabilities	14,080,169	57	16,006,601	60
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share Capital	2,313,901	9	2,313,901	9
Capital surplus	1,378,680	6	1,331,568	5
Retained earnings				
Legal reserve	1,704,573	7	1,591,558	6
Special reserve	72,302	-	72,302	-
Unappropriated earnings	4,541,549	18	4,241,476	16
Total retained earnings	6,318,424	25	5,905,336	22
Other equity	(124,837)	(1)	238,488	1
Total equity attributable to owners of the company	9,886,168	39	9,789,293	37
NON-CONTROLLING INTERESTS	952,080	4	935,471	3
Total equity	10,838,248	43	10,724,764	40
TOTAL	$ 24,918,417	100	$ 26,731,365	100

(With Deloitte & Touche audit report dated March 22, 2017)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUES				
Net sales	$ 39,223,245	99	$ 39,813,001	100
Commission revenue	105,374	-	114,197	-
Other operating revenue	213,182	1	116,467	-
Total operating revenues	39,541,801	100	40,043,665	100
OPERATING COSTS				
Cost of goods sold	35,717,006	90	36,300,581	91
Other operating costs	70,416	-	81,637	-
Total operating costs	35,787,422	90	36,382,218	91
GROSS PROFIT	3,754,379	10	3,661,447	9
OPERATING EXPENSES				
Selling and marketing expenses	1,928,181	5	1,938,287	5
General and administrative expenses	386,812	1	381,378	1
Total operating expenses	2,314,993	6	2,319,665	6
OPERATING INCOME	1,439,386	4	1,341,782	3
NON-OPERATING INCOME AND EXPENSES				
Other income	129,102	-	166,962	-
Other gains and losses	(95,133)	-	(168,257)	-
Finance costs	(107,852)	-	(107,059)	-
Share of profit of associates	206,165	-	421,181	1
Total non-operating income and expenses	132,282	-	312,827	1
PROFIT BEFORE INCOME TAX	1,571,668	4	1,654,609	4
INCOME TAX EXPENSE	425,751	1	426,256	1
NET PROFIT FOR THE YEAR	1,145,917	3	1,228,353	3
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(3,159)	-	(22,099)	-

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2016		2015	
	Amount	%	Amount	%
Share of the remeasurement of the defined benefit plans of associates accounted for using the equity method	$ (4,927)	-	$ (2,346)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	537	-	3,756	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(439,431)	(1)	28,469	-
Unrealized loss on available-for-sale financial assets	68,668	-	(183,916)	(1)
Share of other comprehensive loss of associates and joint ventures	(135,677)	-	(47,142)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	68,049	-	(3,375)	-
Other comprehensive loss for the year, net of income tax	(445,940)	(1)	(226,653)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 699,977	2	$ 1,001,700	2
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,045,390	3	$ 1,130,150	3
Non-controlling interests	100,527	-	98,203	-
	$ 1,145,917	3	$ 1,228,353	3
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 674,516	2	$ 903,477	2
Non-controlling interests	25,461	-	98,223	-
	$ 699,977	2	$ 1,001,700	2
EARNINGS PER SHARE				
Basic	$ 4.52		$ 4.88	
Diluted	$ 4.20		$ 4.50	

(With Deloitte & Touche audit report dated March 22, 2017) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
			Retained Earnings			Other Equity					
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Cash Flow Hedges	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Subgtotal	Non-controlling Interest	Total Equity
BALANCE AT JANUARY 1, 2015 AS RESTATED	$ 2,313,901	$ 1,326,412	$ 1,464,197	$ 72,302	$ 4,022,963	$ 294,094	$ -	$ 150,378	$ 9,644,247	$ 822,495	$ 10,466,742
Appropriation of 2014 earnings											
Legal reserve	-	-	127,361	-	(127,361)	-	-	-	-	-	-
Cash dividends distributed by the Company - 33%	-	-	-	-	(763,587)	-	-	-	(763,587)	-	(763,587)
	-	-	127,361	-	(890,948)	-	-	-	(763,587)	-	(763,587)
Change in capital surplus from investments in associates accounted for by using equity method	-	5,127	-	-	-	-	-	-	5,127	-	5,127
Net profit for the year ended December 31, 2015	-	-	-	-	1,130,150	-	-	-	1,130,150	98,203	1,228,353
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	(20,689)	(10,243)	-	(195,741)	(226,673)	20	(226,653)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	1,109,461	(10,243)	-	(195,741)	903,477	98,223	1,001,700
Actual acquisition of interest in subsidiaries	-	29	-	-	-	-	-	-	29	14,753	14,782
BALANCE AT DECEMBER 31, 2015	2,313,901	1,331,568	1,591,558	72,302	4,241,476	283,851	-	(45,363)	9,789,293	935,471	10,724,764
Appropriation of 2015 earnings											
Legal reserve	-	-	113,015	-	(113,015)	-	-	-	-	-	-
Cash dividends distributed by the Company - 27%	-	-	-	-	(624,753)	-	-	-	(624,753)	-	(624,753)
	-	-	113,015	-	(737,768)	-	-	-	(624,753)	-	(624,753)
Change in capital surplus from investments in associates accounted for by using equity method	-	47,112	-	-	-	-	-	-	47,112	-	47,112
Net profit for the year eded December 31, 2016	-	-	-	-	1,045,390	-	-	-	1,045,390	100,527	1,145,917
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	(7,549)	(430,740)	(213)	67,628	(370,874)	(75,066)	(445,940)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	1,037,841	(430,740)	(213)	67,628	674,516	25,461	699,977
Adjustment of non-controllng interests	-	-	-	-	-	-	-	-	-	(8,852)	(8,852)
BALANCE AT DECEMBER 31, 2016	$ 2,313,901	$ 1,378,680	$ 1,704,573	$ 72,302	$ 4,541,549	$ (146,889)	$ (213)	$ 22,265	$ 9,886,168	$ 952,080	$ 10,838,248

(With Deloitte & Touche audit report dated March 22, 2017)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,571,668	$ 1,654,609
Adjustments for:		
Depreciation expenses	101,176	80,272
Amortization expenses	6,905	14,770
Impairment loss recognized (reversal of impairment loss) on trade receivables	(2,409)	170,234
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	-	4,694
Finance costs	107,852	107,059
Interest income	(22,362)	(63,028)
Dividend income	(5,955)	(13,002)
Share of profit of associates	(206,165)	(421,181)
Gain on disposal of property, plant and equipment	(25,177)	(761)
Gain on disposal of investments	(22,884)	(1,448)
Impairment loss on available-for-sale financial assets	61,672	98,631
Write-down of inventories	29,273	125,372
Net loss on foreign currency exchange	15,492	87,518
Others	7,588	9,328
Changes in operating assets and liabilities		
Financial assets held for trading	-	(6,455)
Notes receivable	517,751	(292,803)
Trade receivable	(416,336)	179,637
Trade receivable - related parties	(31,204)	(15,499)
Other receivable	(61)	(14,605)
Other receivable - related parties	(16,578)	(1,746)
Inventories	844,388	(599,727)
Prepayments and other current assets	74,676	(56,930)
Notes payable	171,308	(41,709)
Notes payable - related parties	26,123	17,686
Trade payable	(157,500)	447,857
Trade payable - related parties	14,614	37,511
Other payables	95,870	(61,963)
Provisions	104,537	14,932
Other current liabilities	(79,492)	83,283
Net defined benefit liabilities	(4,848)	(4,281)
Cash generated from operations	2,759,922	1,538,255
Interest received	22,362	63,028
Dividend received	228,560	220,852
Interest paid	(94,575)	(91,261)
Income tax paid	(346,120)	(365,618)
Net cash generated from operating activities	2,570,149	1,365,256

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2016	**2015**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	$ (50,048)	$ (374,151)
Proceeds of sale of available-for-sale financial assets	95,718	138,479
Net cash outflow on acquisition of subsidiaries	-	(122,502)
Proceeds of capital reduction from associates accounted for using equity method	21,989	-
Payments for property, plant and equipment	(350,704)	(649,971)
Proceeds from disposal of property, plant and equipment	386,479	1,296
Increase in refundable deposits	(21,014)	(171,315)
Decrease in refundable deposits	38,559	170,182
Payments for intangible assets	(264)	(5,629)
Increase in other financial assets	(114,621)	(662,010)
Decrease in other financial assets	848,581	1,130,592
Increase in other noncurrent assets	(7,121)	-
Decrease in other noncurrent assets	-	5,694
Net cash generated from (used in) investing activities	847,554	(539,335)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	10,033,753	14,382,595
Repayments of short-term loans	(11,551,177)	(15,955,422)
Decrease in short-term bills payable	-	(150,000)
Proceeds from long-term debts	1,539,989	2,295,859
Repayment of long-term debts	(2,059,331)	(1,041,999)
Increase (decrease) of guarantee deposits received	4	(40)
Cash dividends	(624,753)	(763,587)
Change in non-controlling interests	-	14,753
Net cash used in financing activities	(2,661,515)	(1,217,841)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(390,833)	5,251
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	365,355	(386,669)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,100,213	2,486,882
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,465,568	$ 2,100,213

(With Deloitte & Touche audit report dated March 22, 2017) (Concluded)

Wah Lee Industrial Corp.

The Proposal for Distribution of 2016 Earnings

Unit: NT Dollars

Items	Amount	
	Subtotal	total
Beginning Undistributed earnings		3,503,707,524
Less: Remeasurements of Defined Benefit Plans in Retained Earning	(7,549,155)	
Adjusted Undistributed Earnings		3,496,158,369
Add: Net Profit After tax	1,045,390,508	
Less: 10% Legal Reserve	(104,539,051)	
Less: Legal Reserve	(124,836,858)	
Distributable Net Profit		4,312,172,968
Distributable Items:		
Dividend to shareholders- Cash (NT $2.6 per share)	(601,614,359)	
Un-appropriated undistributed earnings		3,710,558,609

Notes: The amount of this profit Distribution has priority in 2016 profit net.

President: Ray-Ching Chang Manager: Tsuen-Hsien Chang Accounting Supervisor: Guo-Ping Li

Attachment X

Wah Lee Industrial Corp.

The Comparison Table of the Before and After Revision of the Company Policy

Article number	Content		Basis and reason for revision
	Before revision	After revision	
Article 13	Chapter 4 Directors, ~~supervisors~~ and the Audit Committee. The company has seven to eleven directors for a term of three years, re-election permitted. When the term of office of the director expires before re- election, his term of office shall be extended to the re-election of the directors. The shareholding ratio of all directors ~~and supervisors~~ of the company shall be handled in accordance with the provisions of the securities management authority. The number of directors in the previous paragraph includes three independent directors. The candidate nomination system is used for the selection of directors, and is selected from the directors' candidate list by the shareholders. The relevant qualifications, holding shares, part-time restrictions, nomination and election methods and other matters to be followed shall be subject to the relevant provisions of the securities authorities.	Chapter 4 Directors and the Audit Committee. The Company has seven to eleven directors for a term of three years, re-election permitted. When the term of office of the director expires before re- election, his term of office shall be extended to the re-election of the directors. The shareholding ratio of all directors of the company shall be handled in accordance with the provisions of the securities management authority. The number of directors in the previous paragraph includes three independent directors. The candidate nomination system is used for the selection of directors, and is selected from the directors' candidate list by the shareholders. The relevant qualifications, holding shares, part-time restrictions, nomination and election methods and other matters to be followed shall be subject to the relevant provisions of the securities authorities.	In response to the establishment of the Audit Committee, text that is not applicable is deleted.

Article 13-1	~~Since the election date of the shareholder-elected independent directors in year 2017,~~ the company has set up an audit committee in accordance with Article 14-4 of the SecuritiesExchange Act and is composed of all independent directors responsible for the implementation of the Company Law, the Securities Exchange Act and other ordinances. The members of the Audit Committee, the exercise of their powers and other matters to be followed shall be handled in accordance with relevant laws. The organizational rules shall be additionally prescribed by the board of directors.	The Company has set up an audit committee in accordance with Article 14-4 of the Securities Exchange Act and is composed of all independent directors responsible for the implementation of the Company Law, the Securities Exchange Act and other ordinances. The members of the Audit Committee, the exercise of their powers and other matters to be followed shall be handled in accordance with relevant laws. The organizational rules shall be additionally prescribed by the board of directors.	In response to the establishment of the Audit Committee, text that is not applicable is deleted.
Article 13-2	~~The supervisor-related provisions of Article 13, Article 14-1, Article 16-2, 16-3 and Article 19 of this charter shall be ceased as soon as Article 13 of this charter is applicable.~~	(Delete article)	In response to the establishment of the Audit Committee, text that is not applicable is deleted.
Article 14-1	The directors ~~and supervisors~~ shall be informed of seven days before the convention of the board of directors. At any time in case of emergency, convention of the board of directors is allowed.	The directors shall be informed of seven days before the convention of the board of directors. At any time in case of emergency, convention of the board of directors is allowed.	In response to the establishment of the Audit Committee, text that is not applicable is deleted.

Article 16-2	The company has three supervisors, elected by the shareholders for a term of three years, re-election permitted. When the term of office of the supervisor expires before re-election, his term of office shall be extended to the re-election of the supervisor.	(Delete article)	In response to the establishment of the Audit Committee, text that is not applicable is deleted.
Article 16-3	The supervisor may attend the board of directors. He is requested to sign or stamp the various documents Under examination, and to submit to the shareholders' meeting.	(Delete article)	In response to the establishment of the Audit Committee, text that is not applicable is deleted.
Article 19	When the directors ~~and supervisors~~ perform the duties of the company, the company should give remuneration to them, regardless of the profit and loss of the company, and shall not exceed the maximum salary paid by the company in accordance with its value and contribution to the company's operating participation. If the company has a surplus, additionally distribute the remuneration in accordance with the provisions of Article 20. The directors ~~and supervisors~~ shall, during their term of office, authorize the board of directors to purchase liability insurance for the business scope of their compensation duties in accordance with the law.	When the directors perform the duties of the company, the company should give remuneration to them, regardless of the profit and loss of the company, and shall not exceed the maximum salary paid by the company in accordance with its value and contribution to the company's operating participation. If the company has a surplus, additionally distribute the remuneration in accordance with the provisions of Article 20. The directors shall, during their term of office, authorize the board of directors to purchase liability insurance for the business scope of their compensation duties in accordance with the law.	In response to the establishment of the Audit Committee, text that is not applicable is deleted.

Article 20	If the company is profitable for the year, it shall allocate 9% to 13% of the profit to the employees' remuneration and not more than 2% to the directors' and supervisors' remuneration. But if the company still has accumulated losses, the profit should be retained in advance to compensate the number. The employees' remuneration in the previous paragraph shall be paid by stock or cash, and the object of payment shall include the employee of the subsidiary who meets certain conditions. The previous two items should be resolved by the board of directors and report to the shareholders' meeting.	If the company is profitable for the year, it shall allocate 9% to 13% of the profit to the employees' remuneration and not more than 2% to the directors' remuneration. But if the company still has accumulated losses, the profit should be retained in advance to compensate the number. The employees' remuneration in the previous paragraph shall be paid by stock or cash, and the object of payment shall include the employee of the subsidiary who meets conditions. The previous two items should be resolved by the board of directors and report to the shareholders' meeting.	Adjust the text description.
Article 24	The company policy was concluded on August 22, 1967, firstly revised on the Republic of China on July 13, 1974,……, the fortieth time revised on June 8, 2000, the forty- first time revised of the Republic of China on June 3, 2013, and the forty-second time revised on June 17, 2016.	The company policy was concluded on August 22, 1967, firstly revised on the Republic of China on July 13, 1974, ……, the fortieth time revised on June 8, 2000, the forty- first time revised of the Republic of China on June 3, 2013, the forty-second time revised on June 17, 2016, and the forty-third time revised on May 26, 2017.	Add the revision date and time.

Attachment XI

Wah Lee Industrial Corp

Articles of "Procedures for Acquisition or Disposal of Assets" Before and After Amendments

Article no.	Contents		Basis and reason for amendment
	Before amendment	After amendment	
Article 3 Asset range	1. Securities: shares, bonds, corporate bonds, financial bonds, securities representing fund holdings, depository receipts, call (put) warrants, beneficiary certificates and asset-backed securities. 2. Property (including land, houses and buildings, investment-oriented property and land use rights). (omitted)	1. **Long and short-term** securities: shares, bonds, corporate bonds, financial bonds, securities representing fund holdings, depository receipts, call (put) warrants, beneficiary certificates and asset-backed securities. 2. Property (including land, houses and buildings, investment-oriented property and land use rights) **and equipment**. (omitted)	The "Long and Short-term Investment Management Measures" are incorporated.
Article 7 Assessment and operating procedures	1. Price determination and references (1) The Company's acquisition or disposal of assets shall be handled by the relevant supervisor in accordance with the provisions of the "Property, Plant and Equipment Cycle and Investment Cycle" of the Company's internal control system. (2) Regarding the Company's acquisition or disposal of securities, the subject company's latest CPA audited or reviewed financial statements shall be obtained first as the reference for assessing the transaction price, and the matter shall be handled in accordance with the Company's **"Long and Short-term Investment Management Measures"**. (omitted)	1. Price determination and references (1) The Company's acquisition or disposal of assets shall be handled by the relevant supervisor in accordance with the provisions of the "Property, Plant and Equipment Cycle and Investment Cycle" of the Company's internal control system. (2) Regarding the Company's acquisition or disposal of securities, **except those expected to be held for less than one year which shall be handled according to the Company's levels of authority in order to respond to the quick changes in the market,** the latest CPA audited or reviewed financial statements of the subject companies **of other securities expected to be held for more than one year (inclusive)** shall be obtained first as the reference for assessing the transaction price, and the matter shall be handled in accordance with **the provisions of the "Investment Cycle" of the Company's internal control**	1. The "Long and Short-term Investment Management Measures" are incorporated. 2. The paragraph is adjusted due to the establishment of the audit committee. 3. The paragraph is adjusted to comply with the amendment to government entities in the laws and regulations.

Article no.	Contents		Basis and reason for amendment
	Before amendment	After amendment	
	2. Investment limits and levels of authority (1) The acquisition or disposal of securities **shall be approved by the Chairman**. If the amount of the transaction reaches NT$100 million (exclusive), it shall be approved by the board of directors. (2) The property, plant and equipment required for business or non-business purposes of the Company **shall be approved by the board of directors, but the board of directors may delegate to the Chairman the authority to approve an amount of up to NT$100 million (inclusive)**. (3) The total value of the property or securities respectively purchased by the Company and its subsidiaries for non-business purposes, and the value of individual securities to be invested in shall be subject to the following limits: A. The total value of the property for non-business purposes shall not exceed 30% of the net value of the Company as in its latest financial statements; the total value of the property purchased by all the subsidiaries of the Company for non-business purposes shall not exceed 10% of the net value of the Company as in its latest financial statements. B. The total value of the securities shall not exceed 100% of the net value of the Company as in its latest financial statements; the total value of the securities purchased by all the subsidiaries of the Company for non-business purposes shall not exceed 50% of the net value of the Company as	**system. The evaluation of the Company's short-term securities investment shall be conducted in accordance with the relevant Generally Accepted Accounting Principles and regulations.** (omitted) 2. Investment limits and levels of authority (1) The acquisition or disposal of securities **shall be handled in accordance with the Company's levels of authority**. If the amount of the transaction reaches NT$100 million (exclusive), it shall be approved by the board of directors. (2) The property, plant and equipment required for business or non-business purposes of the Company **shall be handled in accordance with the Company's levels of authority. If the amount of the transaction reaches NT$100 million (exclusive), it shall be approved by the board of directors.** (3) The total value of the property or securities respectively purchased by the Company and its subsidiaries for non-business purposes, and the value of individual securities to be invested in shall be subject to the following limits: A. The total value of the property for non-business purposes shall not exceed 30% of the net value of the Company as in its latest financial statements; the total value of the property purchased by all the subsidiaries of the Company for non-business purposes shall not exceed 10% of the net value of the Company as in its latest financial statements.	

Article no.	Contents		Basis and reason for amendment
	Before amendment	After amendment	
	in its latest financial statements. C. The total value of the individual securities investment shall not exceed 30% of the net value of the Company as in its latest financial statements; the total value of the individual securities investment of all the subsidiaries of the Company shall not exceed 30% of the net value of the Company as in its latest financial statements. (4) Regarding the Company's acquisition or disposal of memberships, if the value is less than NT$10 million (inclusive), it **shall be approved by the Chairman** and reported in the next board meeting. If the value is more than NT$10 million, it shall be approved by the board of directors in advance. (5) Regarding the Company's acquisition or disposal of intangible assets, if the value is less than NT$30 million (inclusive), it **shall be approved by the Chairman** and reported in the next board meeting. If the value is more than NT$30 million, it shall be approved by the board of directors in advance. (omitted) (8) Regarding the Company's acquisition or disposal of assets ~~which needs to be approved by the board of directors in accordance with the Procedures or other laws, if there is any objection from the directors with a record or written statement, the Company shall send the objection related information to the supervisors. In addition~~, if the asset	B. The total value of the securities shall not exceed 100% of the net value of the Company as in its latest financial statements; the total value of the securities purchased by all the subsidiaries of the Company for non-business purposes shall not exceed 50% of the net value of the Company as in its latest financial statements. C. The total value of the individual securities investment shall not exceed 30% of the net value of the Company as in its latest financial statements; the total value of the individual securities investment of all the subsidiaries of the Company shall not exceed 30% of the net value of the Company as in its latest financial statements. **D. For companies which the Company holds more than 50% of their shares, the calculation of the relevant investment ratios in Paragraphs 2 and 3 is not applicable if the Company is engaged in their establishment or is a director/supervisor and plans to hold their shares on a long-term basis.** (4) Regarding the Company's acquisition or disposal of memberships, if the value is less than NT$10 million (inclusive), it **shall be handled in accordance with the Company's levels of authority** and reported in the next board meeting. If the value is more than NT$10 million, it shall be approved by the board of directors in advance. (5) Regarding the Company's acquisition or disposal of	

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	acquisition or disposal is required to be submitted to the board meeting for discussion, it is necessary to take into account the views of the independent directors and include their pros and cons into the meeting minutes. (9) If the various departments of the Company need to acquire or dispose of assets due to business requirements, and if the transaction falls under the significant matters listed in Article 185 of the Company Law, then the transaction shall be submitted to the shareholders' meeting for approval. (Paragraph 3 is not amended) 4. Property or equipment appraisal report Regarding the property or equipment acquired or disposed of by the Company, except for transactions with government **agencies**, commissioned-construction on the Company's own land, commissioned-construction on leased land, or acquisition or disposal of equipment for business use, if the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million, a professional valuer's appraisal report shall be obtained before the date of occurrence of the fact, and the transaction shall meet the following requirements: (omitted) (Paragraph 5 is not amended) 6. Professional appraisal report on acquisition or disposal of memberships or intangible assets If the Company's acquisition or disposal of memberships or intangible assets reaches an	intangible assets, if the value is less than NT$30 million (inclusive), it **shall be handled in accordance with the Company's levels of authority** and reported in the next board meeting. If the value is more than NT$30 million, it shall be approved by the board of directors in advance. (omitted) (8) If the Company's acquisition or disposal of assets is submitted to the board meeting for discussion in accordance with the Procedures or other laws or regulations, it is necessary to take into account the views of the independent directors and include their pros and cons into the meeting minutes. (9) If the various departments of the Company need to acquire or dispose of assets due to business requirements, and if the transaction falls under the significant matters listed in Article 185 of the Company Law, then the transaction shall be submitted to the shareholders' meeting for approval. (Paragraph 3 is not amended) 4. Property or equipment appraisal report Regarding the property or equipment acquired or disposed of by the Company, except for transactions with government **entities**, commissioned-construction on the Company's own land, commissioned-construction on leased land, or acquisition or disposal of equipment for business use, if the transaction amount reaches 20%	

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	amount of 20% of the Company's paid-in capital or NT$300 million, except for transactions with government **agencies**, the accountant shall be consulted before the date of occurrence of the fact for an opinion on the rationality. The accountant shall handle the matter in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation. (Paragraphs 7 and 8 are not amended)	of the Company's paid-in capital or NT$300 million, a professional valuer's appraisal report shall be obtained before the date of occurrence of the fact, and the transaction shall meet the following requirements: (omitted) (Paragraph 5 is not amended) 6. Professional appraisal report on acquisition or disposal of memberships or intangible assets If the Company's acquisition or disposal of memberships or intangible assets reaches an amount of 20% of the Company's paid-in capital or NT$300 million, except for transactions with government **entities**, the accountant shall be consulted before the date of occurrence of the fact for an opinion on the rationality. The accountant shall handle the matter in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation. (Paragraphs 7 and 8 are not amended) **9. The acquisition or disposal of major assets shall be approved by the audit committee in accordance with relevant regulations, and submitted to the board of directors for a resolution.**	
Article 8 Procedures for transactions with related parties	(Paragraphs 1 is not amended) 2. Appraisal and operating procedures Regarding the Company's acquisition or disposal of property with related parties, or acquisition or disposal of non-property assets with related parties, if the transaction amount	(Paragraphs 1 is not amended) 2. Appraisal and operating procedures Regarding the Company's acquisition or disposal of property with related parties, or acquisition or disposal of non-property assets with related parties, if the transaction amount	1. The domestic money market fund is clearly stated to be a domestic money market fund issued by an institution in the

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	reaches 20% of the Company's paid-in capital, 10% of the total assets or NT$300 million, then other than the purchase and sale of government bonds, bonds with re-purchase or re-sale agreements and subscription or **redemption** of domestic money market funds, the following information shall **be submitted to the board of directors for approval** ~~**and the supervisors for acknowledgement**~~ before the transaction contract is signed and the payment is made: (omitted) The aforementioned transaction amount calculation shall be handled in accordance with the provisions of Article 11.2, and the one year referred to is one year before the date of occurrence of the transaction. The requirement above is not applicable if a proposal is already **submitted for the board of directors' approval** ~~**and the supervisors' acknowledgement**~~ in accordance with the provisions of the Procedures. Regarding the acquisition or disposal of equipment for business purpose between the Company and its parent company or subsidiaries, the board of directors may, in accordance with Article 7.2(2), authorize the Chairman to make a decision within a certain amount, and have the transaction acknowledged in the latest board meeting. 3. Transaction cost rationality assessment (omitted) (6) Regarding the Company's acquisition of property from a related party, if the results of the appraisals in accordance with the provisions of	reaches 20% of the Company's paid-in capital, 10% of the total assets or NT$300 million, then other than the purchase and sale of government bonds, bonds with re-purchase or re-sale agreements and subscription or **repurchase** of money market funds **issue by domestic securities investment trust enterprises**, the following information shall **be submitted to the audit committee for approval and the board of directors for a resolution** before the transaction contract is signed and the payment is made: (omitted) **When the transaction is sent to the board of directors for discussion in accordance with the provisions in the preceding paragraph, the views of the independent directors shall be fully taken into account. If the independent directors have any objection or reservation, it shall be recorded in the minutes of the board meeting.** The aforementioned transaction amount calculation shall be handled in accordance with the provisions of Article 11.2, and the one year referred to is one year before the date of occurrence of the transaction. The requirement above is not applicable if a proposal is already submitted for the board of directors' approval in accordance with the provisions of the Procedures. Regarding the acquisition or disposal of equipment for business purpose between the Company and its parent company or subsidiaries, the board of directors may, in accordance with Article 7.2(2), authorize the Chairman to make a decision within a certain amount, and have the transaction acknowledged in the latest board meeting.	securities investment trust business and licensed the Financial Supervisory Commission 2. The paragraph is adjusted due to the establishment of the audit committee.

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	Paragraph 3(1) and 3(2) of this Article are lower than the transaction price, then the following matters shall be handled. In addition, if the Company and the public companies which evaluate their investment in the Company with the equity method have made a provision of special surplus reserve pursuant to the aforesaid requirement, then the special surplus reserve shall not be used until a loss is recognized for the asset purchased at a higher price or the asset is disposed of, or an appropriate compensation or restitution is made, or it is proved that there is no irrationality in the transaction, and an approval is obtained from the SFC. A. The Company shall make a provision of a special surplus reserve in accordance with the provisions of Paragraph 1 of Article 41 of the Securities Exchange Act on the difference between the transaction price of the property and the appraised cost, and shall not distribute the surplus or convert it into capital increase. If the investor who evaluates its investment in the Company with the equity method is a public company, then it shall also make a provision of a special surplus reserve in accordance with the provisions of Paragraph 1 of Article 41 of the Securities Exchange Act based on the provision amount in accordance with the proportion of its	3. Transaction cost rationality assessment (omitted) (6) Regarding the Company's acquisition of property from a related party, if the results of the appraisals in accordance with the provisions of Paragraph 3(1) and 3(2) of this Article are lower than the transaction price, then the following matters shall be handled. In addition, if the Company and the public companies which evaluate their investment in the Company with the equity method have made a provision of special surplus reserve pursuant to the aforesaid requirement, then the special surplus reserve shall not be used until a loss is recognized for the asset purchased at a higher price or the asset is disposed of, or an appropriate compensation or restitution is made, or it is proved that there is no irrationality in the transaction, and an approval is obtained from the SFC. A. The Company shall make a provision of a special surplus reserve in accordance with the provisions of Paragraph 1 of Article 41 of the Securities Exchange Act on the difference between the transaction price of the property and the appraised cost, and shall not distribute the surplus or convert it into capital increase. If the investor who evaluates its investment in the Company with the equity method is a public	

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	Before amendment	After amendment	
	shareholding. ~~B. The supervisors shall handle the above in accordance with the provisions of Article 208 of the Company Law.~~ C. The handling of points 1 and 2 of this paragraph shall be submitted to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus. (7) Regarding the Company's acquisition of property from a related party, if there is other evidence that the transaction does not comply with the business norm, then it shall also be dealt with in accordance with the provisions of Paragraph 3(6) of this Article.	company, then it shall also make a provision of a special surplus reserve in accordance with the provisions of Paragraph 1 of Article 41 of the Securities Exchange Act based on the provision amount in accordance with the proportion of its shareholding. B. The handling of point 1 of this paragraph shall be submitted to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus. (7) Regarding the Company's acquisition of property from a related party, if there is other evidence that the transaction does not comply with the business norm, then it shall also be dealt with in accordance with the provisions of Paragraph 3(6) of this Article.	
Article 9 Procedures for acquisition or disposal of derivative products	(Paragraphs 1 and 2 are not amended) 3. Internal audit system Internal auditors shall regularly assess the adequacy of the internal control of derivative transactions, check the compliance of the trading department with respect to derivative transaction processing procedures, analyze the transaction cycle on a monthly basis and make an audit report accordingly. In case a serious violation is found, the **supervisors** shall be notified in writing. (Paragraphs 4 to 6 are not amended)	(Paragraphs 1 and 2 are not amended) 3. Internal audit system Internal auditors shall regularly assess the adequacy of the internal control of derivative transactions, check the compliance of the trading department with respect to derivative transaction processing procedures, analyze the transaction cycle on a monthly basis and make an audit report accordingly. In case a serious violation is found, the **audit committee** shall be notified in writing. (Paragraphs 4 to 6 are not amended)	The paragraph is adjusted due to the establishment of the audit committee.
Article 10 Procedures for mergers, divisions, acquisitions, and share exchanges	1. Board meeting date and shareholders' meeting date For the Company's participation in mergers, divisions or acquisitions, except as otherwise	1. Board meeting date and shareholders' meeting date For the Company's participation in mergers, divisions or acquisitions, except as otherwise	1. The amendment is made pursuant to Articles 23 and 24 of the "Guidelines on Acquisition or Disposal of Assets

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	stipulated in laws or an approval is obtained from the SFC due to special reasons, the parties involved shall convene a board meeting and a shareholders' meeting on the same day for a resolution of the merger, division or acquisition. For the Company's participation in a share exchange, except as otherwise stipulated in laws or an approval is obtained from the SFC due to special reasons, the parties involved shall convene a board meeting and a shareholders' meeting on the same day. For the Company's participation in a merger, division, acquisition or share exchange, the following information shall be recorded and kept for a period of five years for inspection: (1) Basic personnel information: the titles, names and identity card numbers (passport numbers if foreigners) of all people involved in the merger, division, acquisition or share exchange plan or the plan executioners before the publication of the information. (2) Important dates: including the date of signing the letter of intent or memorandum, entrusting a financial or legal adviser, signing a contract and a board meeting. (3) Important documents and proceedings: including documents such as the plan of merger, division, acquisition or share exchange, the letter of intent or memoranda, important contracts and the board meeting minutes. In the event that the Company participates in a merger,	stipulated in laws or an approval is obtained from the SFC due to special reasons, the parties involved shall convene a board meeting and a shareholders' meeting on the same day for a resolution of the merger, division or acquisition. **Among the parties participating in a merger, division or acquisition, if the shareholders' meeting of any party can not be convened or a resolution can not be reached due to an insufficient shareholder attendance or insufficient voting rights or due to other legal restrictions, or the motion is vetoed by the shareholders, then the parties participating in the merger, division or acquisition shall immediately make a public announcement of the reason, the subsequent processing and the expected date of the shareholders' meeting.** For the Company's participation in a share exchange, except as otherwise stipulated in laws or an approval is obtained from the SFC due to special reasons, the parties involved shall convene a board meeting and a shareholders' meeting on the same day. For the Company's participation in a merger, division, acquisition or share exchange **of a listed company or a company with its shares traded at securities brokers' business premises**, the following information shall be recorded and kept for a period of five years for inspection: (1) Basic personnel information: the titles, names and identity card numbers (passport numbers if foreigners) of all people involved in the merger, division, acquisition	by Public Offering Companies". 2. Considering future business management needs, and mergers among the parent company's 100%-owned subsidiaries or mergers among the 100%-owned subsidiaries of such subsidiaries which are considered reorganization within the same group, the requirement for an expert opinion is relaxed for such mergers.

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	division, acquisition or share exchange, it shall, within two days from the date the resolution is passed in the board meeting, declare the information in the first and second items of the preceding paragraph in accordance with the prescribed format, and submit it to the SFC for review via the internet information system. If the counterparty of a merger, division, acquisition or share exchange is not a listed company or its shares are not traded at the premises of securities brokers, the Company shall enter into an agreement with the counterparty and shall handle the matter in accordance with the provisions of **Paragraphs 3 and 4**. (Paragraphs 2 to 6 are not amended)	or share exchange plan or the plan executioners before the publication of the information. **(2)** Important dates: including the date of signing the letter of intent or memorandum, entrusting a financial or legal adviser, signing a contract and a board meeting. **(3)** Important documents and proceedings: including documents such as the plan of merger, division, acquisition or share exchange, the letter of intent or memoranda, important contracts and the board meeting minutes. In the event that the Company participates in a merger, division, acquisition or share exchange **of a listed company or a company with its shares traded at securities brokers' business premises**, it shall, within two days from the date the resolution is passed in the board meeting, declare the information in the first and second items of the preceding paragraph in accordance with the prescribed format, and submit it to the SFC for review via the internet information system. If the counterparty of a merger, division, acquisition or share exchange is not a listed company or its shares are not traded at the premises of securities brokers, the Company shall enter into an agreement with the counterparty and shall handle the matter in accordance with the provisions of **Paragraphs 4(1) to 4(3)**.	

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		(Paragraphs 2 to 6 are not amended) **7. The opinions of an accountant, lawyer or securities underwriter is waived for a public offering company's merger of a subsidiary with 100% of its issued shares or total capital directly or indirectly held by the public offering company.**	
Article 11 Procedures for information disclosure	1. If any of the following circumstances occurs in the Company's disposal of assets, the following information shall be entered in the MOPS within two days from the date of occurrence of the fact in accordance with the prescribed nature: (1) Acquisition or disposal of property with a related party, or non-property assets with a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT$300 million, with the exception of the trading of government bonds or bonds with repurchase or resale agreements or the purchase or **redemption** of domestic money market funds. (2) Engagement in a merge, division, acquisition or share exchange. (3) The loss of derivative transactions reaches the overall or individual loss limit of all or individual contracts specified in the relevant procedures. **(4)** Transactions of assets other than those in the **three** items above, financial institutions' disposal of debts or investment in mainland China, and the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million, with the exception of	1. If any of the following circumstances occurs in the Company's disposal of assets, the following information shall be entered in the MOPS within two days from the date of occurrence of the fact in accordance with the prescribed nature: (1) Acquisition or disposal of property with a related party, or non-property assets with a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT$300 million, with the exception of the trading of government bonds or bonds with repurchase or resale agreements or the purchase or **repurchase** of money market funds **issued by domestic securities investment trust enterprises**. (2) Engagement in a merge, division, acquisition or share exchange. (3) The loss of derivative transactions reaches the overall or individual loss limit of all or individual contracts specified in the relevant procedures. **(4) Type of assets acquired or disposed of** **The equipment is for business use, the transaction counterparty is an unrelated party, and the amount of the transaction meets one of the following requirements:** **A. The transaction amount is**	1. The domestic money market fund is clearly stated to be a domestic money market fund issued by an institution in the securities investment trust business and licensed the Financial Supervisory Commission. 2. The standards for transaction reporting are relaxed considering the fact that companies with large capital frequently announce their acquisition or disposal of business equipment. 3. The time for a correction announcement is clearly stated.

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	Before amendment	After amendment	
	the following: A. Trading of government bonds. B. Trading of bonds with repurchase or resale agreements or the purchase or redemption of domestic money market funds. ~~C. The assets acquired or disposed of is equipment for business use, the transaction counterparty is an unrelated party, and the amount of the transaction is less than NT$500 million.~~ D. The property is acquired through commissioned-construction on the Company's own land, commissioned-construction on leased land, joint construction with building allotment or joint construction with respective sale of the building, with the expected amount of the Company's investment in the transaction ~~less than~~ NT$500 million. (5) The amounts of the aforesaid transactions in Paragraph (4) are calculated as follows, and the one year period is one year before the dates of the transactions. The amounts already announced according to the requirements shall not be included. A. The amount of each transaction. B. The total amount of all transactions with the same counterparty in one year for assets of the same nature. C. The total amount of transactions of property in the same development plan	NT$500 million or more when the amount of the Company's paid-in capital is less than NT$10 billion. B. The transaction amount is NT$1 billion or more when the amount of the Company's paid-in capital is NT$10 billion or more. (5) The property is acquired through commissioned-construction on the Company's own land, commissioned-construction on leased land, joint construction with building allotment or joint construction with respective sale of the building, with the expected amount of the Company's investment in the transaction less than NT$500 million. (6) Transactions of assets other than those in the five items above, financial institutions' disposal of debts or investment in mainland China, and the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million, with the exception of the following: A. Trading of government bonds. B. Trading of bonds with repurchase or resale agreements or the purchase or repurchase of money market funds issued by domestic securities investment trust enterprises. (7) The amounts of the aforesaid transactions in Paragraph (6) are calculated as follows, and the one year period is one year before the dates of the transactions. The amounts already announced according to the requirements shall not be included. A. The amount of each	

Article no.	Contents		Basis and reason for amendment
	Before amendment	After amendment	
	(with acquisition and disposal accrued separately) in one year. D. The total amount of transactions of the same securities (with acquisition and disposal accrued separately) in one year. **(6)** The 10% of the total assets shall be calculated based on the amount of the total assets in the latest individual-entity or individual financial report as provided in the financial issuer's financial report preparation guidelines. 2. The Company shall enter into the MOPS by the 10th of each month the information about the derivative transactions of the Company and its non-public domestic subsidiaries as of the end of the previous month in accordance with the prescribed format. 3. If there is any error or omission in the Company's announcement in accordance with the regulations, then it shall make another announcement of all such information again. (Paragraphs 4 and 5 are not amended)	transaction. B. The total amount of all transactions with the same counterparty in one year for assets of the same nature. C. The total amount of transactions of property in the same development plan (with acquisition and disposal accrued separately) in one year. D. The total amount of transactions of the same securities (with acquisition and disposal accrued separately) in one year. **(8)** The 10% of the total assets shall be calculated based on the amount of the total assets in the latest individual-entity or individual financial report as provided in the financial issuer's financial report preparation guidelines. 2. The Company shall enter into the MOPS by the 10th of each month the information about the derivative transactions of the Company and its non-public domestic subsidiaries as of the end of the previous month in accordance with the prescribed format. 3. If there is any error or omission in the Company's announcement in accordance with the regulations, then it shall make another announcement of all such information again **within two days from the day of awareness of the fact**. (Paragraphs 4 and 5 are not amended)	
Article 14 Implemen-tation and amendments	The Procedures are to be implemented after being passed by the board of directors, and submitted to ~~the supervisors for review and~~ the shareholders' meeting for approval. If	The Procedures are to be implemented after being **approved by the audit committee and then** passed by the board of directors. The same procedures apply for the amendments.	The paragraph is adjusted due to the establishment of the audit committee.

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	Before amendment	After amendment	
	any director has expressed an objection and there is a record or written statement for it, ~~the Company shall send the objection to the supervisors and submit it to the shareholders 'meeting for discussion.~~ The same procedures apply for the amendments. ~~When the Procedures are sent to the board of directors for discussion in accordance with the provisions in the preceding paragraphs, the views of the independent directors shall be fully taken into account. If the independent directors have any objection or reservation, it shall be recorded in the minutes of the board meeting.~~		

Wah Lee Industrial Corp.

The Comparison Table of the Before and After Revision of the Operating Procedure of Endorsement Guarantee

Article number	Content		Basis and reason for revision
	Before revision	After revision	
Article 6 Decision and Authorization Level	1. The endorsement guarantee shall be decided by the board of directors in accordance with the normal operating procedures. However, due to the business needs, without overrating the 70% limit of each provision in accordance with external endorsement guarantee in Article 5, the board of directors shall authorize the Chairman to decide in accordance with the authorized operating procedures, submit to the recent board of directors for further recognition, and report the situation of the endorsement guarantee to the shareholders' meeting, But if the total amount of the company's and its subsidiaries' external endorsement guarantee is more than 50% of the net value of the company, its necessity and reasonableness shall be stated in the shareholders' meeting.	1. The endorsement guarantee shall be decided by the board of directors in accordance with the normal operating procedures. However, due to the business needs, without overrating the 70% limit of each provision in accordance with external endorsement guarantee in Article 5, the board of directors shall authorize the Chairman to decide in accordance with the authorized operating procedures, submit to the recent board of directors for further recognition,but the major endorsement guarantee shall be approved by the Audit Committee in accordance with the relevant provisions, and shall be submitted to the resolutions of the board of directors, and report the situation of the endorsement guarantee to the shareholders' meeting, But if the total amount of the company's and its subsidiaries' external endorsement guarantee is more than 50% of the net value of the company, its necessity and reasonableness shall be stated in the shareholders' meeting.	In response to the establishment of the Audit Committee, text that is not applicable is deleted.

	2. For the endorsement guarantee, if the company is in necessity to exceed the requirements of Article 5 due to business needs, the board of directors shall approve and more than half of the directors shall be entitled to the possible loss of the company's overrun and shall amend the endorsement guarantee procedures, and report to the shareholders' meeting for further recognition. If the shareholders' meeting does not agree, it should be planned to delete the overrun within a certain period of time. 3. When the ~~company has set up an independent director, it shall, when providing the endorsement guarantee of others and discussing the matters mentioned in the preceding paragraph, shall take account of the opinions of each independent directors and include the clear opinions of their reasons for approval or opposition.~~	2. For the endorsement guarantee, if the company is in necessity to exceed the requirements of Article 5 due to business needs, the board of directors shall approve and more than half of the directors shall be entitled to the possible loss of the company's overrun and shall amend the endorsement guarantee procedures, and report to the shareholders' meeting for further recognition. If the shareholders' meeting does not agree, it should be planned to delete the overrun within a certain period of time.	

Article 9 Notice for executing endorsement guarantee	1. The internal auditors of the company shall at least quarterly audit endorsement guarantee to ensure the operating procedures and their implementation, and make written records. If there is notice of major violations, they shall notify each supervisor in written form. 2. If the auditing entity or the finance department finds that the company has changed on account of the circumstances and made the object under endorsement guarantee noncompliant with the Article 4 of this procedure, or if the amount of the endorsement guarantee is changed according to the basis of the calculation limit, or if the object under endorsement guarantee is the subsidiary whose net value is less than one- half of the paid- in capital, the applicant should notify the application department to set improvement plans, after being approved by the Chairman, submit to the board of directors, send the relevant improvement plan to ~~each~~ ~~supervisor~~, and make improvements according to the schedule. Those whose subsidiaries' stock par value doesn't match 10 NTD, its paid-up capital calculated in accordance with the provisions of the second regulation shall be the sum of the capital reserve plus the capital surplus--additional paid-in capital.	1. The internal auditors of the company shall at least quarterly audit endorsement guarantee to ensure the operating procedures and their implementation, and make written records. If there is notice of major violations, they shall notify the Audit Committee in written form. 2. If the auditing entity or the finance department finds that the company has changed on account of the circumstances and made the object under endorsement guarantee noncompliant with the Article 4 of this procedure, or if the amount of the endorsement guarantee is changed according to the basis of the calculation limit, or if the object under endorsement guarantee is the subsidiary whose net value is less than one- half of the paid- in capital, the applicant should notify the application department to set improvement plans, after being approved by the Chairman, submit to the board of directors, send the relevant improvement plan to ~~the~~ ~~Audit~~ ~~Committee~~, and make improvements according to the schedule. Those whose subsidiary's stock par value doesn't match 10 NTD, its paid-up capital calculated in accordance with the provisions of the second regulation shall be the sum of the capital reserve plus the capital surplus--additional paid-in capital.	In response to the establishment of the Audit Committee, adjust the text description.

Article 10 Procedures for endorsement guarantee of subsidiaries	1. If the subsidiary of the company intends to provide endorsement guarantee for others, the relevant operating procedures shall be established and shall behandled in accordance with these operating procedures; only the calculation of the net value shall be based on the net value of the subsidiary. Before the subsidiary who directly or indirectly holds more than 90% of the voting rights of the company provides endorsement guarantee in accordance with the provisions of Article 4.2, it shall submit to the board of directors of the company for processing, but the company in direct and indirect hold of 100% of the voting rights providing endorsement guarantee is not in this limit. 2. The company shall order the subsidiaries to check whether the operating procedures meet the standard of "Guidelines on the Loan and Endorsement Guarantee of Public Offering Companies" on its own, and also whether the endorsement guarantee for others are handled in accordance with the procedures it set. 3. The company audit should review its own subsidiaries' inspection report. 4. Subsidiaries should organize the endorsement guarantee of last month before the 7th of each month (excluded), and submit to the company.	1. If the subsidiary of the company intends to provide endorsement guarantee for others, the relevant operating procedures shall be established and shall behandled in accordance with these operating procedures; only the calculation of the net value shall be based on the net value of the subsidiary. Before the subsidiary who directly or indirectly holds more than 90% of the voting rights of the company provides endorsement guarantee in accordance with the provisions of Article 4.2, it shall submit to the board of directors of the company for processing, but the company in direct and indirect hold of 100% of the voting rights providing endorsement guarantee is not in this limit. 2. The company shall order the subsidiaries to check whether the operating procedures meet the standard of "Guidelines on the Loan and Endorsement Guarantee of Public Offering Companies" on its own, and also whether the endorsement guarantee for others are handled in accordance with the procedures it set. If the subsidiaries of the Company provide endorsement for others, they shall provide relevant information to the Company on a regular basis. 3.The company audit should review its own subsidiaries' inspection report	To meet the actual needs.

		4.Subsidiaries should organize the endorsement guarantee of last month before the 7th of each month (excluded), and submit to the company.	
Article 13 Implementation and revision	After this procedure is approved by the board of directors, it shall be sent to each supervisor and submitted to the approval of the shareholders' meeting, ~~if shareholders states an objection and owns a record or statement in written form, the company shall send their objections to each supervisor and submit to the discussion of the shareholders' meeting.~~ Same with amendments.	After this operating procedure is approved by the Audit Committee, then passed by the board of Directors, and submitted to the approval of the shareholders' meeting. Same with amendments.	In response to the establishment of the Audit Committee, adjust the text description.

Wah Lee Industrial Corporation

"Grant capital Loan Standard Operation Procedures" Amendment comparison

Article	Contents		Amendment gist and reason
	Before	After	
Article 7 Conduct & Examine procedures	< No.1 to No. 3 not modified> 4. Verification & Notification (1) According to the result of credit investigation, before lending corporate capital to others company should deliberately evaluate the operation procedure whether it meets corporate standards. Relevant information, drafted loan criteria and evaluation outcome should be implemented under Board Meeting's permission only, others are not allowed. Company with subsidiaries or capital loan between subsidiaries should apply to Board of Director, also empowering chairman an authority to decide that for the same borrower should only grant a limited amount of loan, in addition, installment or recycle usage only available within a year. The limited amount of loan mentioned above is practiced in those conditions. The loan between company and overseas firm which company has control, and the loan between company or subsidiaries and a single line business firm. In both conditions, the amount of loan should not exceed the ten percent of net value which published on corporate financial statement or subsidiaries' financial statement. ~~(2) Company shall consider the opinions of Board of Diractor before grant a loan. Moreover, opinions for both agree and disagree of Boad od Directos should be filed in meeting record.~~	< No.1 to No. 3 not modified> 4. Verification & Notification (1) According to the result of credit investigation, before lending corporate capital to others company should deliberately evaluate the operation procedure whether it meets corporate standards. Relevant information, drafted loan criteria and evaluation outcome should be implemented under Board Meeting's permission only, others are not allowed. **Meanwhile, the large size capital loan, in accordance with corporate regulations, should meet the agreements of over half Audit committee members and permission of Boad of Director.** Company with subsidiaries or capital loan between subsidiaries should apply to Board of Director, also empowering chairman an authority to decide that for the same borrower should only grant a limited amount of loan, in addition, installment or recycle usage only available within a year. The limited amount of loan mentioned above is practiced in those conditions. The loan between company and overseas firm which company has control, and the loan between company or subsidiaries and a single line business firm. In both conditions, the amount of loan should not exceed the ten percent of net value which published on corporate financial statement or	Establish Audit committee by request, adjust instructions.

Article	Contents		Amendment gist and reason
	Before	After	
	(3) When Board of Director rejects a loan case, staff should response the borrower as soon as possible. (4) When Board of Director approves a loan, staff should response borrower immediately with relevant corporate regulations. Those regulations include the amount of loan, loan period, interest rate, collateral, warrantor etc. Borrower should complete the procedures in a fix time. < No.5 to No. 8 not modified >	subsidiaries' financial statement. (2)When Board of Director rejects a loan case, loan handler should response the borrower as soon as possible. (3)When Board of Director approves a loan, staff should response borrower immediately with relevant corporate regulations. Those regulations include the amount of loan, loan period, interest rate, collateral, warrantor etc. Borrower should complete the procedures in a fix time. < No.5 to No. 8 not modified >	
Article 10 Attentions of Granting a loan	1、Corporate internal auditors should audit the SOP of a capital loan and the implementation condition for every season. Furthermore, paper records are needed, particularly serious violation should report to **supervisors**. 2、Audit department or Finance department notice any unqualified borrower or overdue cases caused by company internal alteration should inform borrowers of returning the loan at a fix time, and present an improve plan to chairman. Then apply to Board of Director under permission of chairman. **Supervisors** should also be informed with relevant improve plan. At the end complete the plan on time. 3、Finance department should compile last month Capital Loan Statement before 10th of every month, then assessed by management team.	1、Corporate internal auditors should audit the SOP of a capital loan and the implementation condition for every season. Furthermore, paper records are needed, particularly serious violation should inform **Audit committee**. 2、Audit department or Finance department realized any unqualified borrower or overdue cases caused by company internal alteration should inform borrowers return the loan at a fix time, and present an improve plan to chairman. Then apply to Board of Director under permission of chairman. **Audit committee** should also be informed with relevant improve plan. At the end complete the plan on time. 3、Finance should compile last month Capital Loan Statement before tenth of every month, then assessed by management team.	Establish Audit committee by request, adjust instructions.

Article	Contents		Amendment gist and reason
	Before	After	
Article 11 Capital loan SOP of subsidiaries	1、Company or subsidiaries lending capital to others should draw up the SOP and follow the SOP. Setting a net value of subsidiaries as calculation benchmark. 2、Company allows subsidiaries for self-audit. Subsidiaries need to check whether the capital loan procedures meet「Public company capital loan and Endorsement management standard」, and whether real practice follow company SOP. 3、Company audit including audit the self-audit report of Subsidiaries. 4、Subsidiaries should complete compile last month Capital Loan Statement before 7th (excluding 7th) of every month and submit to company.	一、Company or subsidiaries lending capital to others should draw up the SOP and follow the SOP. Setting net value of subsidiaries as calculation benchmark. 2、Company allows subsidiaries for self-audit. Subsidiaries need to check whether the capital loan procedures meet「Public company capital loan and Endorsement management standard」, and whether real practice follow company SOP. When subsidiaries lendin capital to others, should submit relevant information regulary for company audit. 3、Company audit including audit the self-audit report of Subsidiaries. 4、Subsidiaries should complete compile last month Capital Loan Statement before 7th (exclude 7th) of every month and submit to company.	Requested by practical needs.
Article 14 Implementation & Amendment	This procedure is implemented when it achieved the agreement of Board of Director, corporate Supervisors and Shareholders' Meeting. ~~Any disagreement with record and statement should report to Supervisors and Shareholders' Meeting~~. Amendment has the same process. ~~According to the previous regulation, this operation procedure should fully consider the opinions of every Independent Directors in Board Meeting, and document both agreement and disagreement with supporting in Board Meeting record.~~	This operation procedure should be approved by Audit Committee, Board Meeting and Shareholders' Meeting orderly first, and then implements it. It is the same for amendment.	Establish Audit committee by request, adjust instructions.

Wah Lee Industrial Corp.

Regulations of Shareholders' Meeting

Passed by the discussions of the shareholders' meeting on June 17, 2016

1. With the exception of other provisions, the shareholders' meeting of the company shall be held in accordance with this regulation.
2. Shareholders or deputies attending the shareholders' meeting shall sign in, and sign-in procedures shall be replaced by handing in attendance cards. Attendance shares shall be calculated in accordance with the attendance card and the voting right that is exercised in written or electronic form. In order to confirm the attendance of the shareholders or their deputies, the shareholders or their deputies shall carry the documents to prove their identity for the inspection at the time of signing in. The company shall not require any additional documents apart from the certified documents of the shareholders. Solicitors that are classified to proxy solicitation document should carry proof of identity documents for verification.
3. When the Company holds a shareholders' meeting, it may take the exercise of its voting rights in written or electronic form.

   The shareholders who exercise their voting rights in written or electronic form are considered to be present at the shareholders' meeting in person, but they shall be considered to have abstained the right to amend the motions and the reports of the shareholders' meeting.

   The attendance and voting of the shareholders' meeting shall be calculated on the basis of the shares, but the restricted or the non-voting persons listed in Article 179.2 of the Company Law shall not be limited.
4. The place where the shareholders' meeting of the company shall be at the place where the company is located or is convenient for shareholders' presence and is suitable for the convening of the shareholders' meeting. The meeting shall not be earlier than 9:00 am or later than 3:00 pm.

   The time to accept the sign-in of the shareholders should be 30 minutes before the start of the meeting.
5. If the shareholders' meeting is convened by the board of directors, the moderator shall be the Chairman. If the Chairman is absent or fails to exercise his powers, the Vice Chairman shall depute. If there is no Vice Chairman or the Vice Chairman is absent or fails to exercise his powers, the Chairman shall assign one of the directors to depute. If the Chairman does not assign a deputy, directors shall elect a person to depute. The director who deputes the Chairman shall be who has served for more than six months and has been informed of the Company's financial business. If the moderator is a representative of a director of a legal person, it shall be the same.

   The shareholders' meeting convened by the board of directors shall be held by the Chairman in person, and more than half of the directors of the board of directors shall attend the meeting and at least one representative of the members of the functional committee shall attend the meeting and the attendance shall be recorded in the proceedings of the shareholders' meeting. If the shareholders' meeting is convened by the person apart from the board of directors who own the right to convene, the person shall be the moderator. If there are more than two persons as conveners, the moderator shall be mutually elected.
6. The company may appoint its appointed lawyer, accountant or related person to attend the shareholders' meeting.

7. The company shall uninterruptedly videotape or voice-record the sign-in of the shareholders, the meeting and the voting process.
   The audio and video information should be kept for at least one year, but those that are suited by the shareholder in accordance with Article 189 of the Company Law and shall be kept until the end of the trial.
   The resolution of the shareholders' meeting shall be made into proceedings in accordance with the provisions of Article 183 of the Company Law.
8. At the starting time of the meeting, the moderator shall announce the meeting immediately, only with the absence of shareholders who hold more than half of the number of shares the moderator is able to postpone the meeting. The number of delays shall be limited to two times, and the delay shall not exceed one hour. If there are still not enough attendants after two delays but there are shareholders who hold more than one third of the number of shares present, it shall be regulated as a false resolution in accordance with Article 175.1 of the Company Law.
   If the number of shares represented by the present shareholders is less than half of the total number of issued shares before the meeting is completed, the moderator shall resubmit the false resolution to the vote of the shareholders' meeting in accordance with the provisions of Article 174 of the Company Law.
9. If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors. The meeting shall be conducted on the basis of the scheduled agenda and shall not be changed without the resolution of the shareholders' meeting.
   If the shareholders' meeting is convened by the person apart from the board of directors who own the right to convene, the provisions of the preceding paragraph shall be used.
   Before the preceding two agendas scheduled in the proceedings (including motions) ends, the moderator shall not adjourn the meeting without resolution. But if the moderator violated the rules of procedure and announced to adjourn the meeting, the present shareholders shall vote more than half to elect one person to serve as the moderator and continue the meeting.
10. Before speaking, the present shareholder must first fill in the speech notes to indicate the purpose of the speech, the number of shareholders (or attendance card number) and the name. The speaking order is decided by the moderator. Present shareholders who only provide speech notes but do not speak are considered not to speak. For those whose content of the speech and the content of the speech notes do not match, the content of the speech shall be taken as final.
    At the time of the speech of a present shareholder, the other shareholders shall not speak without the consent of the moderator. The moderator shall cease the violator.
11. Each shareholder shall not speak more than twice for the same bill without the consent of the moderato, and each speech shall not exceed three minutes. When the shareholder speaks in violation of the preceding regulation, to speak overtime or beyond the scope of the issue, or violate the order of the meeting, the moderator shall suspend his speech. If the shareholder still violates after suspension, the moderator shall stop his speech.
12. When the legal person is entrusted to attend the shareholders meeting, the legal person is only able to appoint one representative to attend.
    If a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person shall speak for one bill.
13. After the speech of the present shareholders, the moderator shall reply in person or assign the relevant

personnel to reply.

14. In the discussion of the bill, if the moderator thinks that it has reached the point of voting, he is able to stop the discussion and vote.
15. The persons who monitor and calculate the votes of the bill are assigned by the moderator, but the persons should own a shareholder's identity.
    The voting operation of the shareholders' meeting or the election of the bill shall be done in public at the meeting place of the shareholders' meeting, and the result shall be announced right after the completion of the counting of votes, including the weight of the statistics, and make it into record.
16. When the company convenes a shareholders' meeting, the exercise of its voting right shall be in written or electronic form. When the voting right is exercised in written or electronic form, the method to exercise shall be set out in the notice of the convention of the shareholders' meeting. Shareholders who exercise their voting rights in written or electronic form are considered to be personally present at the shareholders 'meeting, but is considered to abstain to the amendments of the motions and reports in the shareholders' meeting. Therefore, the company shall avoid making any amendments to the motions and the reports.
    The voting on the reports, with the exception of the provisions of the Company Law and the company policy, shall be passed with more than half of the approval of the present shareholders' voting rights. The report shall be passed without objection after the moderator asked all present shareholders. The effect is considered the same as the voting.
    If voting on a case-by-case basis, after the moderator or his deputy announce the total number of voting rights of the present shareholders, the shareholders shall vote on a case-by-case basis. The results of the shareholders' consent, objection and abstention shall be entered into the public information observation place on the day of the shareholders' meeting.
17. In the case of an amendment or an alternative to the same report, the moderator shall decide the voting order with the original report. If one of the report has been passed, the other reports shall be considered to have been vetoed.
18. The moderator shall command the picket (or security officer) to assist in maintaining the order of the venue. When the picket (or security officer) is present to assist in maintaining the order, the "picket" armband should be worn.
19. At the time of the meeting, the moderator may, at his discretion, declare a rest. Under irresistible circumstances, the moderator shall adjudicate that the meeting be suspended, and announce the continued time for the meeting depending on the situation.
    Before the agenda scheduled in the proceedings (including motions) ends, if the venue of the meeting is not be able to continue to use, the shareholders' meeting shall resolute another venue for the meeting.
20. If the agenda cannot be proceeded for any reason, the extension or renewal of the preceded shall be decided by the resolution of the shareholders' meeting within five days, in no accordance with the regulations relevant to convention procedures in Article 182 of the Company Law.
21. The matters not provisioned in these regulations shall be governed by the provisions of the Company Law, the Articles of Association of the company and other relevant laws and regulations.
22. The rules and amendments shall be adopted after being passed by the shareholders' resolution.

Appendix II

Wah Lee Industrial Corp.

Company Policy

Chapter 1 General Rule

Article 1:The company is named as WAH LEE INDUSTRIAL CORP. in accordance with the provisions of the Company Law.

Article 2:Below are the businesses that the company runs:

(1) F401010 International trade.

(2) F107120 Wholesale of precision chemical materials.

(3) F107140 Wholesale of plastic raw materials.

(4) F119010 Wholesale of electronic materials.

(5) F113110 Wholesale of battery.

(6) F113070 Wholesale of telecommunications equipment.

(7) F213010 Retail of electric appliances.

(8) F108031 Wholesale of medical equipment.

(9) F107130 Wholesale of synthetic resin.

(10) F107150 Wholesale of synthetic rubber.

(11) F107170 Wholesale of industrial additives.

(12) F113100 Wholesale of pollution prevention and cure equipment.

(13) F120010 Wholesale of refractory materials.

(14) F107990 Wholesale of other chemical products (photoresist, metal oxide and silicon oxide grinding fluid, silicon carbide tube, glass substrate, conductive glass, liquid crystal, dry film photoresist, foaming agent, Air conditioning refrigerant, automotive and refrigerator refrigerant, flexible fiber, glass fiber, carbon fiber, boron fiber, polyethylene fiber).

(15) F113030 Wholesale of precision instrument.

(16) F103010 Wholesale of feed.

(17) F202010 Retail of feed.

(18) ZZ99999 In addition to the permitted business, the company is able to operate businesses which are not prohibited or restricted.

Article 3:The company set the headquarters in Kaohsiung City, and is able to set branches domestically and abroad with the approval of the board of directors if necessary.

Article 4:The announcement method of the company shall be handled in accordance with the relevant provisions of the Company Law.

Chapter 2 Shares

Article 5:The total capital of the company is denominated as 30 billion NTD, divided into 100 million shares, 10 NTD per share, with the board of directors authorized to issue partially.

1 billion NTD of the total capital is reserved for the issuance of the warrants, the subsidiary equity interests or the special shares of the equity interests, totaling 10 million shares, 10 NTD per share, and shall be issued partially in accordance with the resolutions of the board of directors.

Article 6:The stocks of the company are "in registered form", and are signed or stamped by three or more directors, and are issued by the authority or its authorized issuance registration agency.

When the company issues new shares, it shall merge and print the stocks together on the basis of the total number issued, and shall have them kept by the securities centralized management institution custody.

The shares issued by the company shall also be exempt from being printed and shall be registered to the securities centralized management institution and shall not apply the provisions of the preceding two regulations.

Article 7:The shares of the company shall be handled in accordance with the relevant provisions of the Administration with the exception of the provisions of the Act or the securities regulations.

Article 8: (Deleted)

Chapter 3 Annual Shareholder Meeting

Article 9 :Shareholders' meeting shall be of the following two kinds: Regular shareholders' meeting and special shareholders' meeting. The regular meeting of shareholders referred to in the preceding Paragraph shall be convened within six months after close of each fiscal year, unless otherwise approved by the competent authority for good cause shown whereas a special meeting of shareholders to be held when necessary abided by law.

Article 10:A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the corporate stating therein the scope of power authorized to the proxy abided to not only Company Act but also “Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies”.

Article 10-1:The corporate obligates to send its shareholders the shareholder meeting associated documents as well as notifications electronically.

Article 11 :The voting right accompanied with each share; the shareholder has right to vote unless otherwise is stated “The shares held by shareholders having no voting right” in accordance with the provisions of Article 179, Company Act.

Article 12:A shareholders meeting shall, unless otherwise provided for in this Act, be convened by the Board of Directors. The chairman is the corporate CEO. When the corporate CEO is absent, the vise CEO will be the chairman. When the corporate vise CEO absence, the CEO will appoint a director to be a chairman. In case the chairman is not appointed by the CEO, one of the director will be the chairman where as for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Chapter 4 Directors, Supervisor, and Audit Committee

Article 13:The corporate designs to have seven to eleven directors elected with a three-year term elected or re-elected for the following terms by the shareholders. He or she will have the director term extension if the new director election has not taken place in time. The shareholding of all the shareholders’ and supervisors’ combined is abided by Financial Supervisory Commission.

Three independent directors are included with the required above. The directors will be nominated for each election held by the shareholders’ meeting. The expertise, shareholding, occupation limitation of the three independent directors in accordance of the law governed by Financial Supervisory Commission.

Article 13-1:Starting from the date of the independent directors elected of year 2016 in accordance of Section 14-4 of Securities and Exchange Law, the corporation will set up the audit committee and assembled by all the independent directors authorized to execute Company Act, Securities and Exchange Law, and associated regulations as supervisors'.

Audit committee member will be abided by all associated laws as well as the corporate structures approved by the board of directors.

The corporation will compensate to level of committee abided by law or after considering its individual executing criteria.

Article 13-2:The relevant supervisors' articles including Article 13, 14-1, 16-2, 16-3, and 19 will be voided immediately after Article 13-1 activates.

Article 14:Board of Director is assembled by directors. Two-third of directors' presence and half of the directors agree to elect one director as a corporation CEO to manage the company and vise CEO will be elected to assist CEO for maintaining the corporation operations.

Article 14-1:Under urgent circumstance, the meeting of Board of Director meeting will be called; the directors and supervisors should be notified by one of delivery methods via an internal document, an email, or an fax seven days prior to its execution.

Article 15:Internally, CEO of the corporation represents shareholders and the chairman of Board of Director; externally, CEO represents the corporation. When CEO is absent or unable to execute his or her duties, the vise CEO will substitute to maintain the company operations. Under the circumstance of the absence for both CEO and vise CEO, one director will be appointed to present the meeting by CEO. When no director appointed, one director will be the chairman to proceed.

Article 16:Board of Director meeting is called by the corporation CEO unless Company Act regulated otherwise. In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.

In case the independent director cannot present to the Board of Director meeting, his or her opposite or reserved resolutions shall be documented, presented to the Board of Director, and recorded on the Board of Director meeting minute. A written proxy of appointing the other independent director to the meeting is forbidden.

Article 16-1:Any resolution of Board of Director requires half of the directors' presence and half of the presented directors agree to proceed, and this meeting minute shall be signed or stamped by the corporation CEO.

Article 16-2:Three supervisors are structured by the corporation and elected by the shareholder meeting. The term of the supervisor is three years and will be continued if he or she is re-elected. The term of the supervisors will automatically extend until the time permitted for the following election.

Article 16-3:The supervisors will present their opinions to the Board of Director. Any of the internal forms and documents reviewed by the supervisors will be written as a report with the signature or stamp and present the supervisors' report in the shareholder meeting.

Chapter 5 managerial personnel

Article 17:A Chief Executive Officer and Vise Chief Executive Officer will be elected by Board of Director to maintain the corporation operations and policies executions.

One President followed by the supervision of Board of Director and executed within the authorized range in the corporation operations will be set up by the corporation. The President's appointment, disappointment, and his or her the remuneration will abide by Article 29, Company Act.

Chapter 6 Accountant

Article 18:The corporation requires to finalize (1) Business Report, (2) Financial Statements, and (3) Surplus Distribution or a legal reserve coverage proposals, present to Board of Director, and request for its recognition.

Article 19:The director and the supervisor will be paid regardless the surplus or the loss of the fiscal year. The scale of this remuneration will be adjusted by Board of Director based on the individual involvement, not exceeding the highest remuneration scale of the corporation. When the surplus is reported, the remuneration of director and the supervisor will be paid in accordance of Article 20.

The director and the supervisor will be covered by their liability insurance based on their liabilities in the business dealings.

Article 20 :Nine percent to thirteen percent of the surplus will be accrued as employees' bonuses, and the remuneration of the directors' and the supervisors' cannot be 2 percent higher of the year end surplus. The loss, on the other hand, will be estimated and realized accordingly.

Employees who qualify to receive the bonuses will be paid by stock dividends or cash dividends.

Both employees' bonuses and the remuneration of the directors' and the supervisors' are present to Board of Director and report to the shareholders' meeting.

Article 20-1:The corporation surplus will be obligated to pay its corporation taxes first, covered the legal reserve, ten percent set aside as a legal reserve. When a legal reserve reach its paid-in capital, the legal reserve will stop recorded. The remainder will set aside another sum as special reserve or otherwise allocated to respect the law; The remainder can be combined with unallocated surplus on the account, then present to Board of Director for the proposals of earring distribution as for shareholders' dividends for a resolution in the shareholders' meeting.

The corporation dividend distribution policy will take into the consideration of company's potential developments, the investment environment, the demand of capitals, domestic competitions as well as the international competitors, and shareholders' benefits before its final resolution. Every year, not lower than ten percent of allocable surplus will be accounted for shareholders' dividends and accumulated earring cannot be lower than one percent of the actual company capital or no shareholders' dividends will be allocated. The shareholders' dividends will be paid with cash dividends or stock dividends and the cash dividends cannot be lower than fifty percent of the totaled shareholders' dividends.

Article 20-2:If the corporation intended to buy the company outstanding shares and transfer them to the employees the price per share lower than the market price, this shall be abided by Article 10-1 and Article 13 under "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" and approved by the latest shareholders' meeting (a half of the shareholders out of total outstanding shares of the corporation and approved by two-third of the presented shareholders) and resolved by the shareholders' meeting before the shared being transferred to the employees.

Article 20-3 :If the corporation intended to issue number of shares subscription warrants to the employees with the lower market price (price per share) shall be regulated by Article 56-1 and Article 76 of Regulations Governing Information to be Published in Public Offering and Issuance Prospectuses and resolved by the shareholders' meeting before the issuance.

Chapter 7 Additions

Article 21:The corporation's external endorsements required to respect the company endorsement procedures.

Article 22:The corporation reinvestment has not limited to forty percent of the pain-in capital, but its procedures requires to follow the company short-term and long-term investment procedures.

Article 23:Uncovered mater of Article of Incorporation shall be abided by Company Act.

Article 24: These Articles of Incorporation are agreed to and signed on August 22, 1968 by all the promoters of the corporation, and the first Amendment was approved by the shareholders' meeting on July 13, 1974, the second Amendment on September 21, 1974, the third Amendment on February 5, 1975, the fourth Amendment on July 13, 1977, the fifth Amendment on August 29, 1981, the sixth Amendment on September 18, 1983, the seventh Amendment on November 22, 1984, the eighth Amendment on October 8, 1986, the ninth Amendment on September 25, 1987, the tenth Amendment on December 7, 1989, the eleventh Amendment on September 7th, 1990, the twelfth Amendment on September 15, 1991, the thirteenth Amendment on January 24, 1992, the fourteenth Amendment on October 20, 1993, the fifteenth Amendment on November 20, 1993, the sixteen Amendment on January 27, 1994, the eighteenth Amendment on June 25, 1996, the nineteenth Amendment on July 31, 1996, the twentieth Amendment on October 3, 1996, the twenty-first Amendment on December 29, 1996, the twenty-second Amendment on June 15, 1997, the twenty-third Amendment on September 4, 1007, the twenty-fourth Amendment on October 17, 1997, the twenty-fifth Amendment on November 22, 1997, the twenty-six Amendment on May 19, 1998, then twenty-eight Amendment on October 17, 1998, the twenty-ninth Amendment on June 11, 1999, the thirtieth Amendment on May 15, 2000, the thirty-first Amendment on April 30, 2001, the thirty-second Amendment on May 30, 2002, the thirty-third Amendment on May 30, 2002, the thirty-fourth Amendment on June 18, 2003, the thirty-fifth Amendment on May 18, 2004, the thirty-sixth Amendment on June 7, 2005, the thirty-seventh Amendment on May 24, 2006, the thirty-eighth Amendment on June 13, 2007, the thirty-ninth Amendment on June 18, 2008, the fortieth Amendment on June 8, 2010, the forty-first Amendment on June 3, 2013, the forty-second Amendment on June 17, 2016.

Wah Lee Industrial Corp.

CEO：Ray-chin Chang

Wah Lee Industrial Corp

Procedures for Acquisition or Disposal of Assets

Discussed and passed in the shareholders' meeting on June 22, 2015

Article 1 Purpose

The Procedures are established for the protection of assets and the implementation of information disclosure. Outstanding matters not covered in the Procedures shall be handled according to the provisions of relevant laws and regulations.

Article 2 Legal basis

The Procedures are established pursuant to the provisions of relevant laws and regulations of the Financial Supervisory Commission (hereinafter referred to as the SFC).

Article 3 Asset range

1. Securities: shares, bonds, corporate bonds, financial bonds, securities representing fund holdings, depository receipts, call (put) warrants, beneficiary certificates and asset-backed securities.
2. Property (including land, houses and buildings, investment-oriented property and land use rights).
3. Memberships.
4. Intangible assets: patents, copyrights, trademark rights and concessions.
5. Claims of financial institutions (including accounts receivable, negotiations and discounts, loans and overdue accounts receivable).
6. Derivative products.
7. Assets acquired or disposed of through merger, division, acquisition or share exchange in accordance with the law.
8. Other important assets.

Article 4 Definitions

1. Derivative products: Long-term contracts, options contracts, futures contracts, leverage contracts, exchange contracts and composite contracts formed by combinations of the products above, the values of which are derived from assets, interest rates, exchange rates, indices or other benefits. The long-term contracts above do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term import and export contracts.

2. Assets acquired or disposed of through merger, division, acquisition or share exchange in accordance with the law: Assets acquired or disposed of through merger, division or acquisition in accordance with the Corporate Merger and Acquisition Act, the Financial Holding Company Act, the Financial Institution Merger Act or other laws, or other companies' shares received in exchange of the Company's new shares (hereinafter referred to as transfer-in shares) in accordance with the provisions of Article 156 (8) of the Company Law.

3. Related parties and subsidiaries: To be further defined in accordance with the provisions of the securities issuer's financial reporting standards.

4. Professional appraisers: Property appraisers or other persons engaged in the property or equipment valuation business according to laws.

5. Date of occurrence of the fact: The contract signing date, payment date, commissioned trading date, title transfer date, board resolution date or the dates on which the transaction counterparty and the transaction amount can be determined, whichever is earlier. For an investment which is subject to the approval of the competent authority, the date shall be the earlier of the dates above and the date of receipt of the approval of the competent authority.

6. Mainland China investment: Investment in mainland China in accordance with the provisions of the "Licensing Approach for Investment or Technical Cooperation in Mainland China" of the Investment Commission of the Ministry of Economic Affairs.

Article 5 The Company in principle does not engage in the transaction of acquisition or disposal of claims of financial institutions, and if the Company thereafter wishes to engage in such transactions, it shall obtain the approval from the board of directors and then establish the related appraisal and operation procedures.

Article 6

1. Regarding the appraisal report or the opinion of the accountant, the lawyer or the securities underwriter obtained by the Company, the professional appraising firm and its appraisers, the accountant, the lawyer, the securities underwriter and the transaction counterparty shall not be a related party of the Company.

2. The professional appraising firm and its appraisers shall not have any criminal conviction or punishment sentencing.

3. According to the Procedures, the Company shall obtain two or more professional appraising firms' appraisal reports, and the different professional appraising firms and their appraisers shall not be related parties with each other.

Article 7 Assessment and operating procedures

1. Price determination and references

(1) The Company's acquisition or disposal of assets shall be handled by the relevant supervisor in accordance with the provisions of the "Property, Plant and Equipment Cycle and Investment Cycle" of the Company's internal control system.

(2) Regarding the Company's acquisition or disposal of securities, the subject company's latest CPA audited or reviewed financial statements shall be obtained first as the reference for assessing the transaction price, and the matter shall be handled in accordance with the Company's "Long and Short-term Investment Management Measures".

(3) Regarding the Company's acquisition or disposal of property, the publically announced present value, the appraised value and the actual transaction price of the neighboring property shall be referred to in order to determine the terms and conditions and the price of the transaction, and the matter shall be handled in accordance with the Company's rules.

(4) Regarding the Company's acquisition or disposal of property, plant and equipment, prudent assessments shall be made in the price inquiry, comparison and negotiation process before the submission of information to the relevant departments, and the matter shall be handled in accordance with the Company's levels of authority.

(5) Regarding the Company's acquisition or disposal of memberships, the fair market price shall be referred to in order to determine the terms and conditions and the price of the transaction, and the matter shall be handled in accordance with the Company's levels of authority.

(6) Regarding the Company's acquisition or disposal of intangible assets, the professional appraisal report and the fair market price, the terms and conditions of the transaction and the transaction price shall be referred to in order to determine the terms and conditions and the price of the transaction, and the matter shall be handled in accordance with the Company's levels of authority.

(7) Regarding the Company's acquisition or disposal of derivative products, the trader shall formulate the trading strategy for all the Company's financial products, and shall calculate the position value on a regular basis, collect market information, conduct trend judgment and risk assessment and formulate the trading strategy. These shall be used as the basis for trading after the approval in accordance with the Company's levels of authority.

(8) Regarding the Company's merger, division, acquisition or share exchange, the opinion of the accountant, the lawyer or the securities underwriter on the rationality of the share exchange ratio, the purchase price or cash or other properties allotted to the shareholders shall be sought before the relevant board meeting, and the proposal shall be approved by the board of directors.

2. Investment limits and levels of authority

(1) The acquisition or disposal of securities shall be approved by the Chairman. If the amount of the transaction reaches NT$100 million (exclusive), it shall be approved by the board of directors.

(2) The property, plant and equipment required for business or non-business purposes of the Company shall be approved by the board of directors, but the board of directors may delegate to the Chairman the authority to approve an amount of up to NT$100 million (inclusive).

(3) The total value of the property or securities respectively purchased by the Company and its subsidiaries for non-business purposes, and the value of individual securities to be invested in shall be subject to the following limits:

A. The total value of the property for non-business purposes shall not exceed 30% of the net value of the Company as in its latest financial statements; the total value of the property purchased by all the subsidiaries of the Company for non-business purposes shall not exceed 10% of the net value of the Company as in its latest financial statements.

B. The total value of the securities shall not exceed 100% of the net value of the Company as in its latest financial statements; the total value of the securities purchased by all the subsidiaries of the Company for non-business purposes shall not exceed 50% of the net value of the Company as in its latest financial statements.

C. The total value of the individual securities investment shall not exceed 30% of the net value of the Company as in its latest financial statements; the total value of the individual securities investment of all the subsidiaries of the Company shall not exceed 30% of the net value of the Company as in its latest financial statements.

(4) Regarding the Company's acquisition or disposal of memberships, if the value is less than NT$10 million (inclusive), it shall be approved by the Chairman and reported in the next board meeting. If the value is more than NT$10 million, it shall be approved by the board of directors in advance.

(5) Regarding the Company's acquisition or disposal of intangible assets, if the value is less than NT$30 million (inclusive), it shall be approved by the Chairman and reported in the next board meeting. If the value is more than NT$30 million, it shall be approved by the board of directors in advance.

(6) Regarding the Company's acquisition or disposal of derivative products, in addition to considering the Company's turnover growth and changes in the risk exposure, based on security considerations, for each transaction the personnel in charge shall file an application with the financial supervisor for an initial approval, and then submit the application to the Chairman for a final approval before the transaction. The Chairman's approval is also required for any subsequent amendment. If there is a time constraint, the personnel in charge may first obtain the verbal consent of the financial supervisor and the Chairman for trading, and then submit the application afterwards; the relevant transaction details shall also be reported to the board of directors.

(7) Regarding the Company's assets acquired or disposed of through a merger, division, acquisition or share exchange in accordance with the law, before the shareholders' meeting the Company shall prepare documents to the shareholders concerning the important contracts and relevant matters of the merger, division or acquisition, and have them delivered to the shareholders together with the expert opinions referred to in Item (8) above and the meeting notice for their reference. This requirement does not apply to the merger, division or acquisition which is exempt by other laws or regulations from holding a shareholders' meeting for a resolution. Furthermore, if a shareholders' meeting for a resolution can not be held due to an insufficient number of attendees or voting rights of any of the companies involved in the merger, division or acquisition or due to other legal restrictions, or due to the motion being rejected by the shareholders, these companies involved in the merger, division or acquisition shall immediately disclose the reasons for it and carry out the follow-up operations and reserve another date for the shareholders' meeting.

(8) Regarding the Company's acquisition or disposal of assets which needs to be approved by the board of directors in accordance with the Procedures or other laws, if there is any objection from the directors with a record or written statement, the Company shall send the objection related information to the supervisors. In addition, if the asset acquisition or disposal is required to be submitted to the board meeting for discussion, it is necessary to take into account the views of the independent directors and include their pros and cons into the meeting minutes.

(9) If the various departments of the Company need to acquire or dispose of assets due to business requirements, and if the transaction falls under the significant matters listed in Article 185 of the Company Law, then the transaction shall be submitted to the shareholders' meeting for approval.

3. Implementation units

For the Company's acquisition or disposal of assets, the reporting lines in the following rules shall be followed. If necessary, the transaction shall be reported to the board of directors for approval:

(1) If the Company's securities acquired or disposed of are unlisted or non-OTC shares, the transaction shall be handled by the Investor Relations and Investment Management Department and the Finance Department in accordance with the "Long and Short-term Investment Management Measures" of the Company. If the securities are listed or OTC shares, the Chairman shall designate a person to execute the transaction in the centralized market or at securities brokers' business premises based on the Company's financial situation.

(2) The Company's acquisition or disposal of property or equipment shall be handled by the Operations Support Department in accordance with the Company's "Property, Plant and Equipment Cycle".

(3) The Company's acquisition or disposal of memberships or intangible assets shall be submitted by the Operations Support Department in accordance with the aforementioned level of authority, and then executed by the department using such assets and relevant departments.

(4) The Company's acquisition or disposal of derivative products shall be handled by the Finance Department in accordance with the Procedures.

(1) In the Company's handling of a merger, division, acquisition or share exchange, a lawyer, accountant and underwriter shall be appointed to jointly discuss and determine at timetable of the legal procedures, and form a task group to execute the transaction in accordance with the legal procedures.

4. Property or equipment appraisal report

Regarding the property or equipment acquired or disposed of by the Company, except for transactions with government agencies, commissioned-construction on the Company's own land, commissioned-construction on leased land, or acquisition or disposal of equipment for business use, if the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million, a professional valuer's appraisal report shall be obtained before the date of occurrence of the fact, and the transaction shall meet the following requirements:

(1) The transaction shall be approved by the board of directors if a limited price, specified price or special price is to be used as the reference price of the transaction for special reasons. This requirement also applies to future changes to the transaction conditions.

(2) If the transaction amount exceeds NT$1 billion, two or more professional valuers shall be hired for the appraisal.

(3) If the appraisal result of the professional valuer has one of the following circumstances, unless the appraisal result of the assets to be acquired is higher than the transaction amount or the appraisal result of the assets to be disposal of is lower than the transaction amount, the accountant shall be contacted for a specific opinion on the difference and the fairness of the transaction price in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation:

A. The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.

B. The difference between the appraisal results of two or more professional valuers is more than 10% of the transaction amount.

(4) The time lag between the professional valuer’s appraisal report issuing date and the contract date shall not be more than three months. However, if the appraisal report applies to the present value of the same period which has been publically announced for no more than six months, then the Company may request the original professional valuer to issue an opinion.

5. Expert opinion on acquisition or disposal of securities

Regarding the Company’s acquisition or disposal of securities, the subject company’s latest CPA audited or reviewed financial statements shall be obtained before the date of occurrence of the fact as the reference for assessing the transaction price. In addition, if the transaction amount reaches 20% of the Company’s paid-in capital or NT$300 million, the accountant shall be consulted before the date of occurrence of the fact for an opinion on the rationality. If the accountant needs an expert’s report, the matter shall be handled in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation. This requirement is not applicable if the securities have a public quotation on an active market or are in compliance with the requirements of the SFC.

7. Professional appraisal report on acquisition or disposal of memberships or intangible assets

If the Company’s acquisition or disposal of memberships or intangible assets reaches an amount of 20% of the Company’s paid-in capital or NT$300 million, except for transactions with government agencies, the accountant shall be consulted before the date of occurrence of the fact for an opinion on the rationality. The accountant shall handle the matter in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation.

7. If the Company acquires or disposes of assets through the auction process of the court, the appraisal report or the accountant's opinion can be substituted with the certificate issued by the court.

8. The transaction amount calculation in Items 4 to 6 shall be handled in accordance with the provisions of Article 11.1(5), and the one year referred to is one year before the date of occurrence of the transaction. The requirement above is not applicable if a professional appraisal report or the accountant's opinion has been obtained in accordance with the provisions of the Procedures.

Article 8 Procedures for transactions with related parties

1. Regarding the Company's acquisition or disposal of assets with related parties, in addition to following the procedures for acquisition of property in the preceding Article, following the provisions below for handling relevant resolutions and assessing the rationality of transaction conditions, if the transaction amount reaches 10% of the Company's total assets, the provisions of the previous section shall be followed to obtain a professional appraisal report or the accountant's opinion.

   The transaction amount calculation shall be handled in accordance with the provisions of Article 7.8.

   On the determination of related parties in a transaction, in addition to the relevant legal requirements, the substantive relationship shall be considered.

2. Appraisal and operating procedures

   Regarding the Company's acquisition or disposal of property with related parties, or acquisition or disposal of non-property assets with related parties, if the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT$300 million, then other than the purchase and sale of government bonds, bonds with re-purchase or re-sale agreements and subscription or redemption of domestic money market funds, the following information shall be submitted to the board of directors for approval and the supervisors for acknowledgement before the transaction contract is signed and the payment is made:

   (1) The purpose, necessity and expected benefits of acquiring or disposing of the assets.

   (2) The reasons for the selection of the related party for the transaction.

   (3) The information on the reasonableness of the planned transaction conditions assessed in accordance with the provisions of Paragraphs 3(1) and 3(5) of this Article for the acquisition or disposal of property with related parties.

   (4) The related party's date and price of the asset acquisition, the transaction counterparty and its relationship with the Company and the related party.

   (5) The monthly cash flow forecast in the year after the expected contract month, and the assessment of the necessity of the transaction and the rationality of the use of funds.

   (6) The professional appraisal report or the accountant's opinion obtained in accordance with the provisions of the first paragraph.

   (7) The restrictions on the transaction and other important matters.

   In the discussion of the board of directors in accordance with the preceding paragraph, the opinions of the independent directors shall be fully taken into account. If there are any objections or reservations from the independent directors, they shall be recorded in the minutes of the board meeting.

   The aforementioned transaction amount calculation shall be handled in accordance with the provisions of Article 11.2, and the one year referred to is one year before the date of occurrence of the transaction. The requirement above is not applicable if a proposal is already submitted for the board of directors' approval and the supervisors' acknowledgement in accordance with the provisions of the Procedures.

   Regarding the acquisition or disposal of equipment for business purpose between the Company and its parent company or subsidiaries, the board of directors may, in accordance with Article 7.2(2), authorize the Chairman to make a decision within a certain amount, and have the transaction acknowledged in the latest board meeting.

3. Transaction cost rationality assessment

(1) The following method shall be followed in assessing the rationality of the transaction costs when the Company acquires or dispose of property with related parties:

A. The necessary interest expense and the cost that the buyer shall bear according to law shall be added to the price of the transaction with related parties. The interest expense is calculated on the basis of the weighted average interest rate in the year of the Company's borrowing for its purchase of assets, but it shall not be higher than the lending rate of non-financial institutions as announced by the Ministry of Finance.

B. If the related party concerned has pledged the subject matter to a financial institution for funds, the financial institution shall assess the total value of the loan for the subject matter, but the accumulated loan amount actually extended shall be more than 70% of the assessed total value of the loan, and the existing loan extension period shall be more than a year. This requirement is not applicable if the financial institution is affiliated with one of the transaction parties.

(2) For the purchase of both the land and the building of the same subject matter, either of the methods in the preceding paragraph may be applied for the respective assessment of the transaction costs of the land and the building.

(3) Regarding the Company's acquisition of property from a related party, the cost of the property shall be assessed in accordance with the provisions of Paragraphs 3(1) and 3(2) of this Article, and the accountant shall be consulted for a review and a specific opinion.

(4) Regarding the Company's acquisition of property from a related party, if any of the circumstances occurs, then the transaction shall be processed in accordance with the provisions of Paragraphs 1 and 2 of this Article, and the provisions of Article 3(1), 3(2) and 3(3) on the assessment of the transaction cost rationality do not apply.

A. The related party obtained the property through inheritance or by gift.

B. The related party's contract for the property has been entered into for more than five years from the date of this transaction.

C. The property is obtained through a joint-construction with the related party, or by commissioning the related party for construction on the Company's own land or leased land.

(5) If the results of the appraisals in accordance with the provisions of Paragraph 3(1) and 3(2) of this Article concerning the Company's acquisition of property from a related party are lower than the transaction price, then the transaction shall be handled in accordance with the provisions of Paragraph 3(6) of this Article. This requirement does not apply if any of the circumstances occur and an objective evidence and the opinions of a professional property valuer and accountant on the transaction rationality can be presented:

A. If the related party obtained undeveloped land or leased the land for building construction, then the Company may prove that one of the following criteria is met:

(a) The undeveloped land is assessed in accordance with the method in the provisions of the preceding paragraph, the building is assessed based on the related party's construction cost plus a reasonable profit, and the total amount of the amounts above exceeds he actual transaction price. The reasonable profit refers to the lower of the average operating margin of the related party's construction unit in the last three years, and the latest gross profit margin of the construction industry announced by the Ministry of Finance.

(b) The transactions of other floors of the same subject building, or the transactions of non-related parties in the neighboring area with similar floor areas have similar transaction conditions, based on the assessment of the reasonable prices of such floors or areas in accordance with the property trading practice.

(c) The other floors of the same subject building leased by non- related parties within the past year have similar transaction conditions, based on the assessment of the reasonable prices of such floors or areas in accordance with the property leasing practice.

B. The Company is able to prove that the property purchased from the related party has an area similar to those in the other transactions of non-related parties in the neighboring area within one year.

The aforesaid transactions in the neighboring area refers to transactions on the same or an adjacent street and within an area of less than 500 meters from the subject matter of the transaction, or transactions with similar announced present values. The aforesaid similar area means that the area of the transaction of a non-related party is not less than 50% of the area of the subject matter of the transaction. The aforesaid one year refers to the year before the date on which the property transaction occurs.

(6) Regarding the Company's acquisition of property from a related party, if the results of the appraisals in accordance with the provisions of Paragraph 3(1) and 3(2) of this Article are lower than the transaction price, then the following matters shall be handled. In addition, if the Company and the public companies which evaluate their investment in the Company with the equity method have made a provision of special surplus reserve pursuant to the aforesaid requirement, then the special surplus reserve shall not be used until a loss is recognized for the asset purchased at a higher price or the asset is disposed of, or an appropriate compensation or restitution is made, or it is proved that there is no irrationality in the transaction, and an approval is obtained from the SFC.

A. The Company shall make a provision of a special surplus reserve in accordance with the provisions of Paragraph 1 of Article 41 of the Securities Exchange Act on the difference between the transaction price of the property and the appraised cost, and shall not distribute the surplus or convert it into capital increase. If the investor who evaluates its investment in the Company with the equity method is a public company, then it shall also make a provision of a special surplus reserve in accordance with the provisions of Paragraph 1 of Article 41 of the Securities Exchange Act based on the provision amount in accordance with the proportion of its shareholding.

B. The supervisors shall handle the above in accordance with the provisions of Article 208 of the Company Law.

C. The handling of points 1 and 2 of this paragraph shall be submitted to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.

(7) Regarding the Company’s acquisition of property from a related party, if there is other evidence that the transaction does not comply with the business norm, then it shall also be dealt with in accordance with the provisions of Paragraph 3(6) of this Article.

Article 9

Procedures for acquisition or disposal of derivative products

1. Transaction principle and strategy

(1) Transaction types

A. Financial derivative products referred to in Article 4 of the Procedures.

B. Bond margin trading.

(2) Operating (hedging) strategy

The Company’s engagement in financial derivative transactions shall be for the purpose of hedging, and the products selected shall be those for the avoidance of the risks arising from the Company’s business operations. The currency held shall conform to the foreign currency demand of the Company's actual import and export transactions, and the overall position (foreign currency income and expenditure) shall be able to be squared within the Company in order to reduce the overall foreign exchange risk of the Company and save the cost of foreign exchange operation.

(3) Division of powers and responsibilities

A. Traders

The financial derivative trading personnel is responsible for the collection of laws and regulations concerning financial derivative products, hedging strategy design and risk disclosure, and shall understand the Company’s management policies and concepts and determine market trends and risks before transaction execution. The personnel shall make a proposal of the desired position and the hedging strategy according to the Company's operation strategy, and send it to the authorizing supervisor for approval before execution.

B. Trade confirmation staff

The staff is responsible for confirming the correctness of the transactions with the correspondent bank, affixing the confirmation stamp on the trade confirmation report and returning it to the bank by mail.

C. Settlement staff

The staff is responsible for the settlement of financial derivative transactions and the review of cash flow status regularly to ensure that the agreed contracts can be settled as scheduled.

D. Accentuating staff

The staff is responsible for correctly and fairly expressing the hedging transactions and the profit and loss in the financial statements in accordance with the relevant provisions (Financial Accounting Standards Bulletins, etc.).

(4) Performance evaluation

A. The performance of hedging transactions is evaluated based on the hedging strategy. The Finance Department shall review the trading performance by market price evaluation every two weeks and submit the performance of the previous month to the Chairman in the first week of each month.

B. The Finance Departments shall provide foreign exchange position evaluation, foreign exchange market trends and market analysis, and perform regular evaluation and review. In case of any abnormal circumstances, it shall immediately take the necessary measures and report the situation to the Chairman.

(5) Total contract amount and maximum loss limit

A. Total contract amount

(a) Hedging transaction limit

The total balance of all the Company's hedging contracts at any time is limited to the hedging demand rising from actual transactions within a year. The balance of each contract is limited to US$2 million or an equivalent amount in other foreign currencies.

(b) Speculative transaction limit

The Company is not engaged in speculative transactions.

B. Maximum loss limit

For all and each derivative contract, the maximum loss shall not exceed 20% of the total or individual contract amount.

2. Risk management measures

(1) Credit risk management

The Company's trading counterparties are limited to the Company's existing banks or internationally renowned financial institutions which can provide professional information.

(2) Market risk management

The Company's derivative transactions are limited to risk hedging, and the Company is not engaged in speculative financial operations.

(3) Liquidity risk management

In order to ensure market liquidity, it is necessary to select financial products with high liquidity (that is, can be squared in the market at any time), and the financial institutions shall have sufficient financial information and the ability to trade in any market at any time.

In order to ensure the stability of the Company's working capital turnover, the source of the Company's derivative transactions is limited to its own funds, and the capital requirements for future cash receipts and payments shall be taken into account for the amount of its operation.

(5) Operational risk management

A. The Company's levels of authorization shall be strictly followed and the operating procedures shall be included in the internal audit scope in order to avoid operational risks.

B. The derivate traders, trade confirmation staff and settlement staff shall not share each other’s work.

C. The risk assessment, supervision and control staff shall belong to different departments from the staff in the preceding paragraph, and shall report to the board of directors or to the senior executives who are not responsible for the transactions or do not have the decision-making responsibility.

D. The position of derivative products shall be assessed at least once a week, and hedging transactions for business needs shall be assessed at least twice a month. The assessment report shall be presented to the senior managers authorized by the board of directors.

(6) Product risk management

The internal traders shall have complete and correct professional knowledge of financial products, and shall ask banks to fully disclose their risks in order to avoid the risk of misusing financial products.

(7) Legal risk management

Documents with financial institutions shall be duly signed after the review of the foreign exchange and the legal staff or the legal adviser to avoid legal risks.

3. Internal audit system

Internal auditors shall regularly assess the adequacy of the internal control of derivative transactions, check the compliance of the trading department with respect to derivative transaction processing procedures, analyze the transaction cycle on a monthly basis and make an audit report accordingly. In case a serious violation is found, the supervisors shall be notified in writing.

4. Periodic assessment methods

(1) The board of directors shall authorize high-level supervisors to regularly supervise and assess whether the derivative transactions are actually handled in accordance with the transaction procedures set by the Company, and whether the risks assumed are within the tolerance. If there is an abnormal situation in the valuation report (the loss has exceeded the limit), the board of directors shall be immediately notified and countermeasures shall be taken.

(2) The position of derivative products shall be assessed at least once a week, and hedging transactions for business needs shall be assessed at least twice a month. The assessment report shall be presented to the senior managers authorized by the board of directors.

5. Supervision and management principles of the board of directors

(1) The board of directors shall appoint high-level supervisors to supervise and control the risks of derivative transactions at all times. The management principles are as follows:

A. Periodically assess the adequacy of the risk management measures currently in use and check whether the Procedures are followed.

B. Monitor the transactions and the profit and loss. If an abnormal situation is found, countermeasures shall be taken and the board of directors shall be immediately notified. The independent directors shall attend the board meeting and express their views.

(2) The performance of derivative transactions shall be regularly assessed to ensure that they conform to the established business strategy, and the risks assumed are within the tolerance of the Company.

(3) If the Company authorizes relevant personnel to be engaged in derivative transactions according to the Procedures, the authorization shall be reported in the next board meeting.

6. Establishment of reference book

The Company shall establish a reference book for derivative transactions, and record in the reference book the type, the amount, the board of directors' approval date and the matters which shall be prudently evaluated in accordance with Paragraphs 4(2), 5(1) and 5(2) of this Article.

Article 10 Procedures for mergers, divisions, acquisitions, and share exchanges

1. Board meeting date and shareholders' meeting date

For the Company's participation in mergers, divisions or acquisitions, except as otherwise stipulated in laws or an approval is obtained from the SFC due to special reasons, the parties involved shall convene a board meeting and a shareholders' meeting on the same day for a resolution of the merger, division or acquisition.

For the Company's participation in a share exchange, except as otherwise stipulated in laws or an approval is obtained from the SFC due to special reasons, the parties involved shall convene a board meeting and a shareholders' meeting on the same day.

For the Company's participation in a merger, division, acquisition or share exchange, the following information shall be recorded and kept for a period of five years for inspection:

(1) Basic personnel information: the titles, names and identity card numbers (passport numbers if foreigners) of all people involved in the merger, division, acquisition or share exchange plan or the plan executioners before the publication of the information.

(2) Important dates: including the date of signing the letter of intent or memorandum, entrusting a financial or legal adviser, signing a contract and a board meeting.

(3) Important documents and proceedings: including documents such as the plan of merger, division, acquisition or share exchange, the letter of intent or memoranda, important contracts and the board meeting minutes.

In the event that the Company participates in a merger, division, acquisition or share exchange, it shall, within two days from the date the resolution is passed in the board meeting, declare the information in the first and second items of the preceding paragraph in accordance with the prescribed format, and submit it to the SFC for review via the internet information system.

If the counterparty of a merger, division, acquisition or share exchange is not a listed company or its shares are not traded at the premises of securities brokers, the Company shall enter into an agreement with the counterparty and shall handle the matter in accordance with the provisions of Paragraphs 3 and 4.

2. Prior commitment of confidentiality

All people who participate in or are aware of the merger, division, acquisition or share exchange of the Company shall issue a written confidentiality undertaking and shall not disclose the contents of the plan before the disclosure of the information. Nor shall they, either in their own names or in the names of others, buy the shares or other securities of equity nature of any of the parties involved in the merger, division, acquisition or share exchange.

3. Principle for setting and changing share exchange ratio or share purchase price

The parties participating in a merger, division, acquisition or share exchange shall, before the board meetings of both parties, appoint an accountant, lawyer or securities underwriter to express its view on the fairness of the share exchange ratio, the purchase price or the cash or other property to be allotted to the shareholders, and submit it to the shareholders' meeting. The share exchange ratio or the purchase price shall not in any way be changed arbitrarily, except that the conditions for change have been specified in the contract and have been disclosed to the public. The conditions for change of the share exchange ratio or the purchase price are as follows:

(1) The handling of capital increase, issuance of convertible corporate bonds, allotment of bonus shares, issuance of corporate bonds with stock options, issuance of preferred shares with stock options, issuance of stock options and other securities of equity nature.

(2) The disposal of the Company's major assets which may affect the Company's financial performance.

(3) The occurrence of major disasters or major changes in technology which may affect the interests of shareholders or share prices.

(4) The buyback of treasury shares by any party involved in the merger, division, acquisition or share exchange.

(5) Changes in the participating legal entities or their numbers in the merger, division, acquisition or share transfer.

(6) Other conditions which have been specified in the contract and have been disclosed to the public.

4. Contract contents

The contracts of the parties involved in a merger, division, acquisition or share exchange shall, in addition to complying with the Company Law and related laws and regulations, include the following matters:

(1) The handling of default.

(2) The principle for handling securities of equity nature issued by the dissolved or divided company in the merger, or the treasury shares that it has repurchased.

(3) The quantity of treasury shares which may be repurchased according to law by the parties after the date the share exchange ratio is finalized, and the handling method.

(4) The handling of changes in the participating legal entities or their numbers.

(5) The schedule and expected completion date.

(6) If the plan completion is overdue, the relevant procedures for handling matters such as setting the date of the shareholders' meeting according to laws and regulations.

5. Changes in the number of participants in the merger, division, acquisition or share exchange

If any party involved in the merger, division, acquisition or share exchange decides to, after the disclosure of the information, participate in another merger, division, acquisition or share exchange with other parties, the participants may be exempted from the shareholders' meeting only if the number of participants is reduced, and the shareholders' meetings have passed the resolution and authorized the board of directors to change the authority. In the original merger, division, acquisition or share transfer case, the procedures or legal action that has been completed shall be carried out again by all participants.

6. If the participants in a merger, division, acquisition or share exchange is not a public offering company, the Company shall enter into an agreement with it and determine the date of the board meeting in accordance with the first paragraph of this Article, make a prior confidentiality commitment in accordance with the second paragraph of this Article, and handle the changes in the number of participants in the merger, division, acquisition or share exchange in accordance with the fifth paragraph of this Article.

Article 11 Procedures for information disclosure

(3) If any of the following circumstances occurs in the Company's disposal of assets, the following information shall be entered in the MOPS within two days from the date of occurrence of the fact in accordance with the prescribed nature:

a) Acquisition or disposal of property with a related party, or non-property assets with a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT$300 million, with the exception of the trading of government bonds or bonds with repurchase or resale agreements or the purchase or redemption of domestic money market funds.

b) Engagement in a merge, division, acquisition or share exchange.

c) The loss of derivative transactions reaches the overall or individual loss limit of all or individual contracts specified in the relevant procedures.

(4) Transactions of assets other than those in the three items above, financial institutions' disposal of debts or investment in mainland China, and the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million, with the exception of the following:

A. Trading of government bonds.

B. Trading of bonds with repurchase or resale agreements or the purchase or redemption of domestic money market funds.

C. The assets acquired or disposed of is equipment for business use, the transaction counterparty is an unrelated party, and the amount of the transaction is less than NT$500 million.

D. The property is acquired through commissioned-construction on the Company's own land, commissioned-construction on leased land, joint construction with building allotment or joint construction with respective sale of the building, with the expected amount of the Company's investment in the transaction less than NT$500 million.

(5) The amounts of the aforesaid transactions in Paragraph (4) are calculated as follows, and the one year period is one year before the dates of the transactions. The amounts already announced according to the requirements shall not be included.

A. The amount of each transaction.

B. The total amount of all transactions with the same counterparty in one year for assets of the same nature.

C. The total amount of transactions of property in the same development plan (with acquisition and disposal accrued separately) in one year.

D. The total amount of transactions of the same securities (with acquisition and disposal accrued separately) in one year.

(6) The 10% of the total assets shall be calculated based on the amount of the total assets in the latest individual-entity or individual financial report as provided in the financial issuer's financial report preparation guidelines.

2. The Company shall enter into the MOPS by the 10th of each month the information about the derivative transactions of the Company and its non-public domestic subsidiaries as of the end of the previous month in accordance with the prescribed format.

3. If there is any error or omission in the Company's announcement in accordance with the regulations, then it shall make another announcement of all such information again.

4. The Company shall obtain and keep at its premises the relevant contracts, the proceedings, the reference books, the appraisal reports, and the opinions of the accountant, the lawyer or the securities underwriter concerning its acquisition or disposal of assets. Unless otherwise required by law, such documents shall be retained for at least five years.

5. After the Company announces its transaction information in accordance with the requirements in the previous paragraphs, in case of any of the following circumstances, it shall make an announcement by entering the information in the MOPS within two days from the date of occurrence of the fact:
   (1) The contents of the contracts for the transaction have been changed, terminated or revoked.
   (2) The merger, division, acquisition or share exchange is not completed by the scheduled completion date.
   (3) The contents of the original announcement are changed.

Article 12 The subsidiaries of the Company shall comply with the following requirements.

1. The Company shall urge its subsidiaries to establish procedures for acquisition or disposal of assets in accordance with their business natures, business scales and the local laws and regulations. The subsidiaries shall follow the procedures when acquiring or disposing of assets.

2. The Company shall urge its subsidiary to check whether their operating procedures are in compliance with the Guidelines on Acquisition or Disposal of Assets by Public Offering Companies and the subsidiaries' own procedures for acquisition or disposal of assets, and whether they operate according to such operating procedures.

3. The Company auditor shall review the subsidiaries' self-check reports.

4. If a subsidiary is not a public offering company and its acquisition or disposal of assets reaches the announcement standard of Article 12 of the Procedures, the Company shall make the announcement on behalf of the subsidiary.

5. In the announcement standard of the subsidiary, the term "20% of the paid-in capital of the Company or 10% of the total assets" is based on the paid-in capital or total assets of the Company.

Article 13 Penalty

If the employees of the Company who undertake the acquisition and dispose of assets violate the provisions of the Procedures, then they shall be reported for an evaluation according to the employee handbook of the Company and be punished based on the seriousness of the cases.

Article 14 Implementation and amendments

The Procedures are to be implemented after being passed by the board of directors, and submitted to the supervisors for review and the shareholders’ meeting for approval. If any director has expressed an objection and there is a record or written statement for it, the Company shall send the objection to the supervisors and submit it to the shareholders 'meeting for discussion. The same procedures apply for the amendments.

When the Procedures are sent to the board of directors for discussion in accordance with the provisions in the preceding paragraphs, the views of the independent directors shall be fully taken into account. If the independent directors have any objection or reservation, it shall be recorded in the minutes of the board meeting.

Appendix IV

Wah Lee Industrial Corp.
Procedures for Endorsements and Guarantees

Approved by Shareholders' Meeting on 06/17/2014

Article 1: Purpose

The procedures set forth below are the guidelines for the Company to provide endorsement and/or guarantee to outside parties. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article 2: Applicable Laws and Regulations

The procedures set forth below are pursuant to the relating regulation of Financial Supervisory Commission (hereafter refers to as FSC.)

Article 3: Application Subjects

The endorsement and/or guaranty referred to in these procedures include the following:

1. Financial endorsements/guarantees, including:
   (a) Discounted bill financing
   (b) Endorsement or guaranty made for the financing needs of other companies.
   (c) Issuing negotiable instruments for the purpose of providing guaranty to obtain finance for its own businesses to an entity other than the financial institutions.
2. "Custom Duty Endorsement and/or Guaranty", which shall mean endorsement or guarantee for the listed or OTC company itself or other companies in respect of the custom duty matters.
3. "Other endorsements and/or guarantees" which shall mean other endorsements or guarantees which cannot be included in the above two categories.

The company which creates a pledge or mortgage on its chattel or real estate as security for the loans of another company shall be subject to these Key Points.

Article 4: Subject of Endorsements/Guarantees

The company may provide endorsement and/or guarantee for the following companies:

1. The companies with which it has business relations
2. Subsidiaries in which the company holds more than 50% of its total outstanding common shares.
3. The companies in which the parent company and the subsidiary together hold more than 50% of its outstanding common shares.

Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.

Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project; or shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage, shall not be subject to the restriction set forth in the above Paragraph, and may provide such endorsements/guarantees.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.

Article 5: Limits of Endorsements/ Guarantees

1. The total amount of endorsements worth and/or guarantees may not exceed seventy percent (70%) of the company net worth as stated in its latest financial report. The total amount of endorsements worth and/or guarantees of the company and its subsidiaries reach seventy percent (70%) of the company net worth as stated in its latest financial report.
2. The amount of endorsements and/or guarantees in favor of any single enterprise may not exceed twenty percent (20%) of the company net worth as stated in its latest financial report. The amount of endorsements worth and/or guarantees of the company and its subsidiaries may not exceed twenty percent (20%) of the company net worth as stated in its latest financial report. Provide that it shall apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares not exceed thirty percent (30%) of the company net worth as stated in its latest financial report.

"Net worth" in these procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 6: Determination and Authorization

1. Before making endorsements and/or guarantees, it shall be submitted to the Board of Directors for approval, and pursuant to the request Procedure upon such approval. A pre-determined limit may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most coming Board of Directors' Meeting for ratification. The limit shall not exceed 70% that set forth in Article 5 of endorsement/guarantee provided by the Company. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the public company and its subsidiaries as a whole reaches 50% or more of the net worth of the public company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.
2. Where the company needs to exceed the limits set out in the Article 5 to satisfy its business requirements, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.
3. The company has established the position of independent director, when it submits its Operational Procedures for endorsements and/or guarantees or when it makes endorsements and/or guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 7: Procedures for handling and scrutinizing endorsement/guarantee

1. Endorsement/Guarantee Applying
   The endorsee/guarantee company shall provide the company basic information and financial information in writing to the Investor Relations and Investment Management Division or Finance Department in the company to request the arrangement of endorsement/guarantee.
2. Credit checking
   As the company accept the request, the Investor Relations and investment management division or Finance Department shall examine, evaluate the business of endorsee/guarantee company, its financial statement, credit worthiness and debt paying ability, profitability and the purpose of endorsee/guarantee and then drafts a report.
3. Evaluation

(1) Where an endorsement/guarantee is made due to needs arising from business dealings, evaluation standards shall be specified for determining whether the amount of an endorsement/guarantee is commensurate the total amount of trading between the two companies.
(2) When making endorsements/guarantees, the Investor Relations and Investment Management Division or Finance Department in the company shall evaluate the necessity and reasonableness, credit status and risk assessment of the entity for which the endorsement/guarantee is made and the impact on the company's business operations, financial condition, and shareholders' equity.
(3) For the endorsement/guarantee case that need for collateral, the endorsement/guarantee company shall provide the collateral, and people in charge in the Financial Department shall do the appraisal of the value thereof to protect the Company's interest.

4. Approval and Handling
   People in charge in Investor Relations and Investment Management Division or Financial Department shall submit the evaluation and credit checking information in the above to and resolved upon by the Board of Directors for approval and then to Financial Department for further endorsement/guarantee handling. A pre-determined limit may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most coming Board of Directors' Meeting for ratification. The limit shall not exceed 70% that set forth in Article 5 of endorsement/guarantee provided by the Company.
5. Case Filling
   The Financial Department shall prepare a memorandum book for the company's endorsement/guarantee and record in detail the following information: the endorsement/guarantee company, amount, date of approval by the board of directors, endorsement/guarantee date, and matters to be carefully evaluated under the regulation, content of the collateral and its values as well as terms and date for discharge of liability
6. Follow-up and Extension
   Our Financial Department shall request the endorsement/guarantee company to report how to use the amount of its endorsements and/or guarantees monthly and notify us whether or not extending the endorsement/guarantee a month before the endorsement/guarantee due day. If continue to maintain the endorsement/guarantee, the applicant company shall handle pursuant to this regulation.
7. Discharge of Endorsement/Guarantee
   As for the cancellation of endorsement/guarantee, the Financial Department shall obtain the relating information to discharge the liability of endorsement/guarantee and record it into the memorandum book.

Article 8: Safekeeping and Procedure for Chop

The company shall use the company chop (the "Chop") registered with the Ministry of Economic Affairs ("MOEA") for the use of endorsement and/or guarantee. The Chop shall be under the safekeeping of a special personnel and may be used to issue negotiable instruments only following proper internal procedure. The appointment and the change of the personnel safekeeping the Chop shall be approved by the resolution of the Board of Directors.
The company provides guarantees in favor of a foreign company, the Guarantee Agreement shall be signed by the person who was authorized by the Board of Directors.

Article 9: The

1. The public company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.
2. If the audit unit or Financial find that where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of Article 4, or the amount of endorsement/guarantee exceeds the limit pursuant to the Article 5, or for circumstances in which an entity for which the company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan after approved by the chairman of Directors and submit to the Board of Directors.

In the case of a subsidiary with shares having no par value or a par value other than NT$10, for the paid-in capital in the calculation under subparagraph 2, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 10: Control and management of Endorsement/Guarantee by Subsidiaries

1. Where a subsidiary of a public company intends to make endorsements/guarantees for others, the company shall instruct it to formulate its own Operational Procedures for Endorsements/Guarantees in compliance with these Regulations, and it shall comply with the Procedures when making endorsements/guarantees. Only that the net worth is based on the net worth of subsidiaries. The subsidiaries in which our company holds, directly or indirectly, 90% or more of the voting shares, it shall submit to and resolved upon by the Board of Director before making endorsement/guarantee pursuant to paragraph 2 in Article 4, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.
2. When formulate its own operational procedures for endorsements/guarantees, the company shall check whether or not it is followed the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and whether or not the endorsement/guarantee handling of the subsidiaries is pursuant to the Procedures.
3. The Audit Unit in the company shall review the self-inspection report of subsidiaries.
4. The subsidiaries shall prepare previous month's endorsements/guarantees balances within the 7th day of each month and submit it to the company for review.

Article 11: Information Disclosure

1. A public company shall announce and report the previous month's l endorsements/guarantees balances of its head office and subsidiaries by the 10th day of each month.
2. A public company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:
   (1) The aggregate balance of endorsements/guarantees by the public company and its subsidiaries reaches 50 percent or more of the public company's net worth as stated in its latest financial statement.
   (2) The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches 20 percent or more of the public company's net worth as stated in its latest financial statement.
   (3) The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches NT$10 millions or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of public company's net worth as stated in its latest financial statement.
   (4) The amount of new endorsements/guarantees made by the public company or its subsidiaries reaches NT$30 million or more, and reaches 5 percent or more of the public company's net worth as stated in its latest financial statement.
3. The company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to be uploaded to the Market Observation Post System pursuant to subparagraph 4 of the preceding paragraph.
4. The company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.
5. "Date of occurrence" in paragraph 2 means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Article 12: Penalty

When the Company managers and persons-in-charge have any violation of the Procedures, it shall report and check pursuant to the Employee Manual and be disciplined or punished according to law on the merits of each case.

Article 13: Execution and amendments

After passage by the board of directors, submit the Procedures to each supervisor and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

When it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Wah Lee Industrial Corporation
Capital Loan Out Standard Operation Procedures

Approved by Shareholders' Meeting at 7 June, 2014

Article 1： Purpose

If company needs to loan other firm or institution (hereinafter "Borrower") as necessary, then company should follow this SOP. Any procedures are not mentioned in our SOP shall comply with other relevant law or regulations.

Article 2： Governing Law

This SOP is compiled by governing law of Financial Supervisory Commission (FSC).

Article 3： Borrower

According to the government law, corporate capital is only allowed to loan shareholders or others when it meets the situations as below：

1、Firm or institution that cooperates with our company; the 「cooperation」 stands for the supplier or demander of our company.

2、Firm or institution that has short-term capital demand. Short-term stands for one year or one business period (the longest period).

Article 4： Necessity and Reason of Loan

Company provide capital loan to cooperators shall obey Article 5; Capital loan to short-term demanders shall meet the criteria as below：

1、Company holds over 20% (include 20%) shares of Borrower, and the Borrower has short-term financing necessity.

2、Firm or institution which has short-term financing necessity dur to the operation needs.

3、Borrowers are under permission of Board of Director.

Article 5： Maximum Capital and Limited Capital

1、Maximum Capital：

Maximum Capital for loan should under 20% of corporate net value，including：

（1）For firm or institution has cooperation relationship, the maximum capital shall less than 10% of corporate net value.

（2）For Firm or institution which has short-term financing necessity, the maximum capital shall less than 10% of corporate net value.

2、Limited Capital：

（1）For firm or institution has cooperation relationship, the limited capital shall not over normal cash flow of our cooperation, and maximum capital shall less than 10% of corporate net value. Normal cash flow stands for the highest amount of cash for cash receivable or cash payable.

（2）For Firm or institution which has short-term financing necessity, the limited capital shall not over 5% of corporate net value, and financing capital shall not over 40% of Borrower's net value. Financing capital means accumulated remaining balance of short-term finance of our company.

3、For the overseas company that our company has direct or indirect control with 100% shares, is not restricted by paragraph 1-(2) and paragraph 2-(2), some limited capital shall not over 30% of net value of overseas company, and financing capital shall not over 100% of net value of overseas company. Every loan period is not restricted by Article 6, but maximum less than five years.

Annual interest rate of our capital loan shall not less than the average interest rate of Finance Companies. Borrower should return all the interest rate at expiry date.

Net Value in this SOP is the parent company shareholders' equity in Consolidated Financial Position Statement, which compiled under financial statement regulations of Securities issuers.

Article 6： Interest Rate

1、Each capital loan period, which counts from start date shall less than one year or one business period (the longest period).

2、Interest rate counts at daily basis. Sum of daily loan balance times annual interest rate, then divided by 365 equals to total interest. Annual interest rate of our capital loan shall not less than the average interest rate of Finance Companies.

3、The interest should be handed in at monthly request; any occasional situations shall be approved by Board of Director and adjusted as needed.

Article 7： Conduct & Examine procedures

1、Application

Borrower should provide his or her personal information and financial information, purpose of the loan, loan period and the amount of capital, and then present those documents to investment department or finance department.

2、Credit Investigation

（1）After company received the application, investment management department or finance department shall investigate and evaluate borrower's business performance, financial performance, credit worthless and purpose of loan, then submit the investigation report.

（2）Borrowers who apply the loan at first time should provide his or her basic information and financial information for the Credit Investigation purpose.

（3）For Borrowers renew the loan, normally company should do credit investigation again, however, urgent or importance case can make adjust to some extent.

（4）If Borrower presents positive certified financial performance; and the financing certificate was assessed by the certified accountant and in the first valid year. Both financial statement and financing certificate can be used as credit reference.

3、Valuation

（1）If the capital loan is due to the business relationship, corporate investment management department or finance department should confirm the limited capital is less than the cash flow of our cooperation; If the capital loan is due to the short-term financing necessity, borrower should list reasons and describe the event.

（2）Cooperate investment management department or finance department should evaluate the risk to our business and financial performance, and the impact on shareholders' equity.

（3）If the loan needs guaranty, Borrower should submit the guaranty, thereby finance officer can evaluate the value of guaranty in order to protect company.

4、Verification & Notification

（1）According to the result of credit investigation, before lending corporate capital to others company should deliberately evaluate the operation procedure whether it meets corporate standards. Relevant information, drafted loan criteria and evaluation outcome should be implemented under Board Meeting's permission only, others are not allowed.

Loan between subsidiaries can be approved by the Board of Director of subsidiaries.

Company with subsidiaries or capital loan between subsidiaries should apply to Board of Director, also empowering chairman an authority to decide that for the same borrower should only grant a limited amount of loan, in addition, installment or recycle usage only available within a year.

The limited amount of loan mentioned above is practiced in those conditions. The loan between company and overseas firm which company has control, and the loan between company or subsidiaries and single line business firm. In both conditions, the amount of loan should not exceed the ten percent of net value which published on corporate financial statement or subsidiaries' financial statement.

（2）Company shall consider the opinions of Board of Director before grant a loan. Moreover, opinions for both agree and disagree of Board of Directors should be filed in meeting record.

（3）When Board of Director rejects a loan case, staff should response the borrower as soon as possible.

（4）When Board of Director approves a loan, staff should response borrower immediately with relevant corporate regulations. Those regulations include the amount of loan, loan period, interest rate, guaranty, warrantor etc. Borrower should complete the procedures in a fix time.

5、Contract and Assurance

（1）Loan contract should be drafted by financial officer, assessed by supervisor and then sign the contract.

（2）Contract details should meet capital loan criteria, after the signature of Borrower and warrantor, financial officer shall complete assurance.

6、Guaranty valuation and Authority setting

If the loan needs guaranty, Borrower should submit the guaranty, thereby finance officer can complete quality guaranty or authority of guaranty, company also need to evaluate the value of guaranty in order to protect company.

7、Insurance

（1）Guaranty (exclude land and securities) should buy fire insurance and other insurances. The amount of insurance shall not less than the value of guaranty, and should indicate the beneficiary. Name, quantity, warehouse, insurance condition, insurance endorsement of the guaranty should meet corporate loan criteria.

（2）Financial officer shall inform borrower of extending the loan period before expiry date.

8、Appropriation

Once Borrower has been approved valuation, signed the contract, completed guaranty registration and reconfirmed everything, finance department then is capable to allocate the appropriation.

Article 8： Follow up management & Overdue measurement

1、After appropriation, finance officer should follow up Borrower and warrantor to check their finance performance, business performance and credit worthiness. For Borrower who provides guaranty, finance officer should monitor the fluctuation of the value of guaranty. Finance officer should inform Borrower of repayment one month earlier of the expiry date. Any emergency finance officer should report o Board of Director and follow up as permission.

2、Borrower redeems the repayment at or before expiry date should acknowledges the interest and repay it with principle. Thereafter, financial officer write off the loan contract and guaranty.

3、Before Borrower apply for guaranty, his or her historical loan could be clear so he or she is capable to be assessed for a new capital.

4、Borrower should clear both principle and interest at expiry date.

Article 9： Registration & Archive

1、In terms of corporate loan business, finance department should prepare a reference for future investigation. Name of borrower, capital, effective date by Board of Director, appropriation date, and valuations under this SOP should be archived specifically.

2 、Officers who handle the loan case shall submit and arrange the document including contract, promissory note, collateral debt obligations, guaranty evidence, insurance and files to finance department after allocate appropriation. ,

Article 10： Attentions of Granting a loan

1、Corporate internal auditors should audit the SOP of a capital loan and the implementation condition at every season. Furthermore, paper records are needed, particularly serious violation should report to supervisors.

2、Audit department or Finance department notice any unqualified borrower or overdue cases caused by company internal alteration should inform borrowers of returning the loan at a fix time, and present an improve plan to chairman. Then apply to Board of Director under permission of chairman. Supervisors should also be informed with relevant improve plan. At the end complete the plan on time.

3、Finance department should compile last month Capital Loan Statement before 10th of every month, then assessed by management team.

Article 11： Capital loan SOP of subsidiaries

1、Company or subsidiaries lending capital to others should draw up the SOP and follow the SOP. Setting a net value of subsidiaries as calculation benchmark.

2、Company allows subsidiaries for self-audit. Subsidiaries need to check whether the capital loan procedures meet 「Public company capital loan and Endorsement management standard」, and whether real practice follow company SOP.

3、Company audit including audit the self-audit report of Subsidiaries.

4、Subsidiaries should complete compile last month Capital Loan Statement before 7th (excluding 7th) of every month and submit to company.

Article12： Publication

1、Company shall publish the loan balance of company and its subsidiaries to the public press website at 10th of every month.

2、Company shall publish at the following day of effective date when the loan case belong to any events are listed below：

（1）Loan balance of company or its subsidiaries over 20% of the net value in the latest corporate financial statement.

（2）The loan balance between company (include subsidiaries) and a single line business firm exceed 10% of the net value in the latest corporate financial statement.

（3）New added loan balance for company or subsidiaries over 10 million of Taiwan dollars and exceed 20% of the net value in the latest corporate financial statement.

3、Subsidiary meet events listed above, but this subsidiary is not a domestic public company, therefore, our company shall publish the event for this subsidiary.

4、Company shall evaluate capital loan, prepare proper bad debit, disclose relevant information in financial statement and provide relevant documents to certified public accountant for further assessment.

5、Effective date in paragraph 2 indicates the contract signature date, payment date, the day of Board of director made decision, other confirmed and valid borrower or payment transaction date.

Article 13： Punishment

Corporate manager or conductor who violent this SOP should report for assessment in accordance of employee handbook. Punishment for implementation depends on the real case.

Article 14： Implementation & Amendment

This procedure is implemented when it achieved the agreement of Board of Director, corporate Supervisors and Shareholders' Meeting. Any disagreement with record and statement should report to Supervisors and Shareholders' Meeting. Amendment has the same process.

According to the previous regulation, this operation procedure should fully consider the opinions of every Independent Directors in Board Meeting, and document both agreement and disagreement with supporting in Board Meeting record.

Wah Lee Industrial Corporation
Board Election Principle

Approved by Shareholders' Meeting at 17 June, 2016

Article 1： Corporate Board election shall comply with this corporate governance.

Article 2： Corporate Board election shall use accumulative voting, voters in an election for more than one seat to put more than one vote on a preferred candidate. It allows voters concentrate their votes or split their votes. Name of voters is replaced by their attendance number.

Article 3： Before Board election, nominate committee president shall nominate a ballot examiner, tally clerk etc. to execute their assignment. Ballot examiner shall nominate from shareholders.

Article 4：1、Corporate boards will only nominate eligible candidates in shareholders' meeting, number of candidates are set by corporate governance. Ballots of independent director and non-independent director are calculated separately. Candidate with the most ballots is the winner, if two candidates are voted with same ballots and the ballots over a certain number, then draw is needed. Nominate committee president can draw for candidate who does not attend the meeting.

2、Board election shall comply with corporate law of election process under Article 192 paragraph 1.

3、Directors or independent directors are removed 'with cause' result in board has less than five directors or meet corporate governance Article 13 paragraph 2, hence board election is needed in the latest shareholders' meeting to fill the vacancies. If the vacancy meets Article 13, paragraph 1 of corporate governance that one third or the entire independent directors are resigned, then board election should be hosted in shareholders' meeting within 60 days since the vacancy.

4、Over half of directors shall attend the board meeting, Spouse or relatives of directors are not allowed for his or her replacement for attendance.

5、Company may change directors by corporate performance or the result of assessment.

Article 5： Company prepares the number of ballots as same as the number of board directors, and increase vote and distribute to attend shareholders.

Ballot box is prepared by company and examined by ballot examiner before the election.

Article 6： If a candidate is one of the shareholders, then candidate shall fill in his or her name and shareholder code on the candidate form; if a candidate is not a shareholder, then candidate shall fill in his or her name and ID number on the candidate form.

If a candidate is corporate legal representative, then candidate shall fill in shareholder code, full name of the representative or full name of the proxy.

Article 7： Ballot is invalid under following conditions：

1、Election violates this corporate governance.

2、One ballot ticket has been filled with more than two candidates.

3、Any other information except candidate's name, shareholder's code, ID number.

4、Blurred and unrecognized handwriting.

5、Candidate from shareholders, his or her name and shareholder code are not match our shareholder booklet; candidate with non-shareholder, his or her name and ID are not match after verification.

6、Candidate has same name of shareholder but with no shareholder code or verified ID.

Article 8： Ballot calculation begins after voting, president or an indicated person shall announce the result in the meeting. Announcement includes information that the name and numbers of votes of the winner.

The election result shall be sealed and signed by ballot examiner. The archive shall be well stored at least one year or under corporate law of Article 189 that the files should keep until the claim end when someone questions the result.

Article 9：Anything not mentioned in this principle shall comply with corporate law, corporate governance and other relevant regulations.

Article 10：This principle only implement when it is permitted by shareholders' meeting, as well as amendment.

Wah Lee Industrial Corporation

Shareholding of Directors and Supervisors

1、Company real accepted capital is NT$2,313,901,380, number of shares outstanding is 231,390,138, in accordance with 「Rules and review Procedures for Director and Supervisor Ownership Ratios at Public Companies」, the minimum shareholding of directors is 12,000,000, the minimum shareholding of supervisors is 1,200,000.

2、Until this shareholders' meeting of ended share transfer day (28th March, 2017), shareholding of directors and supervisors who listed in the shareholder booklet is presented as follows, the data is made in accordance with the provision of Article 26 of the Securities and Exchange Act.

Title	Name	Date Elected	Term (Years)	Shareholding on ended share transfer day		Proxy name
				Shares	%	
Chairman	Kangtai Investment (Holdings) Co.,Ltd.	103.06.17	3	14,414,155	6.23%	Ray-chin Chang
Deputy Director	Jun-ying Chen	103.06.17	3	4,137,014	1.79%	–
Director	Zhi-hai Lin	103.06.17	3	2,609,959	1.13%	–
Director	Baoguang Investment (Holdings) Co., Ltd.	103.06.17	3	1,971,873	0.85%	Shuz-hen Lin
Director	Bing-hong Chen	103.06.17	3	885,681	0.38%	
Independent Director	Ya-kang Wang	103.06.17	3	–	–	–
Independent Director	Hao-min Zhu	103.06.17	3	–	–	–
	sum			**24,018,682**	**10.38%**	
Supervisor	Qing-bin Ye	103.06.17	3	3,356,263	1.45%	–
Supervisor	Ming-huang Huang	103.06.17	3	1,067,812	0.46%	–
Supervisor	Shou-de Xu	103.06.17	3	–	–	–
	sum			**4,424,075**	**1.91%**	

Note：Due to the two independent directors, other directors and supervisor shall be counted at 80%.

Other Explanation

Shareholders' meeting of shareholding explanation：

Explanation：

1. According to corporate law of Article 172, paragraph 1, shareholder who hold shares over 1% of issued shares shall propose to shareholder's meeting and the proposal shall present in 300 words.
2. Company accepts 2017 Shareholders' meeting proposal during 20th -29th March, 2017, and published to public press website.
3. Company had not received any proposal until the end date.