Stock Code：3010

WAH LEE INDUSTRIAL CORP.

2019 Annual Shareholders' Meeting Manual

Date：May 30, 2019

Meeting Venue: 5F, No.211, Zhongzheng 4th Road, Kaohsiung City (Mega International Commercial Bank South District Training Centre

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Wah Lee Industrial Corp.

2019 Meeting Order

1. **Call meeting to order**

2. **Chairman Address**

3. **Reporting Items**

4. **Proposed Resolutions**

5. **Discussion**

6. **Special Motion**

7. **Meeting Adjourned**

Wah Lee Industrial Corp.

2019 Annual Shareholders' Meeting Agenda

Date：Thursday, May 30, 2019 @ 9:30

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

(I) 2018 Business Reporting

(II) 2018 Audit committee review reporting

(III) To report 2018 employees' profit sharing bonus and directors' compensations

(IV) 2018 Endorsement and guarantees reporting

(V) 2018 Lending of capital reporting

(VI) 2018 Investments in China

4. Proposed Resolutions

(I) 2018 Business reporting and financial statements

(II) The proposal for distribution of 2018 earnings

5. Discussion

(I) Partial article revision of "Company Policy"

(II) Partial article revision of "The Procedures for Acquisition or Disposal of Assets"

(III) Partial article revision of "Procedures for Making of Endorsements and Guarantees"

(IV) Partial article revision of "Operational Procedures for Loaning Funds to Others"

6. Special Motion

7. Meeting Adjourned

Reporting Items

(I) 2018 Business Reporting

Explanatory Notes: Please refer to page 8 (Attachment (I))

(II) 2018 Audit Committee's Review Report

Explanatory Notes: Please refer to page 9 (Attachment (II))

(III) To report 2018 employees' profit sharing bonus and directors' compensations

Explanatory Notes:

According to article 20 of Articles of Incorporation and the resolution of the Board of Directors on March 22, 2019, the compensations of Board of Directors' and Supervisors' shared 1.15 % of the corporate profit before taxes and totaled TWD 21,760,000. The employees' profit sharing bonus shared 11% of the corporate profit before taxes and totaled TWD 208,144,000. Both of them will be paid by cash.

(IV) 2018 Endorsement and guarantees reporting

Explanatory Notes: Please refer to page 10 (Attachment (III))

(V) 2018 Lending of capital reporting

Explanatory Notes: Please refer to page 11 (Attachment (IV))

(VI) 2018 Investments in China

Explanatory Notes: Please refer to page 12 and page 13 (Attachment (V))

Proposed Resolution

Proposal I by Board of Directors
Cause of action: 2018 Business reporting and financial statement recognition.
Explanatory Notes:

1. Wah Lee Industrial Corp's business reports, the parent company only financial statements, and the consolidated financial statements are audited by independent auditors, Ms. Zehn-Li Chen and Mr. Jun-ji Gong of Deloitte & Touche.
2. For 2018 business reports, the audited parent company only financial statements and, the audited consolidated financial statements. Please refer to page 8 (Attachment (I)) and page 14~38 (Attachment (VI))

Vote by poll:

Proposal II by Board of Directors
Cause of action: 2018 Earnings distribution proposal recognition.
Explanatory Notes:

1. The proposed profits distribution is allocated from 2018 Retained Earnings Available for Distribution. Each common share holder will be entitled to receive a cash dividend of NT$3.2 per share
2. The cash dividends will be distributed to each shareholder based on shareholding percentages, and be rounded down to the nearest dollar. The amounts under one dollar due to the rounding off are summed and be adjusted by ordering decimals from greatest to least and account numbers from the first to last until to be in accordance with the distribution amounts of cash dividends.
3. Authorize board of directors to deal with effect of the total shares outstanding if they diluted the earning per share and shareholders' dividends.
4. Propose to authorize the board of directors to set up ex-dividend date and other associated follow-up, once the shareholder's meeting approves this proposal.
5. 2018 Earnings distribution proposal. Please refer to page 39 (Attachment (VII))

Voting by poll:

Matters for Discussion

Proposal I by Board of Directors

Cause of action: Partial article revision of “Company Policy”

Explanatory Notes:

1. To comply with the capital needs of the Company’s future long-term strategy and operational growth, and to take diversification of fund raising methods into consideration, it is proposed that partial articles of “Company Policy” be amended to raise the amount of capitals and add and revise rights and obligations related to the issuance of special shares.
2. “Company Policy” revision comparison. Please refer to page 40~42 (Attachment (VIII).
3. “Company Policy” before the revision. Please refer to page 59~62 (Attachment (II).

Voting by poll:

Proposal II by Board of Directors

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

Explanatory Notes:

1. Pursuant to the official letter No. 1070341072 issued on November 26, 2018 by Financial Supervisory Commission, and to be in accordance with IFRS 9 financial instruments and IFRS 16 lease rules, which are applicable in R.O.C., and other relevant laws, it is proposed that partial articles of “Procedures for Acquisition or Disposal of Assets” be amended.
2. “Procedures for Acquisition or Disposal of Assets” revision comparison. Please refer to page 43~53 (Attachment (IX).
3. “Procedures for Acquisition or Disposal of Assets” before the revision. Please refer to page 63~73 (Attachment (III).

Voting by poll:

Proposal III by Board of Directors

Cause of action: Partial article revision of “Procedures for Making of Endorsements and Guarantees”

Explanatory Notes:

1. Pursuant to the official letter No. 1080304826 issued on March 7, 2019 by Financial Supervisory Commission, it is proposed that partial articles of “Procedures for Making of Endorsements and Guarantees” be amended.
2. “Procedures for Making of Endorsements and Guarantees” revision comparison. Please refer to page 54 (Attachment (X).
3. “Procedures for Making of Endorsements and Guarantees” before the revision. Please refer to page 74~77 (Attachment (IV).

Voting by poll:

Proposal IV by Board of Directors

Cause of action: Partial article revision of “Operational Procedures for Loaning Funds to Others”

Explanatory Notes:

1. Pursuant to the official letter No. 1080304826 issued on March 7, 2019 by Financial Supervisory Commission, it is proposed that partial articles of “Operational Procedures for Loaning Funds to Others” be amended.
2. “Operational Procedures for Loaning Funds to Others” revision comparison. Please refer to page 55 (Attachment (XI).
3. “Operational Procedures for Loaning Funds to Others” before the revision. Please refer to page 78~81 (Attachment (XI).

Voting by poll:

Special Motion

Meeting Adjourned

【Attachment I】

Wah Lee Industrial Corp.

2018 Business report

In 2018, Wah Lee headed towards two important milestones: First, in October, 2018, Wah Lee celebrated its 50th anniversary. In the last 50 years, Wah Lee established an important milestone for the development of Taiwan's industry and technology. As a key role of the provider of raw materials, the industry consolidator, and the provider of techniques, we will continue to create a sustainable business operation with suppliers and customers. The second milestone is that Wah Lee's revenue of 2018 drove to a new record and broke through the NT$50 billion. Our consolidated revenue of 2018 reached NT$52.9 billion. Compared with our revenue of 2017, we have more than NT$10 billion increase in the revenue. The annual sales growth rate is up to 23%. The monthly sales revenues reached a record high for 4 times in 12 months. We have the second highest annual sales growth rate in Wah Lee's history. Wah Lee had a great leap in the expansion of the business scale in 2018. In terms of profitability, because of the proper operating expenses, the net profit was 1.747 billion dollars in 2018, an increase of 8.5% from the previous year. With the revenue of the reinvestment business, the net income before tax is 2.03 billion, and the net income after tax is 1.489 billion. Net profit per share attributable to equity shareholders of the Company is 1.346 billion and earnings per share (EPS) is NT$5.82. The high interest of EPS is our return to shareholders. In the following year, though there are full of challenges, the Company's management team and the whole staff are still confident and have a concrete business plan. We look forward to overcoming turbulent times and have a spectacular performance once again in this year.

Wah Lee's current business distribution is complete. Our sales performances had a great leap in Taiwan, Hong Kong, China, the booming South East Asia, and even North American and Europe. The industries that Was Lee provides products and services are as follows: Wah Lee has taken a leading position in the industry in terms of sales of high-functional engineering plastics needed in the telecommunications industry. Wah Lee continues to connect to optical lens components, antenna modules for smart phones, automotive components for replacing metals, lens modules for automatic driving, and medical equipment successfully. Sales of semiconductor products continued to be fermented on higher-order processes. With the mainland's semiconductor manufacturing industries being greatly expanded, the consumption of consumables such as Wah Lee's electronic-grade chemicals, originals, and gas has been increasing, and the revenue of the semiconductor industry has continued to grow. The PCB industry has benefited from the adoption of higher-ranking class carrier PCB, which made the sales of our consumables such as dry film and copper foil substrates have grown significantly. PCB-related materials such as 5G communications, cloud computing, high-frequency transmission, smart phones, and automotive electronics will continue to drive future growth momentum. The panel industry will also enter the mass production period due to large-scale investment in the mainland. The demands for our consumables, optical plates, and electronic components have greatly increased. Moreover, next-generation electronics we have been developing successfully expanded in the markets of North America and Europe Union. The panel industry in the last year show substantial growth. In recent years, the government has actively promoted the development of green industry. The Company has provided raw materials and equipment, and also integrated upstream and downstream businesses. Industries including emerging biomedical industry, clean environmental protection industry, 5G communications markets, Artificial Intelligence (AI), IOT internet, EV electric vehicles, autonomous-driving vehicles and more are all key markets Wah Lee will develop into, and will also be the basis for Wah Lee's future growth.

The above is the introduction to Wah Lee's development direction and the future arrangement of every key industry. We hope it could make our shareholders know more about Wah Lee's operations and the direction of growth, and recognize that Wah Lee has a very bright future. In the end, we hereby appreciate our sincere thankfulness to every shareholder for your continuous support. We will work harder in the future to have a better performance to return to every shareholder. Thanks to every shareholder!

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

【Attachment II】

Audit Committee review reporting

After the Board of Director reviewed 2018 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 Deloitte & Touche and the audit report has been generated. The business report, financial statements, and earnings distribution proposal were sent to the audit committee and deemed to respect Securities Exchange Act and Company Act.

Respectfully present

Wah Lee Industrial Corp.

Audit committee convener: So-De Shyu

Date: March 26, 2019

【Attachment III】

Wah Lee Industrial Corp.

Endorsement Report

January 1 to December 31, 2018

Unit: 1000 NTD

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	(note 1)		(note 3)	(note 3)			(note 2)				
0	Wah Lee Industrial Corp.	Nagase Wahlee Plastics Corp.	Shareholder's Capital Holdings (%)	$ 2,213,131	$430,000	$430,000	$306,386	$ -	3.89	$ 7,745,958	N	N	N	
0	Wah Lee Industrial Corp.	Asahi Kasei Wah Lee Hi-Tech Corporation	Shareholder's Capital Holdings (%)	2,213,131	25,194	25,194	-	-	0.23	7,745,958	N	N	N	
0	Wah Lee Industrial Corp.	Raycong Industrial (Hong Kong) Ltd.	Subsidiary	3,319,696	189,767	-	-	-	-	7,745,958	Y	N	N	
0	Wah Lee Industrial Corp.	Shanghai Yikang Chemicals & Industrial Co. Ltd.	Subsidiary	2,213,131	335,917	119,789	82,503	-	1.08	7,745,958	Y	N	Y	
0	Wah Lee Industrial Corp.	Dongguan Hua Gang Co., Ltd.	Subsidiary	3,319,696	806,510	340,579	331,386	-	3.08	7,745,958	Y	N	Y	
0	Wah Lee Industrial Corp.	Raycong Industrial (Hong Kong) Ltd., Shanghai Yikang Chemicals & Industrial Co. Ltd. and Dongguan Hua Gang Co., Ltd.	Subsidiary	2,213,131	120,000	120,000	44,354	-	1.08	7,745,958	Y	N	Y	
0	Wah Lee Industrial Corp.	Shanghai Hua Chang Trading Co., Ltd.	Shareholder's Capital Holdings (%)	2,213,131	764,589	758,661	505,017	-	6.86	7,745,958	N	N	Y	

0	Wah Lee Industrial Corp.	WL Singapore	Subsidiary	3,319,696	829,492	583,585	301,769	-	5.28	7,745,958	Y	N	N	
0	Wah Lee Industrial Corp.	Sakuragawa Solar Ltd.	Subsidiary	2,213,131	175,822	175,822	147,237	-	1.59	7,745,958	Y	N	N	
0	Wah Lee Industrial Corp.	Miyazaki Solar Ltd.	Subsidiary	2,213,131	317,426	317,426	172,753	-	2.87	7,745,958	Y	N	N	
0	Wah Lee Industrial Corp.	WL Indonesia	Subsidiary	2,213,131	87,585	46,072	46,072	-	0.42	7,745,958	Y	N	N	
0	Wah Lee Industrial Corp.	WL Vietnam	Subsidiary	3,319,696	184,290	184,290	41,491	-	1.67	7,745,958	Y	N	N	
0	Wah Lee Industrial Corp.	WT Industrial	Subsidiary	2,213,131	657,715	657,715	240,783	-	5.94	7,745,958	Y	N	N	
1	Shanghai Yikang Co. Ltd.	Shanghai Chang Wah Electromaterials Inc.	Shareholder’s Capital Holdings (%)	728,021	53,088	52,676	35,276	-	1.45	1,820,052	N	N	Y	

Notes:

1. Single Company Endorsement Limit=20% of Net Worth; subsidiary Endorsee holding 100% shareholders’ voting right directly or indirectly =30% of Net Worth
2. Endorsement Maximum =70% of Net Worth; 50% of Net Worth for Shanghai Yikang Chemicals & Industrial Co. Ltd.
3. US exchange rate US$1=$30.715; Japanese Yen exchange rate= JPY$1=$0.2782; Renminbi exchange rate= CNY$1=$4.4672; Thai baht exchange rate= THB$1=$0.9532.

【Attachment IV】

Wah Lee Industrial Corp.

Lending Report

January 1 to December 31, 2018

(In thousands of New Taiwan Dollars)

Number	Lessor	Lerssee	Accounting Item	Relationship	Lending Maximum	Ending Balance (note 1)	Incurred lending Amount (note 1)	Interest Rate (%)	Purpose of Lending	Business Transaction Amount	Shorter Lending Rationale	Amount of losses	Collateral		Single Company Lending Limit (note 2)	Individual Lending Limit (note 3)	Note
													Name	Market Price			
1	Shanghai Yikang Chemicals & Industrial Co. Ltd.	Shanghai Alex&Dick Corporation	Other Account Receivable-related	Yes	$67,391	$67,0	$34,53	5.83	Short-term Operating	$ -	營業週 For Operating	$		$	$ 1,092,031	$ 1,092,031	

Notes:

1. RMB exchange rate CNY$1＝$4.4672
2. Individual lending guideline is not exceeding 30% of the Net Worth of Shanghai Yikang Co. Ltd.
3. Single Company Lending Limit: Lending guideline is not exceeding 30% of the Net Worth of Shanghai Yikang Co. Ltd.

【Attachment V】

Wah Lee Industrial Corp.

Investment to China Report

January 1 to December 31, 2018

Unit: 1000 NTD

Invested Company	Business Item	Actual Equity	Investment Method	Beginning Balance of Investment Wired from Taiwan	Wired to or Collected from the Invested Company: Wired to	Wired to or Collected from the Invested Company: Collected from	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 (note 3)	Market Value of shareholding	Realized Net Income Wired back to Taiwan as of 2018	Note
Wah Fu International Trade Co. Ltd. (Shenzhen)	Industrial material sales	$ -	Via the Raycong Industrial (Hong Kong) Ltd. 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 Raycong Industrial (Hong Kong) Ltd. in the third country to invest	-	-	-	-	-	100.00	-	-	-	1
Dongguan Hua Gang Corporation	Industrial material sales	1,164,676	Via the Raycong Industrial (Hong Kong) Ltd. in the third country to invest	-	-	-	-	77,707	100.00	77,707	1,928,048	-	
Shanghai Yikang Chemicals & Industrial Co. Ltd.	Chemical materials, Wax processing and sales, international trades, bonded area trades, domestic trades and warehouse business.	1,014,681	Via the Raycong Industrial (Hong Kong) Ltd. in the third country to invest	340,629	-	-	340,629	448,813	70.00	314,169	2,567,096	-	

Huaying Supply Chain Management (SZ) Co ltd	Industrial material sales	24,666	Via the Raycong Industrial (Hong Kong) Ltd. in the third country to invest	-	-	-	-	59,214	100.00	59,214	185,569	-	
Shanghai Hua Chang Trading Co., Ltd.	International trade & consulting; bonded area trades, domestic trades & simple processing business	73,716	Via the SHC Holding Ltd. in the third country to invest	43,714	-	-	43,714	107,500	30.00	32,226	566,193	-	
Guangzhou Youguang Optoelectronics Co., Ltd.	Light box, LED components and composites.	119,755	Via the SHC Holding Ltd. in the third country to invest	-	-	-	-	-	12.82	-	-	-	
Shanghai Chang Wah Electro Material Inc.	IC materials and equipment as an distributed agency	122,860	Via the Shanghai Yikang Chemicals & Industrial Co. in the third country to invest	-	-	-	-	30,532	21.44	6,545	51,577	-	
COMPAL PRECISION MODULE (JIANGSU) CO., LTD.	Properties of Cast Magnesium alloys & sales	12,593,150	Via the Wah Yuen Technology Holding Limited in the third country to invest	42,644	-	-	42,644	-	-	-	-	-	
COMPAL ELECTRONIC TECHNOLOGY (CHONGQING) CO., LTD.	Properties of Cast Magnesium and aluminum alloys & sales	1,842,900	Via the Wah Yuen Technology Holding Limited in the third country to invest	-	-	-	-	-	-	-	-	-	
Wuhan Kaidi Water Services Co., Ltd.	Industrial water cycle, industrial water waste cycle, waste water & Ocean water treatment	-	Via the Hong Kong Meidi Investment (Holding) Limited in the third	120,334	-	-	120,334	-	-	-	-	-	註 2

			country to invest									
Shanghai Alex&Dick Corporation	Import and Export of Goods and Technologies	4,467	Via the Shanghai Yikang Chemicals & Industrial Co. ltd. in the third country to invest	-	-	-	-	(217)	100.00	(217)	(2,477)	-
Xiamen Hua Sheng Da Logistics Co. Ltd.	logistics warehousing industry	9,381	Via the Huaying Supply Chain Management (SZ) Co ltd. in the third country to invest	-	-	-	-	(598)	70.00	(419)	8,963	-
Xiamen Jian Yuan Rong Logistics Co. Ltd.	logistics warehousing industry	35,738	Via the Huaying Supply Chain Management (SZ) Co ltd. in the third country to invest	-	-	-	-	477	30.00	143	5,593	-
Xiamen Jiashengyuan Trade Development Co. Ltd.	logistics warehousing industry	8,934	Via the Huaying Supply Chain Management (SZ) Co ltd.in the third country to invest	-	-	-	-	263	30.00	79	883	-

Investor	Accumulated investment to China at year end	Ministry of Economic Affairs Investment Committee Approved Investment Amount (Note 4)	Investment Limit to China (Note 5)
Wah Lee Industrial Corp.	$ 581,782	$ 2,478,240	$ -

(Continued to the following page)

Notes:

1. Wah Fu International Trade Co. Ltd. (Shenzhen) and Dongguan Nai Li Optoelectronics Co. Ltd had been liquidated in October 2010 and August 2012.
2. Having 3,059,913 shares of Singapore publicly traded company, Darco Water Technologies by exchange on March, 2018
3. Net investment income recognized in 2018 is based on:
   (1) Dongguan Hua Gang Co., Ltd. and Shanghai Yikang Chemicals & Industrial Co. Ltd.: audited by a CPA of Taiwan parent company
   (2) Shanghai Hua Chang Trading Co., Ltd.: audited by an international accounting firm with cooperation relationships with the accounting firm in the Republic of China
   (3) Shanghai Chang Wah Electro Material Inc.: audited by accountants in the office of Taiwan parent company's CPA
   (4) Other companies were not audited by Certified Public Accountant
4. The variance between the accumulated outward remittance from Taiwan and the amount approved by Ministry of Economic Affairs Investment Committee is NTD 1,896,468, including NT$1,338,688 (US$ 8,488 and HK$267,000) via the Raycong Industrial (Hong Kong) Ltd. to reinvest, NT$108,887 (US$3,497) via the Wah Yuen Technology Holding Limited to reinvest, capitalization of retained earnings of NT$434,385 (US$13,790) via the Shanghai Yikang Chemicals & Industrial Co. Ltd., and NT$14,500 (US$500,000) via SHC Holding Ltd. to reinvest.
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 criteria and also qualify to expand its business to China with no investment limit.

【Attachment VI】

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, 2018 and 2017, 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 (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of the other independent auditors' (refer to 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, 2018 and 2017, 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, 2018. 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, 2018 are discussed as follows:

<u>Evaluation of Trade Receivables Collectability</u>

The trade receivables of the Group as of December 31, 2018 was NT$13,331,880 thousand, representing 42% of total consolidated assets. We considered the trade receivables collectability as one of the key audit matters.

The Group reviews the recoverability of trade receivables regularly, and individually evaluates those trade receivables that were past due or had impairment concerns, then assesses the allowance for impairment loss based on customer categories.

Our key audit procedures performed included the following:

1. Audited the balance of trade receivables to obtain assurance for its occurrence, including obtaining confirmation letters from the selected customers, examining collections subsequent reporting year, shipping orders, declaration forms and evidence or documentation of goods received..

2. We obtained the aging analysis of trade receivables, inquired management for the matter of overdue receivables, and evaluated the adequacy of the allowance for impairment loss by reviewing the evaluation documentation of individual overdue trade receivables or trade receivables with impairment concerns.

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Impairment 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 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 follows:

1. We obtained the inventory aging report by inventory code and assessed, on a test basis, the correctness of inventory aging classification.

2. We 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 used on the above mentioned inventory aging report.

3. We examined if the impaired inventory were recorded at net realizable value, and assessed the adequacy of the amounts of impairment of inventories.

Other Matter

Certain investee accounted for using the equity method in the Group’s consolidated financial statements for the year ended December 31, 2018, were audited by other independent auditors; accordingly, our opinion insofar as it relates to the amounts and information disclosed, is based solely on the report of the other independent auditors.
The carrying value of the investments accounted for using the equity method was NT$667,677 thousand, representing 2% of total consolidated assets as of December 31, 2018; and the share of profit of associates was NT$50,516 thousand, representing 2% of consolidated profit before income tax for the year ended December 31, 2018.

We have also audited the parent company only financial statements of Wah Lee Industrial Corporation as of and for the years ended December 31, 2018 and 2017 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, 2018 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 Chun-Chi Kung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2019

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, 2018		December 31, 2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,541,851	8	$ 2,450,213	9
Financial assets at fair value through profit or loss - current (Notes 3, 4 and 7)	155,165	-	-	-
Financial assets at fair value through other comprehensive income - current (Notes 3, 4 and 8)	62,804	-	-	-
Available-for-sale financial assets - current (Notes 3, 4 and 9)	-	-	127,446	1
Notes receivable, net (Notes 4, 10, 30 and 32)	1,823,042	6	1,789,902	7
Trade receivables, net (Notes 4, 5 and 10)	13,162,764	41	10,718,844	39
Trade receivables - related parties (Notes 4, 5, 10 and 31)	169,116	1	96,598	-
Other receivables	51,595	-	41,985	-
Other receivables - related parties (Note 31)	9,802	-	7,396	-
Inventories (Notes 4, 5 and 11)	5,012,116	16	3,811,771	14
Prepayments for purchases (Note 31)	871,358	3	568,485	2
Other financial assets - current (Notes 12 and 32)	93,311	-	46,458	-
Other current assets	257,241	1	183,256	1
Total current assets	24,210,165	76	19,842,354	73
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 3, 4 and 8)	698,149	2	-	-
Available-for-sale financial assets - non-current (Notes 3, 4 and 9)	-	-	670,850	3
Investments accounted for using the equity method (Notes 4 and 14)	4,388,440	14	4,372,941	16
Property, plant and equipment (Notes 4, 15 and 32)	2,000,855	7	1,983,218	7
Goodwill (Note 4)	32,035	-	56,874	-
Other intangible assets	85,483	-	8,600	-
Deferred tax assets (Notes 4 and 24)	273,991	1	237,775	1
Prepayments for equipment	14,400	-	15,513	-
Refundable deposits	76,313	-	84,265	-
Other non-current assets	55,881	-	59,537	-
Total non-current assets	7,625,547	24	7,489,573	27
TOTAL	$ 31,835,712	100	$ 27,331,927	100

	December 31, 2018		December 31, 2017	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 32)	$ 6,899,446	22	$ 3,700,990	13
Short-term bills payable (Note 16)	100,000	-	-	-
Financial liabilities at fair value through profit or loss - current (Notes 3, 4 and 7)	4,359	-	-	-
Contract liabilities - current (Notes 3 and 22)	151,748	-	-	-
Notes payable (Note 18)	530,814	2	551,080	2
Notes payable - related parties (Notes 18 and 31)	1,548	-	321,117	1
Trade payables (Note 18)	5,742,826	18	5,178,939	19
Trade payables - related parties (Notes 18 and 31)	402,394	1	272,859	1
Other payables (Notes 19 and 31)	951,674	3	1,059,547	4
Current tax liabilities (Notes 4 and 24)	202,016	1	219,788	1
Provisions - current (Note 3)	-	-	172,248	1
Current portion of long-term borrowings (Notes 16 and 32)	257,960	1	31,908	-
Refund liabilities - current (Note 3)	132,323	-	-	-
Other current liabilities (Note 3)	19,821	-	171,580	1
Total current liabilities	15,396,929	48	11,680,056	43
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 32)	2,615,954	8	2,555,689	10
Provision for employee benefits - non-current	14,760	-	14,760	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	339,236	1	341,217	1
Guarantee deposits received	419	-	3,020	-
Deferred tax liabilities (Notes 4 and 24)	1,059,479	4	896,294	3
Total non-current liabilities	4,029,848	13	3,810,980	14
Total liabilities	19,426,777	61	15,491,036	57
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 21)				
Share Capital	2,313,901	7	2,313,901	8
Capital surplus	1,331,880	4	1,440,508	5
Retained earnings				
Legal reserve	1,950,063	6	1,809,112	6
Special reserve	78,160	1	197,138	1
Unappropriated earnings	6,070,997	19	5,103,755	19
Total retained earnings	8,099,220	26	7,110,005	26
Other equity	(679,347)	(2)	(78,160)	-
Total equity attributable to owners of the Corporation	11,065,654	35	10,786,254	39
NON-CONTROLLING INTERESTS (Notes 21, 26 and 27)	1,343,281	4	1,055,137	4
Total equity	12,408,935	39	11,841,391	43
TOTAL	$ 31,835,712	100	$ 27,332,427	100

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

(With Deloitte & Touche auditors' report dated March 22, 2019)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 31)	$ 52,935,016	100	$ 42,915,920	100
OPERATING COSTS (Notes 11, 23 and 31)	48,724,664	92	38,998,979	91
GROSS PROFIT	4,210,352	8	3,916,941	9
OPERATING EXPENSES (Notes 10 and 23)				
Selling and marketing expenses	1,978,226	4	2,030,762	4
General and administrative expenses	481,854	1	426,283	1
Expected credit loss	2,982	-	-	-
Total operating expenses	2,463,062	5	2,457,045	5
OPERATING INCOME	1,747,290	3	1,459,896	4
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 23 and 31)	141,000	-	85,690	-
Gain from bargain purchase - acquisition of subsidiaries (Note 26)	-	-	10,953	-
Other gains and losses (Note 23)	(42,007)	-	67,740	-
Finance costs (Note 23)	(236,954)	-	(107,919)	-
Share of profit of associates	420,809	1	453,847	1
Total non-operating income and expenses	282,848	1	510,311	1
PROFIT BEFORE INCOME TAX	2,030,138	4	1,970,207	5
INCOME TAX EXPENSE (Notes 4 and 24)	540,777	1	432,201	1
NET PROFIT FOR THE YEAR	1,489,361	3	1,538,006	4
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	698	-	(16,136)	-
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(97,200)	(1)	-	-
Share of other comprehensive loss of associates accounted for using the equity method	(22,311)	-	(2,917)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	(3,794)	-	2,743	-

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31			
	2018		2017	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 21)	$ (94,225)	-	$ (150,381)	-
Unrealized gain on available-for-sale financial assets (Note 21)	-	-	154,582	-
Share of other comprehensive income/(loss) of associates accounted for using the equity method (Note 21)	(18,854)	-	9,414	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	16,470	-	21,535	-
Other comprehensive income/(loss) for the year, net of income tax	(219,216)	(1)	18,840	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,270,145	2	$ 1,556,846	4
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,345,959	3	$ 1,409,506	3
Non-controlling interests	143,402	-	128,500	1
	$ 1,489,361	3	$ 1,538,006	4
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,151,615	2	$ 1,439,873	4
Non-controlling interests	118,530	-	116,973	-
	$ 1,270,145	2	$ 1,556,846	4
EARNINGS PER SHARE (Note 25)				
Basic	$ 5.82		$ 6.09	
Diluted	$ 5.69		$ 5.78	

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

(With Deloitte & Touche auditors' report dated March 22, 2019) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017
(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 the Financial Statements of Foreign Operations	Unrealized Gain / (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges	Unrealized Gain / (Loss) on Available-for-sale Financial Assets	Subtotal	Total	Non-Controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2017	$ 2,313,901	$ 1,378,680	$ 1,704,573	$ 72,302	$ 4,541,549	$ (146,889)	$ -	$ (213)	$ 22,265	$ (124,837)	$ 9,886,168	$ 952,080	$ 10,838,248
Appropriation of 2016 earnings													
Legal reserve	-	-	104,539	-	(104,539)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	124,836	(124,836)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(601,615)	-	-	-	-	-	(601,615)	-	(601,615)
	-	-	104,539	124,836	(830,990)	-	-	-	-	-	(601,615)	-	(601,615)
Change in capital surplus from investments in associates accounted for using the equity method	-	61,828	-	-	-	-	-	-	-	-	61,828	-	61,828
Net profit for the year ended December 31, 2017	-	-	-	-	1,409,506	-	-	-	-	-	1,409,506	128,500	1,538,006
Other comprehensive income / (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	(16,310)	(137,335)	-	213	183,799	46,677	30,367	(11,527)	18,840
Total comprehensive income / (loss) for the year ended December 31, 2017	-	-	-	-	1,393,196	(137,335)	-	213	183,799	46,677	1,439,873	116,973	1,556,846
Disposal of subsidiary (Note 27)	-	-	-	-	-	-	-	-	-	-	-	(75,258)	(75,258)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	61,342	61,342
BALANCE AT DECEMBER 31, 2017	2,313,901	1,440,508	1,809,112	197,138	5,103,755	(284,224)	-	-	206,064	(78,160)	10,786,254	1,055,137	11,841,391
Effect of retrospective application (Note 3)	-	-	-	-	397,489	-	(191,425)	-	(206,064)	(397,489)	-	-	-
BALANCE AT JANUARY 1, 2018 AS ADJUSTED	2,313,901	1,440,508	1,809,112	197,138	5,501,244	(284,224)	(191,425)	-	-	(475,649)	10,786,254	1,055,137	11,841,391
Appropriation of 2017 earnings													
Legal reserve	-	-	140,951	-	(140,951)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(118,978)	118,978	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(763,587)	-	-	-	-	-	(763,587)	-	(763,587)
	-	-	140,951	(118,978)	(785,560)	-	-	-	-	-	(763,587)	-	(763,587)
Change in capital surplus from investments in associates accounted for using the equity method	-	(108,628)	-	-	-	-	-	-	-	-	(108,628)	-	(108,628)
Net profit for the year ended December 31, 2018	-	-	-	-	1,345,959	-	-	-	-	-	1,345,959	143,402	1,489,361
Other comprehensive income / (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	2,441	(71,685)	(125,100)	-	-	(196,785)	(194,344)	(24,872)	(219,216)
Total comprehensive income / (loss) for the year ended December 31, 2018	-	-	-	-	1,348,400	(71,685)	(125,100)	-	-	(196,785)	1,151,615	118,530	1,270,145
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(20,699)	(20,699)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,971	-	(1,971)	-	-	(1,971)	-	-	-
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	4,942	-	(4,942)	-	-	(4,942)	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	190,313	190,313
BALANCE AT DECEMBER 31, 2018	$ 2,313,901	$ 1,331,880	$ 1,950,063	$ 78,160	$ 6,070,997	$ (355,909)	$ (323,438)	$ -	$ -	$ (679,347)	$ 11,065,654	$ 1,343,281	$ 12,408,935

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

(With Deloitte & Touche audit report dated March 22, 2019)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,030,138	$ 1,970,207
Adjustments for:		
Depreciation expenses	113,209	108,593
Amortization expenses	11,253	2,133
Expected credit loss	2,982	-
Impairment losses recognized on trade receivables	-	4,613
Net loss of financial instruments at fair value through profit or loss	5,300	-
Finance costs	236,954	107,919
Interest income	(9,675)	(9,701)
Dividend income	(7,445)	(10,830)
Share of profit of associates accounted for using the equity method	(420,809)	(453,847)
Gain/(Loss) on disposal of property, plant and equipment	(404)	460
Gain on disposal of investments	-	(10,469)
Gain on disposal of investments accounted for using the equity method	-	(112,577)
Impairment loss on non-financial assets	64,737	56,808
Net loss/(gain) on foreign currency exchange	(9,186)	40,841
Others	4,038	(2,469)
Changes in operating assets and liabilities		
Notes receivable	(33,150)	(531,423)
Trade receivables	(2,174,176)	(1,229,064)
Trade receivables - related parties	(72,518)	35,103
Other receivables	(2,681)	(12,111)
Other receivables - related parties	(2,406)	14,434
Inventories	(1,054,802)	(693,979)
Prepayments for purchases	(285,568)	(374,999)
Other current assets	(55,744)	29,627
Contract liabilities	(5,407)	-
Financial liabilities held for trade	483	-
Notes payable	(20,266)	(46,073)
Notes payable - related parties	(319,569)	44,714
Trade payables	469,593	9,476
Trade payables - related parties	129,535	12,848
Other payables	(142,701)	126,113
Refund liabilities/provisions	(39,925)	6,892
Other current liabilities	(1,912)	45,238
Net defined benefit liabilities	(4,596)	(19,699)
Cash used in operations	(1,594,718)	(891,222)
Interest received	9,675	9,701
Dividends received	341,902	370,584
Interest paid	(233,133)	(94,011)
Income tax paid	(433,861)	(292,214)

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2018	**2017**
Net cash used in operating activities	$ (1,910,135)	$ (897,162)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprenensive income	(155,970)	-
Proceeds from disposal of financial assets at fair value through other comprenensive income	19,597	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	489	-
Pruchase of financial assets at fair value through profit or loss	(89,344)	-
Purchase of available-for-sale financial assets	-	(85,025)
Proceeds from available-for-sale financial assets	-	285,531
Purchase of investments accounted for using the equity method	(91,263)	-
Net cash inflow (outflow) on acquisition of subsidiaries (Note 26)	(102,645)	21,812
Net cash inflow on disposal of subsidiaries (Note 27)	-	267,706
Payments for property, plant and equipment	(105,566)	(80,710)
Proceeds from disposal of property, plant and equipment	990	211
Increase in refundable deposits	(11,834)	(22,468)
Decrease in refundable deposits	20,472	32,961
Payments for intangible assets	(12,505)	(7,983)
Increase in other financial assets	(109,095)	(70,680)
Decrease in other financial assets	165,747	105,089
Increase in other non-current assets	(39)	(8,227)
Net cash generated from (used in) investing activities	(470,966)	438,217
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	20,799,969	12,088,235
Repayments of short-term borrowings	(17,777,178)	(10,462,548)
Proceeds from short-term bills payable	100,000	-
Repayments of bond payables	-	(1,015,075)
Proceeds from long-term borrowings	4,300,000	5,500,000
Repayment of long-term borrowings	(4,032,260)	(4,882,800)
Increase in guarantee deposits received	-	2,595
Decrease in guarantee deposits received	(2,601)	-
Cash dividends	(763,587)	(601,615)
Change in non-controlling interests	(14,731)	-
Net cash generated from financing activities	2,609,612	628,792
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(136,873)	(185,202)

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2018	2017
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 91,638	$ (15,355)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,450,213	2,465,568
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,541,851	$ 2,450,213

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

(With Deloitte & Touche audit report dated March 22, 2019) (Concluded)

【Attachment VII】

Wah Lee Industrial Corp.

The Proposal for Distribution of 2017 Earnings

Unit: NT Dollars

Items	Amount	
	Subtotal	total
Beginning Undistributed earnings		4,318,193,605
Add: impact from the application of Fair value model for Investment Property	397,489,838	
Adjusted un-appropriated earnings		4,715,683,443
Add: For disposal of investments in equity instruments designated at fair value through other comprehensive income, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings.	6,912,610	
Add: Remeasurements of Defined Benefit Plans in Retained Earning	2,440,914	
Adjusted Undistributed Earnings		4,725,036,967
Add: Net Profit After tax	1,345,959,457	
Less: 10% Legal Reserve	(134,595,946)	
Less: reversal of special reserve	(601,186,077)	
Distributable Net Profit		5,335,214,401
Distributable Items:		

Dividend to shareholders- Cash (NT $3.2 per share)	(740,448,442)	
Un-appropriated undistributed earnings		4,594,765,959

Notes: The amount of this profit Distribution has priority in 2018 profit net.

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

【Attachment VIII】

Wah Lee Industrial Corp.

The Comparison Chart of the Articles of Incorporation

Article No.	Contents		Basis and Reason for Amendment
	Text of Article before Amendment	Text of Article after Amendment	
Article 5	The total capital of the company is denominated as ~~**3 billion**~~ NTD, divided into ~~**300 million**~~ shares, 10 NTD per share, with the board of directors authorized to issue partially. 100 million 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.	The total capital of the company is denominated as **5 billion** NTD, divided into **500 million** shares, 10 NTD per share, with the board of directors authorized to issue partially; **a portion of the shares may be designated as preferred shares.** 100 million 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.	In response to the long-term strategic development in future and to the funding needs for expansion of operational scale, the company plans to raise the total amount of its capital and to specify that part of the shares may be designated as preferred shares.
Article 5-1	(Newly added.)	**The rights and obligations and other important issuance terms of preferred shares of the Company are as follows:** **1. The dividend for preferred shares is limited to an annual rate of eight percent (8%), calculated by the issuance price per share, and the dividend may be one-time distributed in cash every year. After the financial statements and the**	The rights and obligations and other important issuance terms of preferred shares are included in these Articles of Incorporation in accordance with Article 157 of the Company Act.

Article No.	Contents		Basis and Reason for Amendment
	Text of Article before Amendment	Text of Article after Amendment	
		<u>earnings distribution proposal are approved by the general shareholders' meeting, the board shall determine a record date to pay the distributable dividends of the previous year. The distribution of dividends in the year of issuance and redemption shall be calculated by the actual number of issuance days the preferred shares remained outstanding in that year. The issuance date shall be defined as the record date for the capital increase via issuance of the preferred shares.</u> **2. <u>The Company has sole discretion over the dividend distribution of preferred shares. The Company may decide not to distribute dividends of preferred shares, as resolved in the shareholders' meeting. If there are no earnings in the annual accounts or if the shareholders' meeting resolves not to distribute dividends, the undistributed dividends shall not be cumulative and shall not be paid in arrears</u>**	

Article No.	Contents		Basis and Reason for Amendment
	Text of Article before Amendment	Text of Article after Amendment	
		in a future year when there are earnings. 3. **Except for the dividends prescribed in Subparagraph 2 of this Article, preferred shareholders may not participate in the distribution of cash or stock dividends with regard to the common shares derived from earnings or capital reserves.** 4. **Preferred shareholders are entitled to distribution priority on the residual property of the Company compared with common shareholders and shall rank pari passu with holders of other preferred shares issued by the Company, and the preferential right of the preferred shareholders shall be only inferior to general creditors; the amount of such distribution shall not exceed the amount of the issued and outstanding preferred shares at the time of such distribution calculated by the issuance price.** 5. **Preferred shareholders have no voting right at the**	

Article No.	Contents		Basis and Reason for Amendment
	Text of Article before Amendment	Text of Article after Amendment	
		shareholders' meeting but may be elected as directors and have the right to vote in preferred shareholders' meetings or shareholders' meetings that involve the rights and obligations of preferred shareholders. 6. **Preferred shares are not convertible to common shares.** 7. **Preferred shares have no maturity date, and preferred shareholders shall not request the Company to redeem preferred shares held thereby. Notwithstanding the foregoing, the Company may redeem all or part of the preferred shares at any time on the next day after five years of issuance at the original issuance price. The rights and obligations set forth in the foregoing paragraphs will remain unchanged to the unredeemed preferred shares. If the Company decides to distribute dividends in a year, the amount of dividends that shall be distributed until the redemption date shall**	

<table>
<tr><th rowspan="2">Article No.</th><th colspan="2">Contents</th><th rowspan="2">Basis and Reason for Amendment</th></tr>
<tr><th>Text of Article before Amendment</th><th>Text of Article after Amendment</th></tr>
<tr><td></td><td></td><td><u>be calculated based on the actual days in the redemption year up to the redemption date.</u>
8. <u>The capital reserve received from the issuance of preferred shares in excess of par value shall not be capitalized during the issuance period of the preferred shares. The board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance after considering the situation of capital market and the willingness of investors in accordance with these Articles of Incorporation and relevant laws and regulations.</u></td><td></td></tr>
<tr><td>Article 9</td><td>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</td><td>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 in</td><td>The content with respect to convention of preferred shareholders' meetings in accordance with applicable laws and regulations when Necessary is added.</td></tr>
</table>

<table>
<tr><th rowspan="2">Article No.</th><th colspan="2">Contents</th><th rowspan="2">Basis and Reason for Amendment</th></tr>
<tr><th>Text of Article before Amendment</th><th>Text of Article after Amendment</th></tr>
<tr><td></td><td>to be held in accordance with applicable laws and regulations when necessary .</td><td>accordance with applicable laws and regulations when necessary. <u>Meeting of the preferred shareholders can be convened in accordance with applicable laws and regulations when necessary.</u></td><td></td></tr>
<tr><td>Article 20-1</td><td>The Company surplus will be obligated to pay its Company taxes first, covered the legal reserve, ten percent (10%) set aside as a legal reserve. When a legal reserve reaches 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 Company 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</td><td>The Company surplus will be obligated to pay its Company taxes first, covered the legal reserve, ten percent (10%) set aside as a legal reserve. When a legal reserve reaches 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, <u>after that, it may distribute preferred share dividends in accordance with Article 5-1 of the Articles of Incorporation, and after that it may distribute common share dividends from the balance, and</u> then present to Board of Director for the proposals of earring distribution as for shareholders’ dividends for a resolution in the shareholders’ meeting.
The Company dividend distribution policy will take into</td><td>The content with respect to distribution of preferred shares is added.</td></tr>
</table>

<table>
<tr><th rowspan="2">Article No.</th><th colspan="2">Contents</th><th rowspan="2">Basis and Reason for Amendment</th></tr>
<tr><th>Text of Article before Amendment</th><th>Text of Article after Amendment</th></tr>
<tr><td></td><td>competitors, and shareholders' benefits before its final resolution. Every year, not lower than ten percent (10%) of allocable surplus will be accounted for shareholders' dividends and accumulated earring cannot be lower than one percent (1%) 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 (50%) of the totaled shareholders' dividends.</td><td>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 (10%) of allocable surplus will be accounted for shareholders' dividends and accumulated earring cannot be lower than one percent (1%) 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 (50%) of the totaled shareholders' dividends.</td><td></td></tr>
<tr><td>Article 24</td><td>These Articles of Incorporation are agreed to and signed on August 22, 1968 by all the promoters of the Company, and the first Amendment was approved by the shareholders' meeting on July 13, 1974, …, the fortieth Amendment on June 8, 2010, the forty-first Amendment on June 3, 2013, the forty-second Amendment on June 17, 2016, the</td><td>These Articles of Incorporation are agreed to and signed on August 22, 1968 by all the promoters of the Company, and the first Amendment was approved by the shareholders' meeting on July 13, 1974, …, the fortieth Amendment on June 8, 2010, the forty-first Amendment on June 3, 2013, the forty-second Amendment on June 17, 2016, the forty-third Amendment on</td><td>The date and the session of the last Amendment is added.</td></tr>
</table>

Article No.	Contents		Basis and Reason for Amendment
	Text of Article before Amendment	Text of Article after Amendment	
	forty-third Amendment on May 26, 2017.	May 26, 2017, **the forty-fourth Amendment on May 30, 2019.**	

【Attachment IX】

WAH LEE INDUSTRY CORP.

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

Comparison form of amendments			
Article No.	Before amendment	After amendment	Revision explanation
Article 3 Range of assets	1. Securities: Including stock, government bonds, corporate bonds, financial bonds, securities representing fund holdings, depository receipts, call (put) warrants, beneficiary certificates and asset-backed securities. 2. Real property (including land, houses and buildings, investment-oriented property and ~~land use rights~~.) **5**. Claims of financial institutions (including accounts receivable, negotiations and discounts, loans and overdue accounts receivable). **6**. Derivatives. **7**. Assets acquired or disposed of through merger, division, acquisition or share exchange in accordance with the law. **8**. Other important assets.	1. Securities: Including stock, government bonds, corporate bonds, financial bonds, securities representing fund holdings, depository receipts, call (put) warrants, beneficiary certificates and asset-backed securities. 2. Real property (including land, houses and buildings, investment-oriented property) **and equipment.** **5. Right-of-use assets.** 6. Claims of financial institutions (including accounts receivable, negotiations and discounts, loans and overdue accounts receivable). 7. Derivatives. **8. Assets acquired or disposed of through merger, division, acquisition or share exchange in accordance with the law.** **9. Other important assets.**	Revise in accordance with IFRS 16.

Article 4 Definition	1. Derivative: 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 to 6 are not revised yet>	1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a **specified interest rate, financial instrument price, commodity price,** foreign exchange rate, **index of prices or rates, credit rating or credit index, or other variable**; or hybrid contracts combining the above **contracts**; **or hybrid contracts or structured products containing embedded derivatives**. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. <2 to 6 are not revised yet >	Revise in accordance with IFRS 9.
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.**~~	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 **should obey following regulations:**	Express experts' qualification in accordance with ordinance.

Article 6	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, the different professional appraisers or appraisal officers may not be related parties of each other.	**1.Never violating related laws and has one-year or above prison sentence declaration. However, the sentence is finished, suspended or pardoned for 3 years does not apply.** 2. **May not be a related party or de facto related party of any party to the transaction.** 3.**According to this procedure,** the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or **de facto related parties of each other**.	Express experts' qualification in accordance with ordinance.

Article 7 Evaluation and operating procedures	1. Price determination and reference…(skip) 2. Investment limits and levels of authority (1) The acquisition or disposal of securities investment shall be subject to the authority to approve the company's provisions; if the transaction amount exceeds NT$100 million (excluding), it shall be subject to the approval of the board of directors. (2) The property, plant and equipment required for business or non-business purposes of the Company should be based on the authority of the company's nuclear authorization; if the transaction amounted to NT$100 million (excluding) or more, it must 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: i. The total value of the	1. Price determination and reference…(skip) 2. Investment limits and levels of authority (1) The acquisition or disposal of securities investment shall be subject to the authority to approve the company's provisions; if the transaction amount exceeds NT$100 million (excluding), it shall be subject to the approval of the board of directors. (2) The property, plant and equipment required for business or non-business purposes of the Company should be based on the authority of the company's nuclear authorization; if the transaction amounted to NT$100 million (excluding) or more, it must be approved by the board of directors. (3) The total value of the property **and the right-of-use assets** 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	Revise in accordance with IFRS16 and related ordinance.

Article 7 Evaluation and operating procedures	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. ii. …Skip iii. …Skip iv. …Skip <1 and 4 to 9 are not revised yet>	following limits: i. The total value of the property and the **<u>right-of-use assets</u>** 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. ii. …Skip iii. …Skip iv. …Skip <1 and 4 to 9 are not revised yet>	

Article 8 Procedures of transactions with related party	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	1.Regarding the Company's acquisition or disposal of assets or **<u>right-of-use assets</u>** 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 real property or **<u>right-of-use assets</u>** 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	Revise in accordance with IFRS16 and related ordinance.

Article 8 Procedures of transactions with related party	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.	purchase and sale of **<u>domestic</u>** 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 real property or the **<u>right-of-use assets</u>** 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	Revise in accordance with IFRS16 and related ordinance.

Article 8 Procedures of transactions with 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 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 or the right-of-use assets or real property right-of-use**	Revise in accordance with IFRS16 and related ordinance.

Article 8 Procedures of transactions with related party	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, board of directors may, in accordance with Article 7.2(2), authorize the Chairman to decide 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: i. 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	**assets** for business purpose **between** the Company and its parent company**, subsidiaries, or subsidiaries in which directly or indirectly hold 100 percent** of the issued shares or authorized capital, the board of directors may, in accordance with Article 7.2(2), authorize the Chairman to decide within a certain amount, and have the transaction acknowledged in the latest board meeting: **(1) Acquisition or disposal of equipment or the right-of-use assets held for business use.** **(2) Acquisition or disposal of the real property right-of-use assets held for business use.** 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 real property **or the right-of-use assets** with related parties: i. 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	Revise in accordance with IFRS16 and related ordinance.

Article 8 Procedures of transactions with related party	Finance. ii. 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	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. ii. 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 **<u>or leasing</u>** 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.	Revise in accordance with IFRS16 and related ordinance.

Article 8 Procedures of transactions with related party	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. i. The related party obtained the property through inheritance or by gift. ii. The related party's contract for the property has been entered into for more than five years from the date of this transaction. iii. 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	(3) Regarding the Company's acquisition of property or **the right-of-use assets** from a related party, the cost of the property or **the right-of-use assets** 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 or **the right-of-use assets** 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. i. The related party obtained the property or **the right-of-use assets** through inheritance or by gift. ii. The related party's contract for the property or **the right-of-use assets** has been entered into for more than five years from the date of this transaction.	Revise in accordance with IFRS16 and related ordinance.

Article 8 Procedures of transactions with related party	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. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: i. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: (1) 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 the actual	iii. 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. **iv. The real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital**. (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. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been	Revise in accordance with IFRS16 and related ordinance.

Article 8 Procedures of transactions with related party	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. (2) 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. (3) 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.	obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: i. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: (1) 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 the 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. (2) The transactions of other floors of the same subject building, or the transactions of non-related parties in the neighboring area	Revise in accordance with IFRS16 and related ordinance.

Article 8 Procedures of transactions with related party	ii. The Company can 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 within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property thereof.	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. (3) 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. ii. The Company can prove that the property purchased, **or real property right-of-use assets leased** 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 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 within the preceding year refers to	Revise in accordance with IFRS16 and related ordinance.

Article 8 Procedures of transactions with related party	(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 premium 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.	the year preceding the date of occurrence of the acquisition of the real property or obtainment of **the right-of-use assets** thereof. (6) Regarding the Company's acquisition of property or **the right-of-use assets** 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: i. 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 **or the right-of-use assets** 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	Revise in accordance with IFRS16 and related ordinance.

Article 8 Procedures of transactions with related party	i. 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. ii. Actions taken pursuant to (i) shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.	on the provision amount in accordance with the proportion of its shareholding. **ii. The independent board of directors of the audit committee should comply with Article 218 of the Company Act.** iii. Actions taken pursuant to the **preceding two** subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. (7) The company with the equity method has 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 **or leased** at premium or the asset is disposed of**, or the leasing contacted has been terminated**, 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 FSC.	Revise in accordance with IFRS16 and related ordinance.

Comparison form of amendments			
Article No.	Before amendment	After amendment	Revision explanation
Article 8 Procedures of transactions with related party	(7) Regarding the Company's acquisition of real 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.	Regarding the company's acquisition of real property **<u>or the right-of-use assets</u>** 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. **<u>(8)</u>** Regarding the company's acquisition of real property **<u>or the right-of-use assets</u>** 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.	Revise in accordance with IFRS16 and related ordinance.

Comparison form of amendments			
Article No.	Before amendment	After amendment	Revision explanation
Article 11 Procedures of 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: (i) Acquisition or disposal of property with a related party, or real property 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. (ii) Engagement in a merge, demerger, acquisition or transfer of shares. (iii) The loss of derivatives transactions reaches the overall or individual loss limit of all or individual contracts specified in the relevant procedures. (iv) Where equipment for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party	(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: (i) Acquisition or disposal of real property or **<u>the right-of-use assets</u>** with a related party, or real property assets **<u>or the right-of-use assets</u>** 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 **<u>domestic</u>** government bonds or bonds with repurchase or resale agreements or the purchase or redemption of domestic money market funds. (ii) Engagement in a merge, demerger, acquisition or transfer of shares. (iii) The loss of derivatives transactions reaches the overall or individual loss limit of all or individual contracts specified in the relevant procedures. (iv) Where equipment or **<u>right-of-use assets</u>** thereof for business use are	Revise in accordance of IFRS16 and related ordinance.

Comparison form of amendments			
Article No.	Before amendment	After amendment	Revision explanation
Article 11 Procedures of information disclosure	, and the transaction amount meets any of the following criteria: i. When the company's paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more. ii.When the company's paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more. (v) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT$500 million. (vi) 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	acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: i. When the company's paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more. ii. When the company's paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more. (v) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the **<u>transaction counterparty is not a related party</u>**, and the amount the company expects to invest in the transaction reaches NT$500 million. (vi) Transactions of assets other than those in the five items above, financial institutions'	Revise in accordance of IFRS16 and related ordinance.

Comparison form of amendments			
Article No.	Before amendment	After amendment	Revision explanation
Article 11 Procedures of information disclosure	million, provided, this shall not apply to the following circumstances: (1) Trading of government bonds. (2) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (vii) The amount of transactions of the preceding subparagraph shall be calculated as follows and "within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. (1) The amount of each transaction. (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.	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, provided, this shall not apply to the following circumstances: (1) Trading of domestic government bonds. (2) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (vii) The amount of transactions of the preceding subparagraph shall be calculated as follows and "within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. (1) The amount of each transaction. (2) The cumulative transaction amount of acquisitions and disposals of the same	Revise in accordance of IFRS16 and related ordinance.

Comparison form of amendments			
Article No.	Before amendment	After amendment	Revision explanation
Article 11 Procedures of information disclosure	(3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or within the same development project within the preceding year. (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. (viii)For the calculation of 10 percent of total, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. <2 to 5 are not revised yet>	type of underlying asset with the same transaction counterparty within the preceding year. (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or **right-of-use assets** thereof within the same development project within the preceding year. (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. (viii) For the calculation of 10 percent of total, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. <2 to 5 are not revised yet>	Revise in accordance with IFRS16 and related ordinance.

Comparison form of amendments			
Article No.	Before amendment	After amendment	Revision explanation
Article 12 Subsidiaries of the company shall comply following regulations	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 Asset 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.	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 Asset 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.	Revise in accordance with related ordinance and laws.

【Attachment X】

Wah Lee Industrial Corp.

The Comparison Chart of Procedures for Endorsement and Guarantee

The Comparison Chart			
Article	Text of Article before Amendment	Text of Article after Amendment	Basis and Reason for Amendment
Article 11	(3) The balance of endorsements/guarantees to any single enterprise by the Company and its subsidiaries reaches NT$10 million or more and the balance of endorsements/guarantees, **long-term investment** and funds lent to the enterprise.	(3) The balance of endorsements/guarantees to any single enterprise by the Company and its subsidiaries reaches NT$10 million or more and the balance of endorsements/guarantees, **book value of investments accounted for using the equity method** and funds lent to the enterprise.	To specify the definition of long-term investment.
Article 11	5. “Date of occurrence” in paragraph 2 means the date of contract signing, date of payment, dates of board of directors’ resolutions, or other date that can confirm the counterparty and monetary amount ~~**of the transaction**~~, whichever date is earlier.	5. “Date of occurrence” in paragraph 2 means the date of contract signing, date of payment, dates of board of directors’ resolutions, or other date that can confirm the counterparty and monetary amount, whichever date is earlier.	Modify the terms so as to include the non-transactional circumstances.

【Attachment XI】

Wah Lee Industrial Corp.

Articles of "Procedures for Loaning Funds to Others" Before and After Amendments

Comparison Table for Amendments			
Article no.	Contents before amendment	Contents after amendment	Explanation for amendment
Article 5	3. The restriction in subparagraph 3.1.2 and 3.2.2 shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly and indirectly,100% of the voting shares~~.~~ However, the amount of an individual loan shall not exceed the maximum of 30% of the lender's net worth, and the financing amount shall also not exceed 100% of the lender's net worth. The term of each loan is not subject to Article 6, but it shall not exceed the maximum of 5 years.	3. The restriction in subparagraph 3.1.2 and 3.2.2 shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly and indirectly,100% of the voting shares, **or loans of funds which the Company that, directly and indirectly, holding 100% of voting shares of foreign companies, is currently engaged.** However, the amount of an individual loan shall not exceed the maximum of 30% of the lender's net worth, and the financing amount shall also not exceed 100% of the lender's net worth. The term of each loan is not subject to Article 6, but it shall not exceed the maximum of 5 years.	To increase the flexibility of corporate internal use of fund procurement.
Article 12	5. The term "date of occurrence" in the 2nd paragraph refers to the earlier of the date of execution of a transaction, date of payment, date of the Board of Directors' resolution, or any other dates that can confirm the ~~transaction~~'s counterpart and amount.	5. The term "date of occurrence" in the 2nd paragraph refers to the earlier of the date of execution of a transaction, date of payment, date of the Board of Directors' resolution, or any other dates that can confirm the counterpart and amount.	Non-transactional, wording adjustment

【Appendix I】

Wah Lee Industrial Corp.
Regulations of Shareholders' Meeting

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

1. Unless otherwise provided by law or regulation, this Corporation's shareholders' meetings shall be held as provided in these Rules.

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 this Corporation holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. A shareholder exercising voting rights by correspondence or electronic means under the preceding paragraph will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. Attendance and voting at shareholders meetings shall be calculated based on numbers of shares, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

4. The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. The time during which shareholder attendance registrations will be accepted shall be 30 minutes prior to the time the meeting commences.

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

be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair. It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

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

7. This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.
The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes in accordance with the provisions of Article 183 of the Company Act.

8. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

9. If 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, an attending shareholder must specify on a speaker's slip the subject of the

speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

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

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

11. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 3 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 a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

13. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

14. The Chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate for voting.

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 this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. 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. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

18. The chair 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 chair 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 extempore 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, and the regulations relevant to convention procedures Article 172 of the Company Law are not applicable.

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.
Articles of Incorporation

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 3 billion NTD, divided into 300 million shares, 10 NTD per share, with the board of directors authorized to issue partially.

100 million 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 in accordance with applicable laws and regulations when necessary.

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. When a shareholders' meeting is convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided 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' 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: In compliance with Articles 14-4 of the Securities and Exchange Law, the Company shall establish an Audit Committee, which shall consist of all independent directors and be responsible for those responsibilities of Supervisors specified under the Company Law, the Securities and Exchange Law and other relevant regulations.

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

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

Article 13-2: (Deleted).

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 Company CEO to manage the company and vise CEO will be elected to assist CEO for maintaining the Company operations.

Article 14-1: A notice of the reasons for convening a board meeting shall be given to each director 7 days before the meeting is convened. However, a board meeting may be convened at any time without such prescribed notices in case of urgent circumstances.

The notice to be given under the preceding paragraph may be effected by means of written notice, E-mail or fax.

Article 15: Internally, CEO of the Company represents shareholders and the chairman of Board of Director; externally, CEO represents the Company. 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 Company 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 Company CEO.

Article 16-2: (Deleted).

Article 16-3: (Deleted).

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 Company operations and policies executions.

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

Chapter 6 Accountant

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

Article 19: The directors 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 Company. When the surplus is reported, the remuneration of directors will be paid in accordance of Article 20.

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

Article 20: Nine percent (9%) to thirteen percent (13%) of the surplus will be accrued as employees' bonuses, and the remuneration of the directors and the supervisors cannot be two percent (2%) 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 Company surplus will be obligated to pay its Company taxes first, covered the legal reserve, ten percent (10%) set aside as a legal reserve. When a legal reserve reaches 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 Company 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 (10%) of allocable surplus will be accounted for shareholders' dividends and accumulated earring cannot be lower than one percent (1%) 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 (50%) of the totaled shareholders' dividends.

Article 20-2: If the Company 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 Company 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 Company 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 Company's external endorsements required to respect the company endorsement procedures.

Article 22: The Company reinvestment has not limited to forty percent (40%) 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 Company, 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, the forty-third Amendment on May 26, 2017.

Wah Lee Industrial Corp.

CEO：Ray-chin Chang

【Attachment III】

WAH LEE INDUSTRIAL CORP
Procedures for Acquisition or Disposal of Assets

Amended and passed in the shareholders' meeting on May 30, 2018

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 FSC).

Article 3: Asset range

1. Long- and short-term securities: shares, government 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.
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. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-8 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

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) The Company obtains or disposes of marketable securities, except that securities expected to hold less than one year in order to respond to the rapid changes in the market environment, shall be handled in accordance with the company's authority to approve the transaction; it is expected to hold securities of one year or more. The investment should first be used as the reference for assessing the transaction price by the company's most recent auditor's audited visa or audited financial statement and handled in accordance with the "investment cycle" of the company's internal control system. The evaluation of the company's long- and short-term securities investment should be handled in accordance with the relevant laws and regulations of the generally accepted accounting principles.
(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 portfolio investment shall be subject to the authority to approve the company's provisions; if the transaction amount exceeds NT$100 million (excluding), it shall be subject to the approval of the board of directors.

(2) The property, plant and equipment required for business or non-business purposes of the Company should be based on the authority of the company's nuclear authorization; if the transaction amounted to NT$100 million (excluding) or more, it must 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:

i. 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.

ii. 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.

iii. 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.

iv. If the company or a company holding more than 50 percent of the shares of the company participates in the establishment of investment or serves as a director/monitor, and intends to hold it for a long period of time, when calculating the investment ratios mentioned in the preceding paragraphs 2 to 3, they must not be counted.

(4) Regarding the Company's acquisition or disposal of memberships, if the value is less than NT$10 million (inclusive), it shall be handled according to the authorization of the company 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 handled according to the authorization of the company 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

cannot 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, 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.

(5) 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:

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

ii. 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 FSC.

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 agencies, the accountant shall be consulted before the date of occurrence of the fact for an opinion on the rationality.

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.
9. Significant acquisition or disposition of asset transactions shall be subject to the approval of the audit committee in accordance with the relevant provisions, and the resolution of the board of directors shall be submitted.

Article 8: Procedures of 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 decide 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:

i. 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 based on 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.

ii. 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.

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

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

iii. 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:

i. 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:

(1) 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.

(2) 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.

(3) 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.

ii. 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 FSC.

i. 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.

ii. Actions taken pursuant to the preceding subparagraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment 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 of acquisition or disposal of derivatives

1. Transaction principle and strategy

(1) Transaction types

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

ii. 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

i. 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.

ii. 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.

iii. 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.

iv. 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

i. 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.

ii. 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

i. Total contract amount

(i.i) 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.

(i.ii) Speculative transaction limit

The Company is not engaged in speculative transactions.

ii. 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 enough financial information and the ability to trade in any market at any time.

(4) Cash flow risk management

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 considered for its operation.

(5) Operational risk management

i. 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.

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

iii. 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.

iv. 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 the bank 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 audit committee 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:
      i. Periodically assess the adequacy of the risk management measures currently in use and check whether the Procedures are followed.
      ii. 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 of 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. Companies participating in mergers, divisions, or acquisitions, the shareholders of either party may not be able to convene due to insufficient attendance, voting rights, or other legal restrictions, or may be rejected by the shareholders' meeting. Companies involved in mergers, divisions, or acquisitions shall be made public immediately. Explain the reason for the occurrence, follow-up operations, and the date when the shareholders' meeting is expected to be held.
   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 whose stock is traded on a securities dealer's place of business, 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 of a listed company or a company whose stock is traded on a securities dealer’s place of business, 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.

7. The merger between the public offering company and its subsidiaries, which directly or indirectly hold 100% of the issued shares or capital, may be exempted from obtaining reasonable opinions from the accountants, lawyers or securities underwriters.

Article 11: Procedures of 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, demerger, acquisition or share exchange.
   (3i) The loss of derivative transactions reaches the overall or individual loss limit of all or individual contracts specified in the relevant procedures.
   (4) Types of assets of acquisition or disposal
   It is a device for business use, and the transaction partner is not a related person, and the transaction amount is one of the following:
   i. When the paid-in capital of the company is less than 10 billion yuan, the transaction amounted to more than NT$500 million.
   ii. When the paid-in capital of the company is more than 10 billion yuan, the transaction amount is more than NT$1 billion.
   (5) The real estate is obtained from the construction of the local committee, the lease construction of the land, the construction of the sub-houses, the construction of the sub-units, the joint construction of sub-sales, and the company's investment in the amount of 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:
   1. Trading of government bonds.
   2. Trading of bonds with repurchase or resale agreements or the purchase or redemption of domestic money market funds.
   (7) The amounts of the aforesaid transactions in Paragraph (6) are calculated as follows, and the preceding year period is one year before the dates of the transactions. The amounts already announced according to the requirements shall not be included.
   i. The amount of each transaction.
   ii. The total amount of all transactions with the same counterparty in one year for assets of the same nature.
   iii. The total amount of transactions of property in the same development plan (with acquisition and disposal accrued separately) in one year.
   iv. 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 regulation, then it shall make another announcement of all such information again within two days from the date of knowledge.
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 Asset 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

This operating procedure was approved by the audit committee and passed by the board of directors and submitted to the shareholders' meeting for approval.

【Appendix IV】

Procedures for Endorsement and Guarantee of Wah Lee Industrial Corp. (The "Company")

Approved by Shareholders' Meeting on May 26, 2017

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 and/or guarantees, including:
   (1) Discounted bill financing;
   (2) Endorsement or guaranty made for the financing needs of other companies;
   (3) 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 guarantees", which shall mean endorsement or guarantee for the 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 lien or mortgage provided by the Company against its assets and properties for guaranteeing another company's loan should also follow the policies and procedures set forth herein.

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 fifty percent (50%) of its total outstanding common shares;
3. The companies in which the parent company and the subsidiary together hold more than fifty percent (50%) of its outstanding common shares.

Companies in which the public company holds, directly or indirectly, ninety percent (90%) or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed ten percent (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, one hundred percent (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 one hundred percent (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, one hundred percent (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: Hierarchy of Decision-Making and Authority on Endorsement/Guarantee

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 seventy percent (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 fifty percent (50%) of the net value of the Company, its necessity and reasonableness shall be stated in the shareholders' meeting.
2. For the endorsement/guarantee, if the Company is in necessity to exceed the amount as specified in 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 7: Procedures for Handling and Scrutinizing Endorsement/Guarantee

1. Application

   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 accepts 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, the Investor Relations and Investment Management Division or Finance Department shall evaluate 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 seventy percent (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

   The Financial Department shall request the endorsed/guaranteed company to report monthly how the amount of its endorsements and/or guarantees is used and notify said company whether it would apply for the extension of the endorsement/guarantee one month before the endorsement/guarantee due day. If said company wishes to maintain the endorsement/guarantee, it shall apply pursuant to this Article.

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: Guidelines for Handling 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 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.

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

1. If the subsidiary of the Company intends to provide endorsement guarantee for others, the relevant operating procedures shall be established and shall be handled 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 ninety percent (90%) of the voting shares 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 one hundred percent (100%) of the voting shares 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 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 audit department of the Company should review the self-inspection reports of the subsidiaries.
4. Subsidiaries should organize the endorsement guarantee of last month before the 7th of each month (excluded), and submit to the Company.

Article 11: Information Disclosure

1. The 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. If loans of funds of the Company reach one of the following levels, the Company shall announce and report such event within two days commencing immediately from the date of occurrence:
   (1) The balance of endorsements/guarantees made by the Company and its subsidiaries exceed more than fifty percent (50%) of the net worth of the Company specified in its latest financial statement.;
   (2) The balance of endorsements/guarantees to any single enterprise by the Company and its subsidiaries exceed more than twenty percent (20%) of the net worth of the Company specified in its latest financial statement;
   (3) The balance of endorsements/guarantees to any single enterprise by the Company and its subsidiaries reaches NT$10 million or more and the balance of endorsements/guarantees, long-term investment and funds lent to the enterprise exceed more than thirty percent (30%) of the net worth of the Company specified in its latest financial statement;
   (4) The increase of endorsements/guarantees made by the Company or its subsidiaries reaches NT$30 million or more, and is more than five percent (5%) of the net worth of the Company specified 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 board 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: Enforcement and Amendments

The Procedures shall be approved by the Audit Committee, the Board of Directors, and the Shareholders' Meeting. Any amendment is subject to the same procedures.

【Appendix V】

Wah Lee Industrial Corp.
Procedures for Loaning Funds to Others

Amended and passed in the shareholders' meeting on May 26, 2017

Article 1: Purpose

If due to business requirements, Pou Chen Corporation (the "Company") needs to loan funds to another corporation (the "Borrower"), it shall do so in accordance with this Procedure. Matters not provided for under this Procedure shall be dealt with in accordance with 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: Recipients of loaned funds

In accordance with the Company Act, the Company shall not loan funds to any of its shareholders or any other recipients except under the following circumstances:

1. A company or a business engages in business transactions with the Company; the term "business transactions" aforementioned refers to those who purchase or sell goods with the Company.
2. Any company or business which requires short-term financing. The term "short-term" refers to a period within one year or one operating cycle (subject to longer period).

Article 4: Reason and necessity for loaning funds to others

When funds are lent to a company or a business with business relationships with the Company, such loans shall be granted in accordance with Article 5. Loans may be granted due to short-term financing need only under one of the following circumstances:

1. A subsidiary of the Company of which the Company holds (contains) 20% or more of its shares having a business need for short-term financing.
2. Where short-term financing is required for a company or a business due to the needs of purchase or operating turnover.
3. Where the loan is approved by the Board of Directors of the Company.

Article 5: The aggregate amount of loans and the maximum amount permitted to each recipient

1. Aggregate amount of loans:

   The aggregate amount of loans granted shall not exceed 20% of the net worth of the Company.

   (1) Where funds are lent to a company or a business with business relationships, the aggregate amount of such loan shall not exceed 10% of the net worth of the Company.

   (2) Where funds are lent to a company or a business with a short-term financing need, the aggregate amount of such loan shall not exceed 10% of the net worth of the Company.

2. The maximum amount permitted to each recipient:

(1) The amount of an individual loan granted by the Company to a company or a business with business relationships with the Company shall not exceed the business transaction amount between the parties, and such loan shall not exceed 10% of the net worth of the recent financial statements of the Company. The term “business transaction amount” refers to the amount of purchase or sale between

the parties, whichever is higher.

(2) Where funds are lent to a company or a business with short-term financing need, each individual loan shall not exceed 5% of the net worth of the Company, and financing amount shall not exceed 40% of the lender’s net worth. The term “financing amount” refers to the cumulative balance of the Company’s short-term financing.

3. Between foreign companies that require fund loaning for financing, which the Company directly or indirectly holds 100% of voting shares, the monetary amount limitations in the Paragraph 1.2 and Paragraph 2.2. However, the individual loan shall not exceed 30% of the lender’s net worth, and financing amount shall not exceed 100% of the lender’s net worth. Each loan term is not subject to Article 6 but shall not exceed 5 years of loan term. The interest for loaned funding which shall be calculated at an annual interest rate that is not lower than the average lending rate to the financial institution shall be paid off at once. The term “net worth” in this Procedure refers to the equity attributable to the parent company of the balance sheet under Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 6: Duration of loans and calculation of interest

1. The term of each loan, since the day of loaning, shall not exceed one year or one operating cycle (subject to longer period) in principle, and it shall also not be extended.
2. The loan interest on daily basis is calculated by the total of loan balances each day (total aggregate number) multiplied by its annual interest rate, then divided by 365 days to calculate the interest amount. The annual interest rate shall not be lower than the average short-term lending rate to the financial institution.
3. The calculation of loan interest shall in principle be collected once per month. In case of special circumstances, it may be adjusted in compliance with the actual situation after the approval by the Board of Directors.

Article 7: Procedures for handling and scrutinizing loans of funds

1. Application

The Borrower shall provide basic information and financial information, detailing the purpose of the intended use of the loaned funds, the loan term and amount. The application for the amount of financing shall be submitted to the investor relations and investment management department or the financial department in written form.

2. Credit investigation

(1) After the application, the investor relations and investment management department or the finance department shall conduct an investigation and evaluation on the application with respect to the borrower's business, financial status, ability to repay the debt, credit, profitability and purpose for lending, and then draft a report.

(2) For the initial borrowing, the Borrower shall provide basic and financial information to handle the credit investigation.

(3) In case of the continuing borrowing, in principle, the credit investigation shall be re-applied when the Borrower continues to borrow loans. If it is a significant or urgent matter, it shall be handled at any time subject to actual needs.

(4) If the Borrower's financial status is in a good state and the annual financial statements call for settling certification of financing by accountants, the Borrower shall follow the investigation report that has been done within one year and the certification report audited by the accountants of that period as a reference for the loan.

3. Assessment

(1) If the Borrower engages in loan funding due to business transactions, the in-charge personnel of the investor relations and investment management department or the financial department of the Company shall assess whether the amount of loan funding exceeds the amount of business transactions; if there is necessity of short-term financing, the reasons and circumstances of borrowing loans shall be listed.

(2) The investor relations and investment management department or the financial department of the Company shall assess the impact of loan funding to the Borrower towards the Company's operating risk, financial status and shareholders' equity.

(3) If any collateral is required for a loan case, the Borrower shall provide collateral which shall be assessed by the in-charge personnel of the finance department to ensure the obligation of the Company.

4. Approval and notice

(1) Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with these Regulations and the company's Operational Procedures for Loaning Funds to Others in accordance with credit investigation. The Company may loan funds to others only after the relevant information and drafted loan conditions along with evaluation results that have been submitted to and resolved upon by the Board of Directors. The Company shall not empower any other person to make such decision. However, significant loan funding activities shall be approved by a half of the Audit Committee in accordance with relevant provisions and resolved upon by the Board of Directors.

Loans of funds between the company and parent company or subsidiaries, or between subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

The "certain monetary limit" mentioned in the preceding paragraph, except the inter-company loans of funds between foreign companies in which the Company directly and indirectly holds 100% of the voting shares, means that the authorized limit on loans extended by the company or any of subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company.

(2) If the Board of Directors resolves not to propose a loan case, the in-charge personnel shall deliver the reason for rejection to the Borrower as soon as possible.

(3) If the Board of Directors resolves to approve a loan case, the in-charge personnel shall, as soon as possible, inform the Borrower detailedly by letter with the Company's loan terms, including the maximum amount of loans, duration of loans, interest rate, collateral and guarantor to complete the contract signing procedure by the time limit.

5. Verification for contract execution

(1) The fund-loaning provisions shall be drafted by the in-charge financial personnel, and after review by the department head, obtain approval of the contract prior to execution.

(2) The contents of the fund lending contract shall be consistent with the approved terms and conditions of loaning. After the Borrower and the joint guarantor have executed the contract, the in-charge personnel shall undertake the verification process.

6. Valuation of collateral and establishing rights

If the fund lending involves collateral, the Borrower shall provide the collateral, and the financial department shall therefore complete the process for establishing pledge or mortgage rights. The Company shall assess the value of the collateral in order to confirm its creditor rights.

7. Insurance

(1) Collateral shall be insured under fire insurance and other relevant insurance, except for land and securities. The insurance amount shall in principle not be lower than the pledged collateral. The insurance policies shall list the Company as the beneficiary. The name of the insured contents, number, location of storage, insurance conditions, and insurance endorsements written on the insurance policies shall be consistent with the loaning terms and conditions approved by the Company.

(2) The in-charge personnel shall note and notify the Borrower to continue to be insured prior to the expiration date of the insurance period.

8. Appropriation of loaned funds

Once fund lending has been approved, the Borrower has executed a contract, and completed registration for the pledge or mortgage of collateral, the financial department may, upon verification of the above-mentioned procedures, appropriate the funds.

Article 8: Subsequent measures for management of loans, and procedures for handling delinquent creditor's rights

1. After the loan has been appropriated, the financial, business, credit, and other statuses of the Borrower and guarantor shall be noted on a regular basis. For recipients who have provided collateral, circumstances where any changes to collateral value shall be noted. The Borrower shall be notified to pay off the principal and interest on the expiration date of the loan, one (1) months prior the expiration of the loan term. Any material change shall be reported to the Chairman of the Board immediately, and sufficient action shall be taken as per the Chairman's instructions.
2. When the Borrower makes repayment upon or before expiration of the loan term, the required interest shall first be calculated and then paid off together with the principal, before any promissory notes, IOUs and other debt certificates may be revoked and returned to the Borrower or cancellation of mortgage may be applied.
3. If the Borrower applies for cancellation of mortgage, the Company shall first check whether there are any outstanding loan balances, before determining whether or not to cancel the mortgage.
4. When the loans of the Borrower expire, the Borrower shall pay off the principal with interest at once.

Article 9: Case registration & safekeeping

1. The financial department shall create a record book for reference for fund lending matters, which shall include the recipient of the loan, the monetary amount, the date resolution was passed by the board of Directors, the date of the release of the loan, and detail matters that require prudent assessment in accordance with this Procedure.
2. After the funds have been appropriated, the in-charge personnel shall entrust the financial department with the contract, promissory notes and other debt securities and other debt certificates, and certification documents of the collateral, insurance policy, and correspondence documentation in an organized manner.

Article 10: Matters that require attention when processing fund lending to recipients

1. Internal auditors shall perform auditing on the Procedures & the procedures for lending funds to other parties and implementation of the Procedures at least every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee.
2. If the auditing department or financial department discovers that, a Borrower is no longer satisfy the criteria set forth in these Procedures or there be any excess over the lending limit due to unexpected changes of the Company, they shall notify admission department to set a deadline for the overdue loans and funds

recovery. A corrective plan has to be provided to the Board of Directors and the proposed correction actions should be implemented within the period specified in such plan.

3. The financial department shall prepare a detailed list concerning the fund lending to other companies over the past month before the 10th day of each month, and in the proper order, submit the detailed list for approval.

Article 11: Procedures for controlling fund lending of subsidiaries

1. If the Company's subsidiary plans to loan funds to recipients, the subsidiary shall also stipulate this Procedure and do so in accordance with this Procedure; however, the net value shall be calculated based on the subsidiary's net value.
2. The Company shall order the subsidiary, on its initiative, to review whether the established procedures for lending funds is in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", and whether the subsidiary's fund loans and matters are being dealt in accordance with the established procedures for lending funds.
   Where a subsidiary of the Company proposes to lend funds to a third party, the subsidiary should provide relevant information on a regular basis for the Company to perform examinations.
3. The Company's audit shall review the subsidiary's self-audit report.
4. The subsidiary shall prepare a detailed list of its fund lending to other companies over the past month before the 7th (excluding the 7th) day of each month, and provide the detailed list to the Company for review.

Article 12 Disclosure of information

1. The Company shall disclose the amount of balance loan of itself and its subsidiary on the Market Observation Post System before the 10th day of each month.
2. The Company shall report and make an announcement within two (2) days from the date of occurrence when its fund lending reaches the following criteria:
   (1) The balance of the funds loaned by the Company and its subsidiary to recipients reaches 20% or more of the net value of the Company's most recent 136 121 financial statement.
   (2) The balance of the funds loaned by the Company and its subsidiary to a single corporation reaches 10% or more of the net value of the Company's most recent financial statement.
   (3) The Company or its subsidiary increases its fund lending amount to TWD 10,000,000 or above and reaches 2% or more of the net value of the Company's most recent financial statement.
3. If the Company's subsidiary is not a public company in Taiwan, the reporting and announcement duties of the subsidiary as provided for under the preceding paragraph shall be carried out by the Company.
4. The Company shall assess the status of fund lending and provide sufficient allowance for bad debts, and shall disclose relevant information in its financial report, and provide relevant information to certified public accountants for the execution of necessary auditing procedures.

5. The term “date of occurrence” under this Article 12(2) shall mean the earlier of the date of execution of a transaction, date of payment, date of board of Directors’ resolution, or any other dates that can confirm the transaction’s counterpart and amount.

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

This operating procedure was approved by the audit committee and passed by the board of directors and submitted to the shareholders' meeting for approval.

【Appendix VI】

Wah Lee Industrial Corp.

Shareholding of Directors

1. The Company's paid-in 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.
2. Until the date for suspension of share transfer for this shareholders' meeting (April 1st, 2019), shareholding of directors and supervisors who are listed in the shareholder booklet is presented as follows, and 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	May 26th, 2017	3	14,414,155	6.23%	Ray-chine Chang
Vice Chairman	Jun-ying Chen	May 26th, 2017	3	3,796,014	1.64%	—
Director	Zhi-hai Lin	May 26th, 2017	3	2,609,959	1.13%	—
Director	Baoguang Investment (Holdings) Co., Ltd	May 26th, 2017	3	1,971,873	0.85%	Shu-zhen Lin
Director	Kangtai Investment (Holdings) Co., Ltd	May 26th, 2017	3	14,414,155	6.23%	Zun-xian Cheng
Director	Chin-bin Yeh	May 26th, 2017	3	3,356,263	1.45%	—
Independent Director	Ya-kang Wang	May 26th, 2017	3	—	—	—
Independent Director	Hao-min Zhu	May 26th, 2017	3	—	—	—
Independent Director	Shou-de Xu	May 26th, 2017	3	—	—	—
	Sum			**26,148,264**	**11.30%**	

Note: 1. Due to the three independent directors, other directors and supervisor shall be counted at 80%.

2. The audit committed was set up on May 26th, 2017 to replace the supervisor system.

Other Explanation

Explanation for the shareholders' meeting accepting proposals of shareholders:

Explanation:

1. According to Corporate Law of Article 172, paragraph 1, shareholders who hold shares over 1% of issued shares shall propose to shareholder's meeting, but the proposal shall be presented once at maximum and it shall be presented in 300 words.
2. The Company accepts 2019 Shareholders' meeting proposal during March 22^{nd} to April 1^{st}, 2019 and published to the Market Observation Post System.
3. The Company had not received any proposal until the deadline of accepting proposals.