

Stock Code: 3010



# **WAH LEE INDUSTRIAL CORP.**

## **2023 Shareholders' Meeting Handbook**

Date: May 30, 2023

Venue: 5F., No. 230, Zhongzheng 4th Rd., Qianjin Dist.,

Kaohsiung City

(Room 501, Southern Service Center, Taiwan Institute of Financial  
Research)

# Table of Contents

Meeting Procedure .....	1
Meeting Agenda .....	2
Report Items .....	3
Ratification Items .....	5
Discussion Items .....	6
Election .....	7
Other Proposals .....	12
Extemporaneous Motions .....	13
Attachments	
(1) 2022 Business Report .....	14
(2) 2022 Audit Committee's Review Report .....	17
(3) Loan Endorsements and guarantees Provided For The Year Ended December 31, 2022.....	18
(4) Lending Funds to Other Parties For The Year Ended December 31, 2022.....	20
(5) Summary of Investments In Mainland China for The Year Ended December 31, 2022 .....	21
(6) 2022 Independent Auditor's Report, Individual and Consolidated Financial Statements.....	23
(7) 2022 Distribution of Net Earnings .....	43
(8) Amendments to the Rules and Procedures of Shareholders' Meetings and the Comparisons (before amendments) .....	44
(9) Amendments to the "Procedures for Acquisition and Disposal of Assets" and the Comparisons .....	80
Appendix	
(1) "Rules and Procedures of Shareholders' Meetings" (before amendments).....	99
(2) "Articles of Incorporation" .....	104
(3) Procedures for the Acquisition and Disposal of Assets (before amendments) .....	111
(4) Procedures for Elections of Directors .....	133
(5) Directors' Shareholding .....	135
(6) Other explanation notes.....	136

# **WAH LEE INDUSTRIAL CORP.**

## **Procedure for the 2023 Shareholders' Meeting**

**One. Call Meeting to Order**

**Two. Chairman's Remarks**

**Three. Report Items**

**Four. Acknowledged Items**

**Five. Discussion Items**

**Six. Election**

**Seven. Other Proposals**

**Eight. Extemporaneous Motions**

**Nine. Adjournment**

# **WAH LEE INDUSTRIAL CORP.**

## **2023 Shareholders' Meeting Procedure**

**Time: 9:30 a.m., May 30, 2023(Tuesday)**

**Venue: Room 501, 5F., No. 230, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City ( Taiwan Academy of Banking and Finance, Southern Branch)**

**Convention of physical shareholders' meeting**

**One. Call Meeting to Order ( Report Attendance )**

**Two. Chairman's Remarks**

**Three. Report Items**

1. 2022 Business Report
2. 2022 Audit Committee's Review Report
3. 2022 Distribution of Employees' Bonus and Remuneration to Directors
4. 2022 Earnings Distribution and Cash Dividends Report
5. 2022 Loan Endorsement and Guarantee
6. Lending Funds to Other Parties
7. 2022 Summary of Investments in Mainland China

**Four. Acknowledged Items**

1. 2022 Business Report and Financial Statements.
2. 2022 Earnings Distribution Report

**Five. Discussion Items**

1. Amendments to the " Rules and Procedures of Shareholders' Meetings".
2. Amendments to the "Procedures for the Acquisition and Disposal of Assets".

**Six. Election**

Re-election of all directors.

**Seven. Other Proposals**

Lifting non-compete clause on newly-elected directors and its representative.**Eight. Extemporaneous Motions**

**Nine. Adjournment**

## Report Items

1. To report the 2022 Business Report.

Note: Please refer to Pages 14-16 of this Handbook (Annex 1).

2. To report the 2022 Audit Committee's Review Report.

Note: Please refer to Page 17(Annex 2) of this Handbook.

3. To report the 2022 Distribution of Employees' Bonus and Remuneration to Directors.

Note: According to Article 20 of the Articles of Incorporation and the resolution of the Board of Directors (the "Board") on March 16, 2023, the directors' remuneration ratio for the year ended December 31, 2022 was 1.15% of the net profit before tax, accounting for NT \$37,306,000, and the employee remuneration ratio was 9% of the net profit before tax, NT \$291,956,000, both paid in cash.

4. To report the Earnings Distribution and Cash Dividends Report.

Description: 1. According to the Companies Act and Articles 20-1 of the Articles of Incorporation of the Company (the "Articles of Incorporation"), the Board is authorized to distribute cash dividends to shareholders in the presence of more than two-thirds, and as affirmed by more than half, of the directors, and to report to the Board of Shareholders.

2. Following the resolution of the Board of Directors on March 16, 2023, the Company distributed cash dividends totaling NT \$1,439,709,441 and NT \$6.1 per share from the undistributed surplus as of the end of 2022 and authorized the Board of Directors to determine the distribution base date, distribution date and other related matters for the distribution of cash dividends.

3. If the dividend payout ratio changes due to changes in the number

of outstanding shares of the Company, it is proposed to authorize the Board to adjust the distribution ratio according to the total amount of distribution based on the actual number of outstanding shares of the Japanese company.

5. To report the Status of Loan Endorsement and Guarantee of 2022.

Note: Please refer to Page 18 (Annex 3) of this Handbook.

6. To report the 2022 Lending Funds to Other Parties.

Note: Please refer to Page 20 (Annex 4) of this Handbook.

7. To report 2022 Summary of Investments in Mainland China.

Note: Please refer to Page 21 (Annex 5) of this Handbook.

## Acknowledged Items

Item 1 (Proposed by Board of Directors)

Proposal: Please refer to the 2022 Business Report and Financial Statements.

Description: 1. The Company has compiled the business report and both standalone and consolidated financial statements for the year ended December 31, 2022. The financial statements were audited by Chiu-Yen Wu and Ruei-Shiuan Shiu, two certified public accountants from Deloitte & Touche.

2. For the 2022 Business Report, Standalone Financial Statements, Consolidated Financial Statements, and Independent Auditors' Report, please refer to Pages 14~16 & 23~50 of this Handbook.

Resolution:

Item 2 (Proposed by Board of Directors)

Proposal: Please acknowledge the 2022 Distribution of Net Earnings.

- Description: 1. The Distribution of Net Earnings is to distribute the profit available for distribution in 2022, based on the number of shares currently outstanding 236,017,941 shares, distributing the shareholder dividend of NT \$1,439,709,441 and the common share cash dividend of NT \$6.1 per share.
2. The amount of cash dividends, calculated by the distribution ratio, is accurate to the nearest whole number in NTD if below NT\$1, and the total amount of aberrant zero items of less than NT\$1 is adjusted from the decimal point number from large to small and the account number from front to back, until it conforms to the total cash dividend distribution.
3. If it is necessary to amend the dividend payout ratio because of any subsequent change in the Company's share capital, which affects the number of shares outstanding, the Board of Directors is authorized to dispose of it at its sole discretion.

For the 2022 Distribution of Net Earnings, please refer to Page 50(Annex 7) of this Handbook.

Resolution:

## **Discussion Items**

(Proposed by the Board of Directors)

Proposal 1: Please approve for the amendments to the Rules and Procedure of the Shareholders' Meeting (the "Rules").

Description: 1. Based on the SFB Directive No. 20220004250 on March 8, 2022 and the Company Law, a shareholders' meeting was convened by video to amend the "Shareholders' Meeting" the Rules.”

2. For amendments to the Rules and Procedure for Shareholders' Meetings and the Comparisons, please refer to Page 51 of this Handbook. to Page 85(Annex 8).

3. For the “Rules and Procedure for Shareholders' Meetings” before amendments, please refer to Pages 105 to 109 of this Handbook (Appendix 1).

Resolution:

(Proposed by the Board of Directors)

Proposal 2: Please approve for the amendments to the "Procedures for the Acquisition and Disposal of Assets".

Description: 1. According to the actual needs and the Taiwan Stock Exchange on February 7, 2022, the Procedure for the Acquisition or Disposal of Assets was amended.

2. For amendments to the “Procedures for Acquisition and Disposal of Assets” and the Comparisons, please refer to Pages 86~104 of this Handbook (Annex 9).

3. For the "Procedures for the Acquisition and Disposal of Assets", please refer to Pages 117 to 138 of this Handbook (Appendix 3).

Resolution:



## Election

(Proposed by the Board of Directors)

Proposal: Please approve for the full re-election of directors.

Description: 1. The term of office of the current directors will expire on May 27, 2023 and new directors will be elected at the shareholders' meeting according to the Company Law.

2. According to Article 13 of the Articles of Incorporation and the resolutions of the Board of Directors on January 5, 2023, and March 16, 2023, 9 directors (including four independent directors) shall be elected by nomination. The term of office of such new directors shall be three years, from May 30, 2023 to May 29, 2026. The current term of office shall expire upon the conclusion of the Shareholders' Meeting.

3. The Board of the Company resolved, on March 16, 2023, that the list of directors and independent directors candidates shall be as follows:

Director Name	Education	Experience	Position	Shareholding (Unit: shares)
Kang Tai Investment Corporation Representative: Chang Ray-Ching	Honorary Doctorate, National Sun Yat-sen University Honorary Doctorate, National Cheng Kung University	Chairman of WAH LEE INDUSTRIAL CORP. Chairman of Wah Hong Industrial Corp.	Chairman of WAH LEE INDUSTRIAL CORP. Chairman of Wah Hong Industrial Corp. Chairman of Nagase Wahlee Plastics Corporation Chairman of Wah Hong Holding Ltd. Chairman of Wah Hong Technology Ltd. Chairman of Wah Hong International Ltd. Chairman of Wah Hong Development Ltd. Chairman of Wah Lee Holding Ltd. Chairman of SHC Holding Ltd. Chairman of Regent King International Ltd. Chairman of Fu Wang Hung Ltd. Chairman of Ting Pao Co., Ltd. Chairman of Phoenix Wu Innovation Venture Co., Ltd. Director of Phoenix Er Innovation Venture Co., Ltd.	19,868,338
Chun-Yin Chen	Department of Metals, Waseda University, Japan	WAH LEE INDUSTRIAL CORP. Vice Chairman	Vice Chairman of WAH LEE INDUSTRIAL CORP. Director of Nagase Wahlee Plastics Corporation Director of ORC Electrical Machinery Co., Ltd.	3,417,934

			<p>Director of ORC Electrical Machinery Co., Ltd.</p> <p>Director of Asahi Kasei Wah Lee Hi-tech Corporation</p> <p>Director of Hsin Hao Company</p>	
<p>Kang Tai Investment Corporation</p> <p>Representative: Chang, Tsuen-Hsien</p>	<p>University of Southern California, USA</p> <p>Department of Electrical Engineering.</p> <p>Department of Biomedical Engineering</p>	<p>Chief Executive Officer and General Manager of WAH LEE INDUSTRIAL CORP.</p>	<p>Chief Executive Officer and General Manager of WAH LEE INDUSTRIAL CORP.</p> <p>Director of WAH LEE INDUSTRIAL CORP.</p> <p>Director of Wah Hong Industrial Corp.</p> <p>Chairman of RAYCONG INDUSTRIAL (HONG KONG) LIMITED</p> <p>Chairman of Dong Guan Hua Gang International Trading Co., Ltd.</p> <p>Chairman of Shanghai Yi Kang Chemicals &amp; Industries Co., Ltd.</p> <p>Chairman, Wah Lee Tech (Singapore) Pte. Ltd.</p> <p>Wah Tech Industrial Co.,Ltd.</p> <p>Chairman</p> <p>Director of Chang Wah Electromaterials Inc.</p> <p>Director of Shanghai Hua Chang Trading Co., Ltd.</p> <p>Director of ORC Electrical Machinery Co., Ltd.</p> <p>Director of Hua Ying Supply Chain Management (Shenzhen) Co., Ltd.</p> <p>Director of ORC Electrical Machinery Co., Ltd.</p> <p>Director of Nagase Wahlee Plastics Corporation</p>	19,868,338
Yeh, Ching-Pin	EMBA, Zhongshan University	General Manager of Wah Hong Industrial Corp.	<p>Director of WAH LEE INDUSTRIAL CORP.</p> <p>Director and General Manager of Wah Hong Industrial Corp.</p> <p>Director of Jintaishun Co., Ltd.</p> <p>Director of Wah Ma Technology Sdn Bhd</p> <p>Director of Guanghong Optoelectronics Co., Ltd.</p>	3,423,388
Lin, Yu-Chin	Faculty of Environmental Sciences, Tunghai University	General Manager of TOA RESIN CORPORATION LIMITED Chairman of Taiwan Synthetic Resins &	<p>Director and General Manager of TOA RESIN CORPORATION LIMITED</p>	2,118,625

	New Jersey Institute of Technology Master of Science / Environmental Science	Adhesives Industrial Association		
--	--	----------------------------------	--	--

Independent Director Name	Education	Experience	Position	Shareholding	
Wang, Yea-Kang	Master of Laws, Institute of Urban Planning, National Chung Hsing University Bachelor of Commerce, Department of Traffic Management Science, National Cheng Kung University	Director of Commerce, Ministry of Economy Director of Industry, Ministry of Economy Director of Small and Medium Enterprises, Ministry of Economy Secretary General of the National Industrial Federation Chairman, Textile Industry Research Institute	Independent Director of WAH LEE INDUSTRIAL CORP. Judging Expert of the Public Works Committee of the Executive Yuan Consultant, Textile Industry Research Institute Director of Johnson Health Tech Co., Ltd. Director of SINGTEX INDUSTRIAL CO., LTD. Independent Director of WISHER INDUSTRIAL CO., LTD. Independent Director of Eclat Textile Co., Ltd. Independent Director of Feng Hsin Steel Co., Ltd.	0	Continuously nominated because of having served three consecutive terms as an independent director  Considering that his work experience and experience in corporate governance in professional fields such as industry and enterprise management are of obvious benefit to the Company, he will continue to be nominated as an independent director candidate and provide timely supervision and professional advice to the Board of Directors through his expertise in exercising the independent director's duties.
Shyu, So-De	Doctor of Finance, University of Alabama, USA	Professor, Department of Financial Management, National Sun	Independent Director of WAH LEE INDUSTRIAL CORP. Independent Director of Jia Wei Lifestyle	0	

Independent Director Name	Education	Experience	Position	Shareholding	Continuously nominated because of having served three consecutive terms as an independent director
		Yat-sen University Professor and President of Deming University of Finance and Economics	Independent Director of Soft-World International Corporation Independent Director of MYSON CENTURY, INC.		
Chang, Chi-Nan	Master of Executive Management, National Yang Ming Chiao Tung University	Chairman and General Manager of Gishine Welltech Corp. Chairman and General Manager of S-Zion Tech Corp. Chairman and General Manager of Geely Investment Co., Ltd. Chairman and General Manager of LanDes Medical Equipment Co., Ltd.	Chairman and General Manager of Gishine Welltech Corp. Chairman and General Manager of S-Zion Tech Corp. Chairman and General Manager of Geely Investment Co., Ltd. Chairman and General Manager of LanDes Medical Equipment Co., Ltd. Chairman of GREEN PLASTIC TECHNOLOGY CORP. Director of XinMei International	102,030	
Guu, Yuan-Kuang	Bachelor of Chemical Engineering, Taiwan University Master of Food Engineering,	President and Professor of National Pingtung University of Science and Technology	Honorary Lecturer, National Pingtung University Lecturer, Meiho University Adjunct lecturer, I-Shou University	0	

Independent Director Name	Education	Experience	Position	Shareholding	Continuously nominated because of having served three consecutive terms as an independent director
	Taiwan University Doctor of Food Engineering, Cornell University, USA	President of National Pingtung University Deputy Governor of Pingtung County			

4. This election is conducted according to the "Procedures for Elections of Directors" of the Company. For details, please refer to Pages 139 to 140 of this Handbook (Appendix 4).

Election results:

## **Other Proposals**

(Proposed by the Board of Directors)

Proposal: Please approve for lifting non-compete clause on newly-elected directors and its representative. Description: 1. According to Article 209 of the Company Law, directors shall explain material aspects of their actions to the shareholders' meeting and obtain permissions for their own or others' actions within the scope of the Company's business.

2. Without any prejudice to the interests of the Company, it is proposed to draw on directors' expertise and experience to approve for lifting non-compete clause on newly appointed directors and their representatives and to supplement the scope and content on the spot before the discussion of the proposal at the shareholders' meeting.

Resolution:

## **Extemporany Motions**

## **Adjournment**

## WAH LEE INDUSTRIAL CORP.

## 2022 Business Report

In 2022, labor and raw material costs rose sharply due to the shortage of labor and materials and the shortage of bulk commodities caused by the Russia-Ukraine Conflict, forcing the central banks of various countries to raise interest rates. The excessive inventory on the customer side and the decline in demand due to increase in interest rate led to a gradual decline in revenue in each month of 2022. In spite of such severe situation, the Company's revenue reached a record high of NT\$ 73.57 billion in 2022, showing that the Company has always been grasping the growth trend of the industry and implementing diversified operations, thus achieving remarkable results.

Looking forward to this year, as customers are still under inventory pressure in the first half and central banks are still adopting tight monetary policies, customers' capital expenditures have been slowing down successively. However, with the relief of COVID-19, all countries are opening their borders, and the demand is expected to recover gradually. However, there are still many uncertainties in the global economy, and we need to observe whether the major export markets fall into low growth with high inflation or recession this year. Although the outlook is challenging, the Company is confident that with its unique industrial layout and efficient marketing channel capabilities, it can maintain growth and achieve further success.

The following is a condensed report on our financial performance for 2022: the consolidated revenue in 2022 reached NT\$ 73.57 billion, with an annual growth rate of 4.3%. The consolidated gross operating profit reached NT\$ 5.6 billion and the consolidated net operating profit reached NT\$ 2.6 billion. Last year, the equity-method investment companies made good profits and contributed significant income to non-operating profit, resulting in a consolidated net income before tax of NT\$3.5 billion and a net income after tax of NT\$2.7 billion, with earnings per share of NT\$10.53. Despite the environment of economic downturn, high inventory and high interest rates, the Company's profit performance last year still exceeded the share capital. In terms of financial indicators, the Company's consolidated current ratio and quick ratio during 2022 were 163% and 124%, respectively, with a cash turnover days of 76 days and a return on equity of 15%, which still created excellent returns for the shareholders. The consolidated cash inflow from operating activities amounted to NT\$3.8 billion, demonstrating the Company's sound financial position, and various financial indicators were also outstanding.

This year, the top two international CPU manufacturers successively launched new server platforms. These demands will certainly drive a significant growth in high-end PCBs and IC substrates. The application of high-performance computing (HPC), data centers, and 5G communication requires high-end servers, routers, switches, antenna modules, communication equipment and other cutting-edge equipment. Such infrastructures will maintain resilient corporate capital expenditures in spite of adverse major environment. The high-end and 5G printed circuit board related materials of the Company will maintain growth, including low Dk, low Df 5G high frequency CCLs (copper clad laminates), direct imaging DI high resolution electroplating dry film for high-end processes, PCB equipment, high frequency connector materials, electronic



components and ICs. The Company also has a presence in low earth orbit satellite communications and will be able to share in this very promising end user market.

The automotive market is one of the few high-growth markets despite the economic downturn. the Company has successfully supplied high-end engineering plastic automotive parts, including ECU (electronic control unit) connectors for electric vehicles, automotive navigation and speedometers, connectors for automotive cameras and transmission, as well as charging stations. In addition, the Company has successfully introduced GaN, SiC, and other third generation compound semiconductor components that can withstand high voltages, in the important next-generation semiconductor materials, which are in high demand for high voltage components inside electric vehicles and fast charging facilities. Therefore, we will certainly take a place when electric vehicles and alternative energy generators become more and more popular in the future. Since all countries are implementing increasingly stringent emission regulations, automakers will pay high attention to lightweight when developing new vehicles, and replacing metal with plastic is the key. the Company offers the most complete high-strength automotive structural materials, and our plastic products have captured hundreds of component markets.

In recent years, environmental awareness is attracting more and more attention, and world's top plastic manufacturers have started to supply PCR (Post Consumer Recycle) plastics. the Company has acquired the supply rights of many PCR factories, and the growing trend of demand will accelerate, so that we can do our best to contribute to the sustainable environment of the earth.

Under the expanding trend of globalization in the semiconductor industry, the Company is ahead of its peers in terms of the breadth and speed of globalization because it has already established operations in the USA, Japan, Korea, the PRC, and Southeast Asia, and is also making layout in European and Indian markets, where it can realize the pioneer advantages. The processes of major semiconductor customers are developing rapidly, and they have a strong demand for raw materials for various advanced processes. As the largest supplier of consumables for major semiconductor customers, including electronic grade chemicals, photoresists, photoresist stripper , CMP slurry, specialty gases, equipment spare parts and wafers, the Company will maintain its growth as the global long-term demand for wafers continues to grow steadily and technology continues to upgrade.

The power demand in Taiwan is becoming increasingly urgent, and the demand for carbon neutrality in the world also increases significantly. the Company's customers in various technology industries need to obtain renewable energy certificates and green power generation before 2025. the Company started green power generation early and has rich experience, and has won the Top Solar Awards, an award granted by the President personally for high quality solar power generation. It is expected that by the end of this year, the solar power capacity connected to the grid will reach 80MW. We have also established a platform invested in cooperation with large international funds and property & life insurance companies. The Company may provide customers with comprehensive solutions, including renewable energy certificates, carbon emission right trading, and production materials and services, so that customers can meet international carbon neutrality requirements and deepen the supply-demand relationship with the Company. It also strengthens the performance of the Company's investment in ESG and demonstrates the Company's contribution

to corporate social responsibility.

In the next five years, Taiwan's technology industry logistics will be in significant short supply. Based on our business philosophy of comprehensive solutions, the Company will build the largest high-tech professional logistics center in Taiwan to partially solve the serious logistics service shortage problems in Taiwan, so we will continue to strengthen our core competitive advantages. Last year, the Company's Board of Directors approved the investment in a southern logistics center. The demand from customers in the semiconductor and high-tech industries in the south will quickly catch up with the demand for logistics in the north and central regions, which will further strengthen the Company's leading position in logistics center and increase the added value of the Company's services to customers. the Company has already started logistics system operations throughout the PRC, and is expanding around the world with its customers.

With the accelerated deployment of companies from different countries to Southeast Asia, the Company has gained the pioneer advantage from its early deployment in these regions, and has first obtained orders from many relocating customers. the Company has established successful sales offices in Vietnam, Thailand, Malaysia, Indonesia, Philippines, and Singapore, and has been steadily supplying the key raw materials, technical services and comprehensive solutions required by local manufacturers in each market. This year, we are actively establishing the India office, further expanding the offices in Southeast Asia, and strengthening the use of diversified local talents. In the future, we will play an important role in reducing geopolitical risks and the firmly grasping the rise of supply chain in the Indo-Pacific region. With the flexible operations in internationalization, the Company reduces the political and economic risks between individual countries.

Finally, the Company will continue to accelerate the layout of high-performance computing, 5G communication, data centers, AIOT, metaverse, Internet of Things, biomedical, electric vehicles and other emerging hot industries, expand international operations, and head towards the goal of becoming the world leader in technology application integration solutions and excellent ESG companies. Once again, I would like to thank the shareholders for their long-standing support of the Company and the efforts of all employees.

Chairman: Chang Ray-Ching

Manager: Chang, Tsuen-Hsien

Accounting Director: Li, Kuo-Ping

## Audit Committee's Audit Report

The Board of Directors has prepared, and submitted to the shareholders' meeting, the business report, financial statements, and the proposal for distribution of earnings for 2022. The financial statements have been duly audited by Deloitte & Touche, and an audit report has been issued. The Audit Committee has audited the above-mentioned business report, financial statements and proposal for distribution of earnings and found no discrepancies. Therefore, the relevant contents are reported as above in accordance with the relevant provisions of the Securities Exchange Law and the Company Law.

Wah Lee Industrial Corporation

Convener of the Audit Committee: Shyu, So-De

March 16, 2023

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement /Guarantee Given on Benefit of Each Party (Notes 1-5)	Maximum Amount Endorsed /Guaranteed During the Year	Outstanding Endorsement /Guarantee at The End of the Year (Note 6)	Actual Borrowing Amount (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1-5)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Relationship											
0	The Company	WL Singapore	Subsidiary of the Company	\$ 5,026,735	\$ 812,950	\$ 414,585	\$ 168,905	\$ -	2.47	\$ 16,755,784	Y	N	N	
0	The Company	Regent King	Subsidiary of the Company	5,026,735	61,780	61,420	-	-	0.37	16,755,784	Y	N	N	
0	The Company	WL Vietnam	Subsidiary of the Company	5,026,735	505,775	417,656	177,000	-	2.49	16,755,784	Y	N	N	
0	The Company	WL Philippines Inc.	Subsidiary of the Company	3,351,157	123,560	122,840	7,114	-	0.73	16,755,784	Y	N	N	
0	The Company	WL Philippines Corp.	Subsidiary of the Company	3,351,157	61,780	61,420	-	-	0.37	16,755,784	Y	N	N	
0	The Company	Sakuragawa Solar Ltd.	Subsidiary of the Company	3,351,157	70,683	67,544	52,901	-	0.40	16,755,784	Y	N	N	
0	The Company	Miyazaki Solar Ltd.	Subsidiary of the Company	3,351,157	210,261	200,924	183,245	-	1.20	16,755,784	Y	N	N	
0	The Company	KS Corp.	Subsidiary of the Company	3,351,157	277,081	277,081	277,081	277,081	1.65	16,755,784	Y	N	N	
0	The Company	Raycong H.K., Shanghai Yikang and Dongguan Hua Gang	Subsidiary of the Company	3,351,157	120,000	120,000	113,214	-	0.72	16,755,784	Y	N	Y	
0	The Company	WL Indonesia	Subsidiary of the Company	3,351,157	191,518	190,402	10,550	-	1.14	16,755,784	Y	N	N	
0	The Company	Shanghai Yikang	Subsidiary of the Company	3,351,157	147,375	-	-	-	-	16,755,784	Y	N	Y	
0	The Company	WT Industrial	Subsidiary of the Company	3,351,157	839,613	452,490	86,938	-	2.70	16,755,784	Y	N	N	
0	The Company	Nagase Wahlee Plastics Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,351,157	1,390,000	790,000	304,506	-	4.71	16,755,784	N	N	N	
0	The Company	Shanghai Hua Chang Trading Co., Ltd.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,351,157	1,720,735	973,507	561,291	-	5.81	16,755,784	N	N	Y	
0	The Company	Asahi Kasei Wah Lee Hi-tech Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,351,157	50,388	25,194	-	-	0.15	16,755,784	N	N	N	
1	Shanghai Yikang	Shanghai Yadi	Subsidiary of the Company	750,004	126,420	124,572	35,537	-	3.32	1,875,009	Y	N	Y	
2	KS Corp.	KSA Corp.	Subsidiary of the Company	2,113,128	500,000	500,000	155,698	61,300	78.23	3,521,880	Y	N	N	
2	KS Corp.	KSA Corp.	Subsidiary of the Company	176,094	1,382	1,382	918	-	0.22	352,188	Y	N	N	
2	KS Corp.	KSB Corp.	Subsidiary of the Company	2,113,128	200,000	200,000	15,968	11,130	31.29	3,521,880	Y	N	N	
2	KS Corp.	KSC Corp.	Subsidiary of the Company	2,113,128	1,500,000	1,500,000	-	54,000	234.68	3,521,880	Y	N	N	
2	KS Corp.	KSD Corp.	Subsidiary of the Company	2,113,128	500,000	500,000	438,251	127,000	78.23	3,521,880	Y	N	N	
3	Dongguan Hua Gang	Guangjou Shing Shian	Subsidiary of the Company	781,720	189,269	185,559	72,750	-	7.12	1,302,866	Y	N	Y	
4	Raycong H.K.	Xiamen Hua Chen Da	Subsidiary of the Company	1,670,186	32,215	30,710	10,604	-	0.37	4,175,465	Y	N	Y	

Note 1: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of the Company. If the Company directly or indirectly holds 100% of the equity of the endorsee or guarantee, the limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of the Company. The maximum total amount of endorsement/guarantee shall not exceed 100% of the equity of the Company.

Note 2: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Shanghai Yikang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Shanghai Yikang.

(Continued)

- Note 3: The limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of Dongguan Hua Gang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Dongguan Hua Gang.
- Note 4: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Raycong H.K.. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Raycong H.K..
- Note 5: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 600% of the paid-in capital of KS Corp.; the maximum total amount of endorsement/guarantee shall not exceed 1000% of the paid-in capital of KS Corp. The limit on endorsement/guarantee given to each party, not based on the construction project, shall not exceed 50% of the paid-in capital of KS Corp. The total amount of endorsement/guarantee shall not exceed 100% of the paid-in capital of KS Corp.
- Note 6: USD is converted by spot exchange USD1=NT\$30.71; JPY is converted by spot exchange JPY1=NT\$0.2324; RMB is converted by spot exchange RMB=NT\$4.4489; THB is converted by spot exchange THB1=NT\$0.8941; HKD is converted by spot exchange HKD1=NT\$3.938.

(Concluded)

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance (Note 1)	Actual Amount Drawn (Notes 1 and 4)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 2 and 3)	Aggregate Financing Limit (Notes 2 and 3)	Note
													Item	Value			
0	The Company	KS Corp.	Other receivables - related parties	Yes	\$ 150,000	\$ 150,000	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 255,663	\$ 1,675,578	
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Other receivables - related parties	Yes	28,919	28,919	15,572	5.61	Short-term financing	-	Operating capital	-	-	-	1,125,006	1,125,006	
1	Shanghai Yikang	Shanghai Yadi	Other receivables - related parties	Yes	111,520	111,225	60,062	5.10	Short-term financing	-	Operating capital	-	-	-	1,125,006	1,125,006	
2	Shenzhen Huaying	Xiamen Hua Chen Da	Other receivables - related parties	Yes	9,030	8,898	-	-	Short-term financing	-	Operating capital	-	-	-	67,626	67,626	
3	Dongguan Hua Gang	Guangjiou Shing Shian	Other receivables - related parties	Yes	22,575	22,245	22,245	4.00	Short-term financing	-	Operating capital	-	-	-	781,720	781,720	
3	Dongguan Hua Gang	Anhua Huixinkang	Other receivables - related parties	Yes	22,291	22,245	-	-	Short-term financing	-	Operating capital	-	-	-	781,720	781,720	
4	KS Crop.	KSD Corp.	Other receivables - related parties	Yes	48,000	48,000	26,000	2.20	Short-term financing	-	Operating capital	-	-	-	191,747	191,747	

Note 1: RMB is converted by the spot exchange RMB1=NT\$4.4489.

Note 2: The aggregate financing limit for the subsidiaries in need of short-term financing shall not exceed 10% of the Company's equity; the financing limit for each counterparty shall not exceed 5% of the Company's equity and shall not exceed 40% of each counterparty's equity.

Note 3: The individual and aggregate financing limit for the subsidiaries included in the consolidated financial statements of the parent company shall not exceed 30% of the financing company's equity.

Note 4: It was eliminated on consolidation.

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Dongguan Hua Gang	Trading business of industrial materials	\$ 1,159,932	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ -	\$ 247,457	100.00	\$ 247,457	\$ 2,600,298	\$ -	
Shanghai Yikang	Trading business of industrial materials	1,010,547	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	690,669	70.00	483,468	2,644,120	-	
Shenzhen Huaying	Supply chain management and consultancy service	24,566	Invested through the third region, Raycong H.K.	-	-	-	-	7,827	100.00	7,827	225,420	-	
Shanghai Wah Chang Trading Co., Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	73,704	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	271,193	30.00	81,358	728,184	-	
Shanghai Yadi	Import and export of goods and technology	13,347	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(3,492)	49.00	( 1,711 )	18,607	-	
Shanghai Lihuang	Medical devices and equipment	14,815	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(5,366)	48.98	( 4,601 )	1,762	-	
Fenghuang Xinwah Shouzheng	Medical devices manufacturing technology developing and consulting	22,245	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(4,628)	52.50	( 2,430 )	8,329	-	
Guangjoui Shing Shian	Hospital management, medical equipment repair, wholesale of medical supplies	22,245	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	2,699	100.00	2,699	54,868	-	
Anhua Huixinkang	Medical service	4,449	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	(611)	100.00	( 611 )	3,830	-	
Kaiping Huaxinkang	Medical service	1	Invested through Chinese corporation, Guangjoui Shing Shian	-	-	-	-	-	90.00	-	-	-	
Xiamen Hua Chen Da	Warehouse logistics	13,347	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(145)	70.00	( 102 )	6,280	-	
Xiamen Jian Yuan Rong Logistics Ltd.	Warehouse logistics	35,592	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	5,497	30.00	1,649	11,194	-	
Xiamen Jia Cheng Yuan Trading and Development Co. Ltd.	Warehouse logistics	8,898	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	400	30.00	120	3,152	-	

(Continued)

<b>Investee Company</b>	<b>Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Note 3)</b>	<b>Investment Amount Authorized by Investment Commission, MOEA (Note 2)</b>	<b>Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)</b>
The Company	\$ 384,343	\$ 2,480,528	\$ -

Note 1: The disclosure of investment gains and losses this period are based on the following:

1. Dongguan Hua Gang and Shanghai Yikang: audited by the Company's CPA.
2. Others are based on unaudited financial statements.

Note 2: The difference of \$2,096,185 thousand between accumulated outward remittance for investment in mainland China and investment amount authorized by investment commission, MOEA is due to investment of \$1,338,686 thousand (USD8,488 thousand and HKD267,000 thousand) through Raycong H.K., investment of \$111,175 thousand (USD3,572 thousand) through Wah Yuen Technology Holding Limited, transferred capital from retained earnings of \$434,385 thousand (USD13,790 thousand) of Shanghai Yikang, investment of \$14,500 thousand (USD500 thousand) through SHC Holding Ltd., investment without significant influence of \$42,644 thousand and the invested amount of \$154,795 thousand which had already been liquidated but not yet revoked.

Note 3: Under the "Principles Governing the Review of Investments or Technical Cooperation in Mainland China" issued by the Investment Commission on August 29, 2008, the Company had obtained the certificate issued by the Industrial Bureau of the Ministry of Economic Affairs in accordance with the business scope of the operating headquarters; thus, the amount that can be invested in companies located in mainland China is unlimited.

(Concluded)



## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Wah Lee Industrial Corporation

### **Opinion**

We have audited the accompanying parent company only financial statements of Wah Lee Industrial Corporation (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the 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 reports of other auditors (refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of the Company 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 parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's parent company only financial statements for the year ended December 31, 2022 is described as follows:

#### Occurrence of revenue from specific customers

The operating revenue and gross profit from specific customers of the Company for the year ended December 31, 2022 showed significant growth over the past year. In addition, based on the Standards on Auditing of the Republic of China, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

Refer to Note 4 to the parent company only financial statements for the related accounting policy on revenue recognition.

The main audit procedures that we performed to address the occurrence of the revenue from specific customers were as follows:

1. We obtained an understanding and tested the design and operating effectiveness of the internal controls relevant to shipment and revenue recognition.
2. We obtained detailed information on the sales revenue of specific customers. We selected samples and checked the shipping and collection documents. We also verified the occurrence of recorded revenue from specific customers against the supporting documents and confirmed that the payer is the same as the buyer.

### **Other Matter**

The financial statements of some investees accounted for using the equity method in the Company's parent company only financial statements for the years ended December 31, 2022 and 2021 were audited by other independent auditors; accordingly, our opinion insofar as it relates to the amounts and information disclosed, is based solely on the reports of other independent auditors.

The carrying values of the investments accounted for using the equity method as of December 31, 2022 and 2021 were NT\$735,824 thousand and NT\$811,217 thousand, respectively, both representing 2% of total parent company only assets; the amounts of the share of profit of associates for the years ended December 31, 2022 and 2021 were NT\$83,373 thousand and NT\$188,987 thousand, representing 3% and 6% of parent company only profit before income tax, respectively.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 Standards on Auditing of 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 parent company only 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 Company'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 Company'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 parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the 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 parent company only financial statements for the year ended December 31, 2022 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 audits resulting in this independent auditors' report are Chiu-Yen Wu and Jui-Hsuan Hsu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 16, 2023

Notice to Readers

*The accompanying parent company only financial statements are intended only to present the parent company only 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 parent company only financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.*

# WAH LEE INDUSTRIAL CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Note 6)	\$ 1,713,281	5	\$ 1,656,213	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	1,200	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	148,500	-	209,000	1
Notes receivable (Notes 4 and 9)	106,006	-	173,345	-
Accounts receivable, net (Notes 4, 5 and 9)	7,572,241	21	9,019,030	27
Accounts receivable - related parties (Notes 4, 5, 9 and 27)	435,034	1	955,337	3
Other receivables	23,148	-	39,869	-
Other receivables - related parties (Note 27)	229,100	1	187,351	1
Merchandise (Notes 4, 5 and 10)	3,455,972	10	2,090,639	6
Prepayments for purchases	1,093,884	3	1,841,991	5
Other current assets	36,319	-	11,848	-
Total current assets	<u>14,813,485</u>	<u>41</u>	<u>16,185,823</u>	<u>48</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	594,342	2	735,329	2
Investments accounted for using the equity method (Notes 4, 11 and 28)	17,451,656	48	15,263,525	45
Property, plant and equipment (Notes 4, 12, 27 and 28)	2,379,243	7	885,210	3
Right-of-use assets (Notes 4 and 13)	60,505	-	19,348	-
Investment properties (Notes 4, 14 and 28)	429,341	1	432,970	1
Other intangible assets	11,002	-	17,020	-
Deferred tax assets (Notes 4 and 23)	274,434	1	226,916	1
Refundable deposits	53,588	-	52,284	-
Total non-current assets	<u>21,254,111</u>	<u>59</u>	<u>17,632,602</u>	<u>52</u>
<b>TOTAL</b>	<u>\$ 36,067,596</u>	<u>100</u>	<u>\$ 33,818,425</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 15)	\$ 5,288,387	15	\$ 5,206,357	15
Contract liabilities - current (Notes 21 and 27)	295,004	1	356,220	1
Notes payable (Note 17)	23,079	-	37,996	-
Accounts payable (Note 17)	4,335,276	12	4,731,417	14
Accounts payable - related parties (Notes 17 and 27)	366,352	1	488,737	1
Other payables (Notes 18 and 27)	823,816	2	851,900	3
Other payables - related parties (Note 27)	105,336	-	76,982	-
Current tax liabilities (Note 23)	228,842	1	207,672	1
Provisions - current (Notes 4 and 29)	36,793	-	30,086	-
Lease liabilities - current (Notes 4 and 13)	17,742	-	11,110	-
Current portion of long-term borrowings (Note 15)	21,003	-	21,203	-
Refund liabilities - current	294,362	1	175,002	1
Other current liabilities	18,613	-	20,530	-
Total current liabilities	<u>11,854,605</u>	<u>33</u>	<u>12,215,212</u>	<u>36</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 16)	1,994,084	6	1,972,752	6
Long-term borrowings (Note 15)	3,699,765	10	2,342,319	7
Provision - non-current	15,311	-	14,760	-
Deferred tax liabilities (Notes 4 and 23)	1,446,269	4	1,281,669	4
Lease liabilities - non-current (Notes 4 and 13)	47,880	-	8,569	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	250,925	1	281,736	1
Guarantee deposits received	2,973	-	3,109	-
Total non-current liabilities	<u>7,457,207</u>	<u>21</u>	<u>5,904,914</u>	<u>18</u>
Total liabilities	<u>19,311,812</u>	<u>54</u>	<u>18,120,126</u>	<u>54</u>
<b>EQUITY (Note 20)</b>				
Share capital	2,360,179	6	2,360,179	7
Capital surplus	2,036,714	6	1,690,292	5
Retained earnings				
Legal reserve	2,710,197	8	2,412,040	7
Special reserve	184,623	-	636,618	2
Unappropriated earnings	9,912,630	27	8,783,793	26
Total retained earnings	<u>12,807,450</u>	<u>35</u>	<u>11,832,451</u>	<u>35</u>
Other equity	(448,559)	(1)	(184,623)	(1)
Total equity	<u>16,755,784</u>	<u>46</u>	<u>15,698,299</u>	<u>46</u>
<b>TOTAL</b>	<u>\$ 36,067,596</u>	<u>100</u>	<u>\$ 33,818,425</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated March 16, 2023)

# WAH LEE INDUSTRIAL CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 27)	\$ 44,038,316	100	\$ 42,882,108	100
OPERATING COSTS (Notes 10, 22 and 27)	<u>41,237,812</u>	<u>94</u>	<u>39,900,737</u>	<u>93</u>
GROSS PROFIT	2,800,504	6	2,981,371	7
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(2,867)	-	(6,949)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>6,949</u>	<u>-</u>	<u>2,234</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,804,586</u>	<u>6</u>	<u>2,976,656</u>	<u>7</u>
OPERATING EXPENSES (Notes 9, 22 and 27)				
Selling and marketing expenses	1,473,177	3	1,406,309	4
General and administrative expenses	416,753	1	407,557	1
Expected credit loss recognized (reversed)	<u>(33,225)</u>	<u>-</u>	<u>28,107</u>	<u>-</u>
Total operating expenses	<u>1,856,705</u>	<u>4</u>	<u>1,841,973</u>	<u>5</u>
OPERATING INCOME	<u>947,881</u>	<u>2</u>	<u>1,134,683</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 27)				
Interest income	3,012	-	602	-
Other income	219,026	1	196,524	-
Other gains and losses	139,331	-	(45,560)	-
Finance costs	(193,940)	-	(70,499)	-
Share of profit of subsidiaries, associates and joint ventures	<u>1,799,387</u>	<u>4</u>	<u>2,078,285</u>	<u>5</u>
Total non-operating income and expenses	<u>1,966,816</u>	<u>5</u>	<u>2,159,352</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	2,914,697	7	3,294,035	7
INCOME TAX EXPENSE (Notes 4 and 23)	<u>429,897</u>	<u>1</u>	<u>450,758</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>2,484,800</u>	<u>6</u>	<u>2,843,277</u>	<u>6</u>

(Continued)

# WAH LEE INDUSTRIAL CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 21,868	-	\$ 8,080	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	(200,999)	-	135,795	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(322,129)	(1)	677,658	2
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,127)	-	(2,131)	-
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive gain (loss) of subsidiaries and associates accounted for using the equity method	375,456	-	(119,286)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(40,884)</u>	<u>-</u>	<u>20,462</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(168,815)</u>	<u>(1)</u>	<u>720,578</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,315,985</u>	<u>5</u>	<u>\$ 3,563,855</u>	<u>8</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 10.53</u>		<u>\$ 12.05</u>	
Diluted	<u>\$ 9.62</u>		<u>\$ 11.64</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated March 16, 2023)

(Concluded)

# WAH LEE INDUSTRIAL CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Subtotal	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2021	\$ 2,313,901	\$ 1,331,725	\$ 2,228,083	\$ 980,087	\$ 6,660,831	\$ (583,633)	\$ (52,985)	\$ (636,618)	\$ 12,878,009	
Appropriation of 2020 earnings	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	183,957	-	(183,957)	-	-	-	-	
Reversal of special reserve	-	-	-	(343,469)	343,469	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(1,018,117)	-	-	-	(1,018,117)	
	-	-	183,957	(343,469)	(858,605)	-	-	-	(1,018,117)	
Equity component of convertible bond issued by the Company (Note 16)	-	34,200	-	-	-	-	-	-	34,200	
Changes in capital surplus from investments in associates accounted for using the equity method	-	359,432	-	-	(98,681)	3,828	(35,031)	(31,203)	229,548	
Issuance of share dividends from capital surplus	46,278	(46,278)	-	-	-	-	-	-	-	
Net profit for the year ended December 31, 2021	-	-	-	-	2,843,277	-	-	-	2,843,277	
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	6,441	(98,824)	812,961	714,137	720,578	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,849,718	(98,824)	812,961	714,137	3,563,855	
Disposals of investments accounted for using the equity method	-	(26,711)	-	-	-	-	-	-	(26,711)	
Actual disposal or acquisition of interest in subsidiaries (Note 11)	-	37,924	-	-	(409)	-	-	-	37,515	
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	230,939	-	(230,939)	(230,939)	-	
BALANCE AT DECEMBER 31, 2021	2,360,179	1,690,292	2,412,040	636,618	8,783,793	(678,629)	494,006	(184,623)	15,698,299	
Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	298,157	-	(298,157)	-	-	-	-	
Reversal of special reserve	-	-	-	(451,995)	451,995	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(1,604,922)	-	-	-	(1,604,922)	
	-	-	298,157	(451,995)	(1,451,084)	-	-	-	(1,604,922)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	346,422	-	-	-	-	-	-	346,422	
Net profit for the year ended December 31, 2022	-	-	-	-	2,484,800	-	-	-	2,484,800	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	18,662	334,572	(522,049)	(187,477)	(168,815)	
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	2,503,462	334,572	(522,049)	(187,477)	2,315,985	
Disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	76,459	-	(76,459)	(76,459)	-	
BALANCE AT DECEMBER 31, 2022	\$ 2,360,179	\$ 2,036,714	\$ 2,710,197	\$ 184,623	\$ 9,912,630	\$ (344,057)	\$ (104,502)	\$ (448,559)	\$ 16,755,784	

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated March 16, 2023)



# WAH LEE INDUSTRIAL CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>For the Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,914,697	\$ 3,294,035
Adjustments for:		
Depreciation expense	76,544	58,199
Amortization expense	6,118	6,977
Expected credit loss recognized (reversed)	(33,225)	28,107
Net loss (gain) of financial assets at fair value through profit or loss	1,200	(1,000)
Finance costs	193,940	70,499
Interest income	(3,012)	(602)
Dividend income	(12,956)	(23,888)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(1,799,387)	(2,078,285)
Gain on disposal of investments accounted for using the equity method	-	(8,491)
Impairment loss on inventories	190,518	55,979
Unrealized gain on transactions with subsidiaries	2,867	6,949
Realized gain on transactions with subsidiaries	(6,949)	(2,234)
Net loss (gain) on foreign currency exchange	(67,122)	1,066
Loss provision recognized	19,711	30,086
Others	(33)	(30)
Changes in operating assets and liabilities		
Notes receivable	67,339	(41,731)
Accounts receivable	1,480,575	(2,513,322)
Accounts receivable - related parties	519,742	(153,775)
Other receivables	16,721	2,553
Other receivables - related parties	29,660	90,220
Merchandise	(1,555,851)	(321,717)
Prepayments for purchases	748,107	(837,836)
Other current assets	(24,471)	288
Contract liabilities	(61,216)	51,116
Notes payable	(14,917)	7,839
Accounts payable	(396,141)	1,129,001
Accounts payable - related parties	(122,385)	217,074
Other payables	(50,925)	120,349
Other payables - related parties	27,926	23,977
Provisions	(13,004)	-
Refund liabilities	119,360	1,046
Other current liabilities	(1,917)	5,172
Net defined benefit liabilities	(8,943)	(10,193)
Cash generated from (used in) operations	2,242,571	(792,572)
Interest received	3,012	602
Dividends received	646,805	583,655
Interest paid	(149,415)	(61,313)
Income tax paid	(334,656)	(171,220)
Net cash generated from (used in) operating activities	<u>2,408,317</u>	<u>(440,848)</u>

(Continued)

# WAH LEE INDUSTRIAL CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>For the Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (5,000)	\$ (59,836)
Proceeds from disposal of financial assets at fair value through other comprehensive income	488	-
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	5,000	15,000
Purchase of investments accounted for using the equity method	(191)	(106)
Proceeds from disposal of investments accounted for using the equity method	-	97,840
Acquisition of a subsidiary	(205,335)	(500)
Proceeds from the capital reduction of investments accounted for using equity method	-	700
Payments for property, plant and equipment	(1,538,742)	(204,362)
Proceeds from disposal of property, plant and equipment	-	30
Decrease (increase) in refundable deposits	(1,304)	1,830
Increase in other intangible assets	<u>(100)</u>	<u>(378)</u>
Net cash used in investing activities	<u>(1,745,184)</u>	<u>(149,782)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	149,152	1,191,797
Proceeds from issuance of convertible bonds	-	1,999,693
Proceeds from long-term borrowings	3,377,029	1,000,000
Repayment of long-term borrowings	(2,023,080)	(1,856,743)
Decrease in guarantee deposits received	(136)	-
Repayment of the principal portion of lease liabilities	(19,463)	(11,822)
Cash dividends	(1,604,922)	(1,018,117)
Acquisition of additional interests in subsidiaries	<u>(484,645)</u>	<u>(252,669)</u>
Net cash generated from (used in) financing activities	<u>(606,065)</u>	<u>1,052,139</u>
NET INCREASE IN CASH	57,068	461,509
CASH AT THE BEGINNING OF THE YEAR	<u>1,656,213</u>	<u>1,194,704</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,713,281</u>	<u>\$ 1,656,213</u>

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated March 16, 2023)

(Concluded)

## **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 (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 “consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2022 is described as follows:

### Occurrence of revenue from specific customers

The operating revenue and gross profit from specific customers of the Group for the year ended December 31, 2022 showed significant growth over the past year. In addition, based on the Standards on Auditing of the Republic of China, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

Refer to Note 4 to the consolidated financial statements for the related accounting policy on revenue recognition.

The main audit procedures that we performed to address the occurrence of the revenue from specific customers were as follows:

1. We obtained an understanding and tested the design and operating effectiveness of the internal controls relevant to shipment and revenue recognition.
2. We obtained detailed information on the sales revenue of specific customers. We selected samples and checked the shipping and collection documents. We also verified the occurrence of recorded revenue from specific customers against the supporting documents and confirmed that the payer is the same as the buyer.

### **Other Matter**

The financial statements of some investees accounted for using the equity method in the Group's consolidated financial statements for the years ended December 31, 2022 and 2021 were audited by other independent auditors; accordingly, our opinion insofar as it relates to the amounts and information disclosed, is based solely on the reports of other independent auditors.

The carrying values of the investments accounted for using the equity method as of December 31, 2022 and 2021 were NT\$735,824 thousand and NT\$811,217 thousand, respectively, representing 1% and 2% of total consolidated assets; the amounts of the share of profit of associates for the years ended December 31, 2022 and 2021 were NT\$83,373 thousand and NT\$188,987 thousand, representing 2% and 5% of consolidated profit before income tax.

We have also audited the parent company only financial statements of Wah Lee Industrial Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with other matter paragraph.

### **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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 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 audits resulting in this independent auditors' report are Chiu-Yen Wu and Jui-Hsuan Hsu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 16, 2023

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)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 6,715,280	14	\$ 3,275,337	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	623,022	1	163,804	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	148,500	-	209,000	1
Notes receivable (Notes 9, 28 and 30)	2,240,943	5	1,787,044	4
Accounts receivable, net (Notes 5 and 9)	14,497,896	30	16,754,286	37
Accounts receivable - related parties (Notes 5, 9 and 29)	97,642	-	117,195	-
Other receivables	66,041	-	140,043	-
Other receivables - related parties (Note 29)	149,529	-	86,298	-
Current tax assets (Note 24)	-	-	7	-
Merchandise (Notes 4, 5 and 10)	6,428,237	13	5,194,090	11
Prepayments for purchases	1,643,719	3	2,289,881	5
Other financial assets - current (Notes 11 and 30)	1,537,457	3	2,668,676	6
Other current assets	194,082	1	160,819	-
<b>Total current assets</b>	<b>34,342,348</b>	<b>70</b>	<b>32,846,480</b>	<b>72</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	43,479	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	594,342	1	735,329	2
Investments accounted for using the equity method (Notes 4 and 13)	6,125,003	12	5,956,734	13
Property, plant and equipment (Notes 4, 14, 29 and 30)	6,356,350	13	4,740,804	10
Right-of-use assets (Notes 4 and 15)	564,165	1	657,852	1
Goodwill (Notes 4 and 26)	177,057	-	111,203	-
Other intangible assets	226,823	1	208,299	-
Deferred tax assets (Notes 4 and 24)	430,175	1	348,894	1
Prepayments for equipment	10,212	-	30,727	-
Other financial assets - non-current (Notes 11 and 30)	268,762	1	217,564	1
Other non-current assets	29,841	-	33,084	-
<b>Total non-current assets</b>	<b>14,826,209</b>	<b>30</b>	<b>13,040,490</b>	<b>28</b>
<b>TOTAL</b>	<b>\$ 49,168,557</b>	<b>100</b>	<b>\$ 45,886,970</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ 9,767,290	20	\$ 8,286,959	18
Short-term bills payable (Note 16)	29,970	-	59,822	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	3,672	-	127	-
Contract liabilities - current (Note 22)	350,115	1	562,914	1
Notes payable (Note 18)	511,712	1	390,681	1
Accounts payable (Note 18)	7,507,703	15	8,045,912	18
Accounts payable - related parties (Notes 18 and 29)	430,025	1	567,881	1
Other payables (Note 19)	1,376,972	3	1,361,035	3
Other payables - related parties (Note 29)	138	-	2,877	-
Current tax liabilities (Note 24)	337,138	1	371,005	1
Provisions - current (Notes 4 and 31)	87,157	-	80,450	-
Lease liabilities - current (Notes 4 and 15)	98,005	-	95,358	-
Current portion of long-term borrowings (Note 16)	193,522	-	376,940	1
Refund liabilities - current	298,028	1	178,776	-
Other current liabilities	30,294	-	26,271	-
<b>Total current liabilities</b>	<b>21,021,741</b>	<b>43</b>	<b>20,407,008</b>	<b>44</b>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 17)	1,994,084	4	1,972,752	4
Long-term borrowings (Note 16)	5,429,566	11	3,562,794	8
Provision for employee benefits - non-current (Note 4)	66,223	-	52,007	-
Lease liabilities - non-current (Notes 4 and 15)	500,877	1	595,710	1
Net defined benefit liabilities - non-current (Notes 4 and 20)	266,512	-	295,578	1
Guarantee deposits received	2,803	-	2,634	-
Deferred tax liabilities (Notes 4 and 24)	1,346,099	3	1,281,669	3
<b>Total non-current liabilities</b>	<b>9,606,164</b>	<b>19</b>	<b>7,763,144</b>	<b>17</b>
<b>Total liabilities</b>	<b>30,627,905</b>	<b>62</b>	<b>28,170,152</b>	<b>61</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)</b>				
Share capital	2,360,179	5	2,360,179	5
Capital surplus	2,036,714	4	1,690,292	4
Retained earnings				
Legal reserve	2,710,197	6	2,412,040	5
Special reserve	184,623	-	636,618	2
Unappropriated earnings	9,912,630	20	8,783,793	19
Total retained earnings	12,807,450	26	11,832,451	26
	(1)		(1)	
Other equity	(448,559)	)	(184,623)	)
<b>Total equity attributable to owners of the Company</b>	<b>16,755,784</b>	<b>34</b>	<b>15,698,299</b>	<b>34</b>
<b>NON-CONTROLLING INTERESTS (Note 21)</b>	<b>1,784,868</b>	<b>4</b>	<b>2,018,519</b>	<b>5</b>
<b>Total equity</b>	<b>18,540,652</b>	<b>38</b>	<b>17,716,818</b>	<b>39</b>
<b>TOTAL</b>	<b>\$ 49,168,557</b>	<b>100</b>	<b>\$ 45,886,970</b>	<b>100</b>

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

(With Deloitte & Touche auditors' report dated March 16, 2023)

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 29)	\$ 73,570,296	100	\$ 70,515,303	100
OPERATING COSTS (Notes 10, 23 and 29)	<u>68,003,687</u>	<u>92</u>	<u>64,532,617</u>	<u>92</u>
GROSS PROFIT	<u>5,566,609</u>	<u>8</u>	<u>5,982,686</u>	<u>8</u>
OPERATING EXPENSES (Notes 9, 23 and 29)				
Selling and marketing expenses	2,341,164	3	2,272,525	3
General and administrative expenses	617,524	1	591,317	1
Expected credit loss recognized (reversed)	<u>(35,514)</u>	<u>-</u>	<u>46,134</u>	<u>-</u>
Total operating expenses	<u>2,923,174</u>	<u>4</u>	<u>2,909,976</u>	<u>4</u>
OPERATING INCOME	<u>2,643,435</u>	<u>4</u>	<u>3,072,710</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)				
Interest income	110,130	-	49,554	-
Other income	133,274	-	155,584	-
Other gains and losses	110,511	-	(73,245)	-
Finance costs	(341,905)	-	(169,443)	-
Share of profit of associates and joint ventures	<u>880,144</u>	<u>1</u>	<u>980,823</u>	<u>1</u>
Total non-operating income and expenses	<u>892,154</u>	<u>1</u>	<u>943,273</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	3,535,589	5	4,015,983	5
INCOME TAX EXPENSE (Notes 4 and 24)	<u>809,317</u>	<u>1</u>	<u>906,811</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>2,726,272</u>	<u>4</u>	<u>3,109,172</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (Notes 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	21,868	-	8,080	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	(200,999)	-	135,795	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	(322,129)	(1)	677,658	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,127)	-	(2,131)	-

(Continued)



# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 360,124	1	\$ (130,195)	-
Share of other comprehensive gain (loss) of associates accounted for using the equity method	83,095	-	(18,985)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(40,884)</u>	<u>-</u>	<u>20,462</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(101,052)</u>	<u>-</u>	<u>690,684</u>	<u>1</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 2,625,220</u>	<u>4</u>	<u>\$ 3,799,856</u>	<u>5</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 2,484,800	4	\$ 2,843,277	4
Non-controlling interests	<u>241,472</u>	<u>-</u>	<u>265,895</u>	<u>-</u>
	<u>\$ 2,726,272</u>	<u>4</u>	<u>\$ 3,109,172</u>	<u>4</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 2,315,985	3	\$ 3,563,855	5
Non-controlling interests	<u>309,235</u>	<u>1</u>	<u>236,001</u>	<u>-</u>
	<u>\$ 2,625,220</u>	<u>4</u>	<u>\$ 3,799,856</u>	<u>5</u>
<b>EARNINGS PER SHARE (Note 25)</b>				
Basic	<u>\$ 10.53</u>		<u>\$ 12.05</u>	
Diluted	<u>\$ 9.62</u>		<u>\$ 11.64</u>	

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

(With Deloitte & Touche auditors' report dated March 16, 2023)

(Concluded)

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity		Subtotal	Total	Non-Controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
			Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2021	\$ 2,313,901	\$ 1,331,725	\$ 2,228,083	\$ 980,087	\$ 6,660,831	\$ (583,633)	\$ (52,985)	\$ (636,618)	\$ 12,878,009	\$ 2,030,451	\$ 14,908,460	
Appropriation of 2020 earnings	-	-	183,957	-	(183,957)	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(343,469)	343,469	-	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(1,018,117)	-	-	-	(1,018,117)	-	(1,018,117)	
	-	-	183,957	(343,469)	(858,605)	-	-	-	(1,018,117)	-	(1,018,117)	
Equity component of convertible bond issued by the Company (Note 17)	-	34,200	-	-	-	-	-	-	34,200	-	34,200	
Changes in capital surplus from investments in associates accounted for using the equity method	-	359,432	-	-	(98,681)	3,828	(35,031)	(31,203)	229,548	-	229,548	
Issuance of share dividends from capital surplus	46,278	(46,278)	-	-	-	-	-	-	-	-	-	
Net profit for the year ended December 31, 2021	-	-	-	-	2,843,277	-	-	-	2,843,277	265,895	3,109,172	
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	6,441	(98,824)	812,961	714,137	720,578	(29,894)	690,684	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,849,718	(98,824)	812,961	714,137	3,563,855	236,001	3,799,856	
Disposals of investments accounted for using the equity method	-	(26,711)	-	-	-	-	-	-	(26,711)	(3,189)	(29,900)	
Actual disposal or acquisition of interest in subsidiaries (Note 12)	-	37,924	-	-	(409)	-	-	-	37,515	(232,104)	(194,589)	
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	(18,070)	(18,070)	
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	230,939	-	(230,939)	(230,939)	-	-	-	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	5,430	5,430	
BALANCE AT DECEMBER 31, 2021	2,360,179	1,690,292	2,412,040	636,618	8,783,793	(678,629)	494,006	(184,623)	15,698,299	2,018,519	17,716,818	
Appropriation of 2021 earnings	-	-	298,157	-	(298,157)	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(451,995)	451,995	-	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(1,604,922)	-	-	-	(1,604,922)	-	(1,604,922)	
	-	-	298,157	(451,995)	(1,451,084)	-	-	-	(1,604,922)	-	(1,604,922)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	346,422	-	-	-	-	-	-	346,422	-	346,422	
Net profit for the year ended December 31, 2022	-	-	-	-	2,484,800	-	-	-	2,484,800	241,472	2,726,272	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	18,662	334,572	(522,049)	(187,477)	(168,815)	67,763	(101,052)	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,503,462	334,572	(522,049)	(187,477)	2,315,985	309,235	2,625,220	
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	(678,721)	(678,721)	
Disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	76,459	-	(76,459)	(76,459)	-	-	-	
Increase in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	135,835	135,835	
BALANCE AT DECEMBER 31, 2022	\$ 2,360,179	\$ 2,036,714	\$ 2,710,197	\$ 184,623	\$ 9,912,630	\$ (344,057)	\$ (104,502)	\$ (448,559)	\$ 16,755,784	\$ 1,784,868	\$ 18,540,652	

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

(With Deloitte & Touche auditors' report dated March 16, 2023)

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	<b>For the Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,535,589	\$ 4,015,983
Adjustments for:		
Depreciation expense	407,807	320,581
Amortization expense	47,444	43,168
Expected credit loss recognized (reversed)	(35,514)	46,134
Net gain of financial instruments at fair value through profit or loss	(2,614)	(980)
Finance costs	341,905	169,443
Interest income	(110,130)	(49,554)
Dividend income	(12,956)	(23,888)
Share of profit of associates and joint ventures accounted for using the equity method	(880,144)	(980,823)
Loss on disposal of property, plant and equipment	17,184	1,389
Gain on disposal of investments accounted for using the equity method	(4,590)	(20,810)
Impairment loss on inventories	342,699	153,553
Net unrealized loss (gain) on foreign currency exchange	(60,274)	1,058
Loss provision recognized	19,711	80,450
Others	(13,706)	(102)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	26,415	1,811
Notes receivable	(453,876)	612,703
Notes receivable - related parties	-	6,925
Accounts receivable	2,498,932	(1,686,879)
Accounts receivable - related parties	20,694	(2,885)
Other receivables	12,584	6,359
Other receivables - related parties	8,226	(2,241)
Merchandise	(1,430,175)	(1,059,294)
Prepayments for purchases	646,369	(891,791)
Other current assets	(32,045)	48,677
Financial liabilities held for trading	(23,726)	(9,537)
Contract liabilities	(212,799)	217,563
Notes payable	121,031	288,507
Notes payable - related parties	-	(1,261)
Accounts payable	(588,253)	979,704
Accounts payable - related parties	(145,782)	189,877
Other payables	(18,582)	97,138
Other payables - related parties	(2,739)	(5,476)
Provisions	(13,004)	-
Refund liabilities	119,252	4,501
Other current liabilities	3,988	(2,782)
Net defined benefit liabilities	(8,498)	(10,100)
Cash generated from operations	4,120,423	2,537,121
Interest received	115,752	35,838
Dividends received	721,213	578,130
Interest paid	(281,891)	(166,721)
Income tax paid	(896,830)	(668,330)
Net cash generated from operating activities	<u>3,778,667</u>	<u>2,316,038</u>

(Continued)

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	<b>For the Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (5,000)	\$ (59,836)
Proceeds from disposal of financial assets at fair value through other comprehensive income	488	-
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	5,000	15,000
Purchase of financial assets at fair value through profit or loss	(1,080,596)	(408,641)
Proceeds from disposal of financial assets at fair value through profit or loss	629,294	466,128
Purchase of investments accounted for using the equity method	(191)	(44,926)
Proceeds from disposal of investments accounted for using the equity method	-	195,680
Net cash outflow on acquisition of subsidiaries	(120,694)	-
Payments for property, plant and equipment	(1,891,339)	(1,169,347)
Proceeds from disposal of property, plant and equipment	59,012	7,701
Payments for intangible assets	(5,385)	(37,667)
Decrease (increase) in other financial assets	<u>1,154,553</u>	<u>(1,851,625)</u>
Net cash used in investing activities	<u>(1,254,858)</u>	<u>(2,887,533)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	1,199,864	901,982
Decrease in short-term bills payable	(30,000)	-
Proceeds from issuance of convertible bonds	-	1,999,693
Proceeds from long-term borrowings	3,862,555	1,372,954
Repayment of long-term borrowings	(2,174,931)	(2,039,534)
Increase (decrease) in guarantee deposits received	(158)	1,018
Repayment of the principal portion of lease liabilities	(102,056)	(75,770)
Cash dividends	(1,604,922)	(1,018,117)
Change in non-controlling interests	<u>(678,721)</u>	<u>(208,629)</u>
Net cash generated from financing activities	<u>471,631</u>	<u>933,597</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>444,503</u>	<u>(139,947)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,439,943	222,155
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,275,337</u>	<u>3,053,182</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 6,715,280</u>	<u>\$ 3,275,337</u>

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

(With Deloitte & Touche auditors' report dated March 16, 2023)

(Concluded)

## WAH LEE INDUSTRIAL CORP.

## Distribution of Net Earnings

2022

Unit: NTD

Items	Amount	
	Subtotal	Total
Beginning balance of retained earnings		\$ 7,332,708,585
Add: Disposal of investment in equity instruments at fair value through other comprehensive income, accumulated income transferred directly to retained earnings	76,458,881	
Less: Retained earnings due to investment adjustment using the equity method	-	
Add: Remeasurement of defined benefit plan recognized in retained earnings	18,662,818	
Less: Changes in ownership interest in subsidiaries recognized in retained earnings	-	
Unappropriated retained earnings after adjustment		7,427,830,284
Add: Net profit after tax for the year	2,484,800,292	
Less: Provision for 10% legal reserve	(257,992,199)	
Less: provision for Special reserve	(263,936,138)	
Earnings available for distribution for the period		9,390,702,239
Assigned Items:		
Shareholder dividends - cash (RMB 6.1 per share)	( 1,439,709,441)	
Unappropriated retained earnings at the end of period		7,950,992,798

Note: The distribution of earnings for the year is based on the earnings for the year ended December 31, 2022.

Chairman: Chang Ray-Ching    Manager: CHANG TSUN-HSIEN    Accounting Director: LI KUO-PING

## WAH LEE INDUSTRIAL CORP.

## Amendments to the Rules of Procedure for Shareholders' Meetings and the Comparisons

Content		Amendment Basis and reasons
Before amendment	After amendment	
<p>3. Unless specified in laws or regulations, the shareholders' meeting shall be convened by the Board of Directors.</p> <p><del><b>The Company shall handle matters regarding calling a shareholders' meeting and shareholder proposals as set in Articles 172, 172.1 under the Company Act.</b></del></p> <p><b>The Company</b> shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the Market Observation Post System 21 days before the date of the regular shareholders' meeting or 15 days before the date of the special shareholders' meeting. Fifteen (15) days before the meeting of the Board of Shareholders, the Manual of Procedures and Supplementary Materials of the Meeting shall be prepared for the shareholders' request at any time, be displayed in the Company and the professional stock agency <del>appointed by the Company, and be distributed on-site at the shareholders' meeting.</del></p> <p>The shareholders' meeting has been stated for the full re-election of directors and the date</p>	<p>3. Unless specified in laws or regulations, the shareholders' meeting shall be convened by the Board of Directors.</p> <p><b><u>Changes in the method of convening the shareholders' meeting of the Company shall be resolved by the Board and no later than before the notice of the meeting is sent. The Company shall, thirty (30) days before the shareholders' meeting or fifteen (15) days before the extraordinary shareholders' meeting, send the notice of the meeting of the shareholders' meeting, the paper of proxy, the relevant recognition proposal, the discussion proposal, the election or dismissal of the directors and other proposals to the Public Information Observatory in electronic form.</u></b> And the Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the Market Observation Post System 21 days before the date of the regular shareholders' meeting or 15 days before the date of the special shareholders' meeting. Fifteen (15) days before the meeting of the Board of Shareholders, the Manual of Procedures and Supplementary Materials of the Meeting shall be prepared for the</p>	<p>Amended according to Article 3 of the Reference Examples of the Rules of Procedure for Shareholders' Meetings of Joint Stock Companies.</p>

Content		Amendment Basis and reasons
Before amendment	After amendment	
<p>of appointment. After the re-election of the shareholders' meeting is completed, the same meeting shall not change the date of appointment by extemporary motions or other means.</p>	<p>shareholders' request at any time, be displayed in the Company and the professional stock agency appointed by the Company, and be distributed on-site at the shareholders' meeting.</p> <p><b><u>The Procedure Manual and the supplementary information of the meeting set forth in the preceding paragraph shall be provided by the Company to shareholders for reference on the day of the shareholders' meeting in the following manner:</u></b></p> <ol style="list-style-type: none"> <li><b><u>1. When a physical meeting of shareholders is convened, it shall be issued on the spot at the meeting of shareholders.</u></b></li> <li><b><u>2. When a video-assisted shareholders' meeting is convened, it shall be distributed on the spot at the shareholders' meeting and sent in electronic files to the video conference platform.</u></b></li> <li><b><u>3. When convening a video shareholders' meeting, electronic files shall be sent to the video conferencing platform.</u></b></li> </ol> <p><b><u>The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</u></b></p> <p><b><u>Election or dismissal of directors, alteration of articles of association, capital reduction, application for suspension of public offering, directors' competition license,</u></b></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>transfer of surplus to capital increase, transfer of reserve to capital increase, dissolution of the Company, merger, division or 185 of the Companies Act</u></b></p> <p><b><u>The matters referred to in the first paragraph, Article 26-1, Article 43-6 of the Securities and Exchange Act, and the matters referred to in Articles 56-1 and 60-bis of the Rules for the Procurement and Issuance of Securities by Issuers shall be listed and explained in the reasons for their convening, and no extemporary motion may be made.</u></b></p> <p>The shareholders' meeting has been stated for the full re-election of directors and the date of appointment. After the re-election of the shareholders' meeting is completed, the same meeting shall not change the date of appointment by extemporary motions or other means.</p> <p><b><u>A shareholder holding one percent or more of the total number of issued shares may submit a written proposal for discussion to the Company at an annual shareholders' meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. In addition, the proposal proposed by the shareholders has one of the circumstances of each paragraph of Article 172-1, Paragraph (4) of the Companies Act, and the Board of Directors shall not be listed as a proposal.</u></b></p> <p><b><u>A shareholder may propose a</u></b></p>	



Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>proposal to urge the Company to promote the public interest or to fulfill its social responsibilities, and the procedure shall be limited to one proposal according to the relevant provisions of Article 172-1 of the Companies Act. Any proposal with more than one proposal shall not be included in the proposal. The Company shall announce the acceptance of the shareholder's proposal, written or electronic acceptance method, acceptance place and acceptance period before the date of suspension of stock transfer before the ordinary meeting of shareholders; its acceptance period shall not be less than 10 days. Proposals raised by shareholders shall be limited to 300 words, any content of more than 300 words may not be included in the proposals, and the shareholders shall be personally or entrusted to others to attend the general shareholders' meeting and participate in the discussion of the proposals. The Company shall notify the shareholders of the specific results before the date of the notice of convening the shareholders' meeting and list the motions conforming to the provisions of this article in the notice of meeting. At the shareholders' meeting, the Board of Directors shall specify the reasons for excluding any shareholders' proposals from the meeting agenda.</u></b></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
Newly added	<p><b><u>4. The shareholders may issue a power of attorney issued by the Company at each shareholders' meeting, specifying the scope of authorization and entrusting an agent to attend the shareholders' meeting. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting and deliver the proxy form to the Company at least five days before the date of the shareholders' meeting. If duplicate proxy forms are delivered, the one received earliest shall prevail. However, a declaration to cancel the previous proxy appointment is not subject to the rule above.</u></b></p> <p><b><u>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company at least two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></b></p> <p><b><u>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company at least two business days before the meeting date. If the cancellation notice is</u></b></p>	Amended according to Article 4 of the Reference Examples of the Rules of Procedure for Shareholders' Meetings of Joint Stock Companies.

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<b><u>submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></b>	
<p><b>4.</b> The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p> <p><del><b><u>The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences.</u></b></del></p>	<p><b>5.</b> The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p> <p><b><u>When the Company convenes a video shareholders' meeting, it is not subject to the place where the preceding paragraph is convened.</u></b></p>	Amended according to Article 5 of the “Rules of Procedure for Shareholders' Meetings of Joint Stock○○ Limited Company”.
Newly added	<p><b>6. <u>The Company shall indicate the reporting time, reporting location and other precautions of the accepting shareholder, the solicitor and the entrusted agent (hereinafter referred to as the shareholder) in the notification of the meeting. The shareholder attendance registrations set out in the preceding paragraph shall be accepted at least 30 minutes prior to the time the meeting</u></b></p>	Amended according to Article 6 of the “Rules of Procedure for Shareholders' Meetings of Joint Stock○○ Limited Company”.

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><u>commences. There shall be clear marks of the reporting place and appropriate personnel to be assigned to accept such registrations. Shareholders who intend to attend the meeting by videoconference shall handle such matters 30 minutes prior to the time the meeting commences and report it on the videoconference platform of the shareholders' meeting. The shareholders who have completed the reporting shall be deemed to have attended the shareholders' meeting in person.</u></p> <p><u>The shareholder shall attend the shareholders' meeting with the attendance certificate, the attendance signing card or other attendance documents, and the Company shall not arbitrarily add other supporting documents to the supporting documents on which the shareholder's attendance depends; the solicitor of the request for proxy shall bring the identity documents for verification. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</u></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>The Company shall deliver the meeting manual, annual report, certificate of attendance, speech slips, votes and other meeting materials to the shareholders attending the shareholders' meeting, and if there are any elected directors, they shall be accompanied by an electoral ballot.</u></b></p> <p><b><u>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</u></b></p> <p><b><u>Shareholders who wish to attend the shareholders' meeting by video conference shall register with the Company two days prior to the meeting of the shareholders' meeting.</u></b></p> <p><b><u>If the shareholders' meeting is convened by video conference, the Company shall upload the aforesaid information to the video conference platform of the shareholders' meeting at least 30 minutes prior to the time the meeting commences, and continue to disclose it until the end of the meeting.</u></b></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
Newly added	<p><b><u>1. The Company shall convene a videoconference of the shareholders' meeting, and the following matters shall be stated in the notice of the call at the shareholders' meeting:</u></b></p> <p><b><u>1. Participation of shareholders in videoconferences and methods of exercising their rights.</u></b></p> <p><b><u>2. Handling of obstacles arising from videoconferencing platforms or participation by means of videoconferencing due to natural disasters, incidents or other force majeure, including, at a minimum, the following:</u></b></p> <p><b><u>(1) the time at which the adjournment or continuation of the meeting is necessary cannot be ruled out, and the date at which the adjournment or continuation of the meeting is necessary.</u></b></p> <p><b><u>(2) Shareholders who have not registered to participate in the original shareholders' meeting by video shall not participate in the postponement or continuation of the meeting.</u></b></p> <p><b><u>(3) To convene a video-assisted shareholders' meeting, if it is not possible to continue the video conference, after deducting the number of shares present at the shareholders' meeting</u></b></p>	Amended according to Rule 6 of the Rules of Procedure for Shareholders' Meetings of Joint Stock Companies.

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>by video and the total number of shares present reaches the statutory quota for the shareholders' meeting, the shareholders' meeting shall continue to participate in the shareholders' meeting by video, and the number of shares present shall be included in the total number of shares of the shareholders present, and all proposals of the shareholders' meeting shall be deemed to be abstentions.</u></b></p> <p><b><u>(4) Where all the motions have been announced and no extemporary motion has been made, the handling method thereof.</u></b></p> <p><b><u>3. Convene a video shareholders' meeting and set out the appropriate alternative measures for shareholders who have difficulty in participating in the shareholders' meeting by video.</u></b></p>	
<p><b><u>5.</u></b> If a shareholders' meeting is convened by the Board, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise his/her authority, The Vice Chairman shall act in place of the chairman. If there is no Vice-Chairperson or Vice Chairman is unable to exercise the powers of the duty for any reason, the Chairman shall</p>	<p><b><u>7.</u></b> If a shareholders' meeting is convened by the Board, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise his/her authority, the Vice Chairman shall act on his/her behalf; if there is Vice-Chairperson or Vice Chairman also asks for leave or is unable to exercise his/her authority, the chairman shall appoint one of the directors to act on his/her behalf; if the chairman does not appoint an agent, the directors</p>	Adjustment number

Content		Amendment Basis and reasons
Before amendment	After amendment	
<p>appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. Any director who serves as chair as referred above shall hold that position for 6 months or more and understand the financial and business conditions of the Company. The same shall be true for a representative of a juridical person director that serves as chair.</p> <p>The shareholders' meetings convened by the Board shall be chaired by the Chairman in person and attended by a majority of the directors in person with at one representative in person from each functional committee. The attendance shall be recorded in the meeting minutes.</p> <p>When a shareholders' meeting is convened by any other person having the convening right, he/she shall act as the chairman of that meeting. If there are two or more persons having the convening right, the meeting chair shall be elected from among themselves.</p>	<p>shall push one of them to act on his/her behalf.</p> <p>Any director who serves as chair as referred above shall hold that position for 6 months or more and understand the financial and business conditions of the Company. The same shall be true for a representative of a juridical person director that serves as chair.</p> <p>The shareholders' meetings convened by the Board shall be chaired by the Chairman in person and attended by a majority of the directors in person with at one representative in person from each functional committee. The attendance shall be recorded in the meeting minutes.</p> <p>When a shareholders' meeting is convened by any other person having the convening right, he/she shall act as the chairman of that meeting. If there are two or more persons having the convening right, the meeting chair shall be elected from among themselves.</p>	



Content		Amendment Basis and reasons
Before amendment	After amendment	
<p><b>7.</b> <del>The</del> Company, beginning from the time it accepts shareholder attendance registrations, shall make a non-stop audio and video recording of the registration procedure, the proceedings of the meeting and the voting and vote counting procedures.</p> <p>The recorded materials shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p> <p><del><b>The resolution matters of the shareholders' meeting shall be recorded in the minutes of the meeting and handled in accordance with Article 183 in the Company Act.</b></del></p>	<p><b>8.</b> The Company, beginning from the time it accepts shareholder attendance registrations, shall make a non-stop audio and video recording of the registration procedure, the proceedings of the meeting and the voting and vote counting procedures.</p> <p>The recorded materials shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p> <p><b>The shareholders' meeting shall be convened by means of a videoconference. The Company shall record and preserve the registration, registration, registration, questioning, voting and voting results of the shareholders, and continuously record and record the videoconference. For the information and audio-visual recordings in the preceding paragraph, the Company shall keep them properly for the duration of their existence and provide them to the person entrusted with the videoconferencing business for preservation.</b></p>	<p>Amended according to Article 8 of the “Rules of Procedure for Shareholders' Meetings of Joint Stock○○ Limited Company”.</p>
<p><b>8.</b> When the meeting time has expired, <del>the chairman shall immediately declare the meeting open and at the same time publish relevant information such as non-voting rights and attendance</del></p>	<p><b>9.</b> The <u>attendance at the shareholders' meeting shall be calculated on the basis of the shares. The number of shares present shall be calculated according to the number of shares reported on the signature book or the signature card and the video</u></p>	<p>Amended according to Article 9 of the “Rules of Procedure for Shareholders' Meetings of Joint Stock○○ Limited Company”.</p>

Content		Amendment Basis and reasons
Before amendment	After amendment	
<p><del>at shares.</del> 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 still not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, <del>a tentative resolution may be adopted pursuant to Article 175, paragraph 1 under the Company Act.</del></p> <p><del>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 under the Company Act.</del></p>	<p><b><u>conference platform submitted, and the number of shares exercising voting rights in writing or electronically shall be added.</u></b></p> <p>When the meeting time has expired, the chairman shall immediately declare the meeting open. 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 second deficit is postponed and a shareholder representing more than one-third of the total number of issued shares is present, <b><u>the chairman shall announce the streaming meeting; if the shareholders' meeting is convened by video conference, the Company shall also announce the streaming meeting on the video conference platform of the shareholders' meeting.</u></b></p> <p><b><u>When the second postponement of the preceding paragraph is still insufficient and a shareholder representing more than one-third of the total number of issued shares is present, he may, according to Article 175, Paragraph 1 of the Company Law, make a false resolution and notify each shareholder to convene a shareholders' meeting within one month; if the shareholders' meeting is convened by video conference and the shareholder wishes to attend by video, he shall re-register with the Company according to Article 6.</u></b></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>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 under the Company Act.</u></b></p>	
<p>8. If the shareholders' meeting is convened by the Board, its agenda shall be determined by the Board, and relevant proposals (including extemporary motions and amendments to the original proposal) shall be voted on a case-by-case basis. The meeting shall be conducted according to the scheduled agenda, and shall not be changed without a resolution of the shareholders' meeting.</p> <p>The provisions aforementioned apply to a shareholders' meeting convened by a party with the power to convene other than the Board.</p> <p>The meeting chair may not declare the adjournment prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extemporary motions), except by a resolution of the shareholders' meeting.</p> <p>During the session of a shareholders' meeting, if the chair declares the adjournment of the meeting in a manner violating such rules governing the proceedings of meetings, <del>a</del></p>	<p>9. If the shareholders' meeting is convened by the Board, its agenda shall be determined by the Board, and relevant bills (including extemporary motions and amendments to the original motions) shall be voted on a case-by-case basis. The meeting shall be conducted according to the scheduled agenda and shall not be changed without a resolution of the shareholders' meeting.</p> <p>The provisions aforementioned apply to a shareholders' meeting convened by a party with the power to convene other than the Board.</p> <p>The meeting chair may not declare the adjournment prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extemporary motions), except by a resolution of the shareholders' meeting.</p> <p>If the chairman violates the Rules and announces the adjournment of the meeting, the other members of <b><u>the Board</u></b> <b><u>shall promptly assist the attending shareholders in</u></b></p>	<p>Amended according to Article 10 of the Reference Examples of Rules of Procedure for Shareholders' Meetings of Joint Stock○○ Limited Companies.</p>

Content		Amendment Basis and reasons
Before amendment	After amendment	
<p><del><b>new meeting chairman</b></del> may be elected by a resolution to be adopted by a majority of the voting rights represented by the attending shareholders. to continue.</p>	<p><b><u>electing one person as chairman</u></b>, as approved by more than half of the voting rights represented at the shareholder meeting, according to the statutory procedures.</p> <p><b><u>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extemporary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.</u></b></p>	
<p><b>10.</b> Before attending a shareholder's speech, it is necessary to fill in the speech clause indicating the gist of the speech, the shareholder's account number (or attendance card number) and the account name, and the chairman shall set the order of their speech.</p> <p>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.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the</p>	<p><b>11.</b> Before attending a shareholder's speech, it is necessary to fill in a speech clause indicating the gist of the speech, the shareholder's account number (or attendance certificate number) and the account name, and the chairman shall set the order of their speech.</p> <p>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.</p> <p><b><u>Each shareholder of the same motion may speak no more than twice without the consent of the chairman, and no more than three minutes at a time; provided, however,</u></b></p>	Amended according to Article 11 of the “Rules of Procedure for Shareholders' Meetings of Joint Stock Limited Company”.

Content		Amendment Basis and reasons
Before amendment	After amendment	
<p>chair and the shareholder that has the floor; the chair shall stop any violation.</p>	<p><b><u>that if the shareholder speaks in violation of the provisions, overdue or beyond the scope of the agenda, or breaks the order of the meeting, the chairman may stop him from speaking. The chair has the power to ban the shareholder's speech if he/she continues speaking after the restraint.</u></b></p> <p>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.</p> <p><b><u>When appointing two or more representatives to attend a meeting, only one of the representatives appointed may speak on the same proposal.</u></b></p> <p><b><u>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</u></b></p> <p><b><u>Shareholders who participate by video conference may, after the chairman has announced the meeting and before the adjournment of the meeting, ask questions in writing on the video conference platform of the shareholders' meeting, and the number of questions in each motion shall not exceed two times, each time limited to two hundred words, and the provisions of Paragraphs</u></b></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<b><u>1 to 5 shall not apply.</u></b>	
<p><del>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.</del></p> <p><del>The chair has the power to restrain the shareholder's speech when he/she continues speaking after the time limit or beyond the subject matter or violating the meeting procedures.</del></p> <p><del>The chair has the power to ban the shareholder's speech if he/she continues speaking after the restraint.</del></p>	<b><u>Deleted.</u></b>	
<p><del>12. When a juridical person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When appointing two or more representatives to attend a meeting, only one of the representatives appointed may speak on the same proposal.</del></p>	<p><b><u>12. The votes of the board of shareholders shall be based on shares.</u></b></p> <p><b><u>With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.</u></b></p> <p><b><u>When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not</u></b></p>	Amended according to Article 12 of the "Rules of Procedure for Shareholders' Meetings of Joint Stock Limited Company".

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><u>vote on that item, and may not exercise voting rights as proxy for any other shareholder.</u></p> <p><u>The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.</u></p> <p><u>With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</u></p>	
<p>13. <del>After attending the shareholders' speeches, the chairman may reply in person or by designating relevant personnel.</del></p>	<p>13. <u>Shareholders shall have one vote per share, except those who are restricted or have no voting rights listed in Paragraph 2 of Article 179 of the Companies Act.</u></p> <p><u>When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be</u></p>	<p>Amended according to Article 13 of the "Rules of Procedure for Shareholders' Meetings of Joint Stock Limited Company".</p>

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>specified in the shareholders' meeting notice. Shareholders exercising their voting rights in writing or electronically shall be deemed to attend the shareholders' meeting in person. However, the extemporary motions and amendments to the original motion of the shareholders' meeting shall be deemed to be abstentions, so it is advisable for the Company to avoid proposing the provisional motion and the amendment of the original motion.</u></b></p> <p><b><u>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to Aurora at least two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</u></b></p> <p><b><u>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend</u></b></p>	



Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to Aurora, by the same means by which the voting rights were exercised, at least two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. In case a shareholder has exercised the voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.</u></b></p> <p><b><u>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company at least two business days before the</u></b></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of voting, after the chairman or his designated person announces the total number of voting rights attending the shareholders on a case-by-case basis, the shareholders shall vote on the case-by-case basis, and on the day after the shareholders' meeting, the results of the shareholders' consent, objection and abstention shall be entered into the public information observatory. 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</u></b></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>proposals will then be deemed rejected, and no further voting shall be required.</u></b></p> <p><b><u>When voting on a proposal, the monitoring and counting personnel shall be appointed by the chairman, provided that all monitoring personnel shall be shareholders of the Company.</u></b></p> <p><b><u>The counting of the votes or election proposals of the shareholders' meeting shall be done in a public place in the shareholders' meeting, and after the counting is completed, the election results shall be announced on the spot, including the rights of statistics, and records shall be made.</u></b></p> <p><b><u>The Company shall hold a videoconference of the shareholders' meeting, in which the shareholders participating by videoconference shall, after the Chairman's announcement of the meeting, vote on various motions and electoral motions through the videoconference platform, which shall be completed before the Chairman's announcement of the conclusion of the voting, and the late shareholders shall be deemed to have abstained.</u></b></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>The shareholders' meeting shall be convened by videoconference and shall be a one-time counting of votes after the chairman announces the end of the voting and announces the voting and election results. When the Company holds a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting by video according to Article 6 and who wish to attend the entity shareholders' meeting in person shall register with the Company two days before the meeting of the shareholders' meeting. The registration shall be cancelled by the same method; if the registration is cancelled after the expiration of the time limit, it shall only be allowed to attend the shareholders' meeting by video-visual means. Those who exercise their voting rights in writing or electronically, have not withdrawn their intention, and participate in the shareholders' meeting by video, shall not exercise their voting rights on the original proposal or propose amendments to the original proposal or exercise their voting rights on the</u></b></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<b><u>amendments to the original proposal except for extemporary motions.</u></b>	
14. <del>The chairman shall give full explanation and opportunity for discussion of the motion and amendments or extemporary motions put forward by the shareholders. If he/she considers that a vote has been reached, he/she may declare the discussion closed, put the matter to a vote, and arrange adequate voting time.</del>	14. <b><u>When the shareholders' meeting has elected directors, it shall be conducted according to the relevant electoral rules established by the Company, and the election results shall be announced on the spot, including the list of elected directors and their elective rights and the list of unelected directors and the number of electoral rights they have obtained. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</u></b>	Amended according to Article 14 of the Reference Examples of Rules of Procedure for Shareholders' Meetings of Joint Stock Limited Companies.
15. <del>When voting on a proposal, the monitoring and counting personnel shall be appointed by the chairman, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for proposals or elections shall be</del>	15. <b><u>The resolution matters of the shareholders' meeting shall be made into minutes, signed or sealed by the chairman, and the minutes shall be distributed to the shareholders within 20 days after the meeting. The meeting minutes may be produced and distributed in</u></b>	Amended according to Article 15 of the "Rules of Procedure for Shareholders' Meetings of Joint Stock Limited Company".

Content		Amendment Basis and reasons
Before amendment	After amendment	
<p><del>conducted in public at the venue of the shareholders' meeting. The voting results, including the statistical tallies of the number of votes and the list of elected candidates, shall be announced on-site at the meeting right after vote counting has been completed and put on record.</del></p> <p><del>All ballots counted from the voting mentioned above shall be kept properly for no less than a year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</del></p>	<p><u>electronic form.</u></p> <p><u>The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</u></p> <p><u>The minutes of the meeting shall indeed be recorded according to the year, month, day, place, name of the chairman, resolution method, summary of the proceedings and the result of the vote (including the number of statistical rights). When there are elected directors and supervisors, the number of votes each candidate has shall be disclosed. The minutes shall be retained for the duration of the existence of the Company.</u></p> <p><u>In addition to the matters to be recorded according to the preceding paragraph, the minutes of the shareholders' meeting shall record the time until the meeting of the shareholders' meeting, the method of convening the meeting, the chairman and the name of the record, and the handling and handling of the videoconference platform or video participation in the event of obstacles due to natural</u></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>disasters, incidents or other force majeure.</u></b>  <b><u>In addition to the provisions of the preceding paragraph, the Company shall convene a video shareholders' meeting, and shall state in the minutes of the meeting that there are alternative measures provided by shareholders who have difficulties in participating in the shareholders' meeting by video.</u></b></p>	
<p>16. <del><b><u>Shareholders shall have one vote per share, except those who are restricted or have no voting rights listed in paragraph 2 of Article 179 of the Companies Act. When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. 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.</u></b></del></p>	<p>16. <b><u>The number of shares solicited, the number of shares represented by the entrusted agent and the number of shares attended by the shareholders in writing or electronically shall be clearly disclosed in the shareholders' meeting venue on the day of the meeting of the shareholders' meeting in the statistical table prepared according to the prescribed format; if the shareholders' meeting is convened by video conference, the Company shall upload the aforesaid information to the video conference platform of the shareholders' meeting at least 30 minutes prior to the time the meeting commences, and continue</u></b></p>	<p>Amended according to Article 16 of the “Rules of Procedure for Shareholders' Meetings of Joint Stock Limited Company”.</p>

Content		Amendment Basis and reasons
Before amendment	After amendment	
<p><del>However, the extemporaneous motions and amendments to the original motion of the shareholders' meeting shall be deemed to be abstentions, so it is advisable for the Company to avoid proposing the provisional motion and the amendment of the original motion.</del></p> <p><del>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to Aurora at least two days before the date of the shareholders' meeting.</del></p> <p><del>When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</del></p> <p><del>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall</del></p>	<p><u>to disclose it until the end of the meeting.</u></p> <p><u>When the Company holds a video conference of the shareholders' meeting and announces the meeting, the total number of the shareholders' shares present shall be disclosed on the video conference platform. The same shall apply to the total number of shares and the number of voting rights of the shareholders present at the meeting.</u></p>	



Content		Amendment Basis and reasons
Before amendment	After amendment	
<p><del>be made known to Aurora, by the same means by which the voting rights were exercised, at least two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. In case a shareholder has exercised the voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.</del></p> <p><del>Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of voting, after the chairman or his designated person announces the total number of voting rights attending the shareholders on a case-</del></p>		

Content		Amendment Basis and reasons
Before amendment	After amendment	
<p><del>by case basis, the shareholders shall vote on the case by case basis, and on the day after the shareholders' meeting, the results of the shareholders' consent, objection and abstention shall be entered into the public information observatory.</del></p>		
<p><del>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.</del></p>	Deleted.	
<p>18. The chairman may direct the inspector (or security officer) to assist in maintaining order at the meeting. Such disciplinary officers (or security guards) shall wear badges marked "Disciplinary Officers" for identification purposes.</p>	<p><b><u>17. Members of the board of shareholders shall wear identification cards or armbands.</u></b>  The chairman may direct the inspector (or security officer) to assist in the maintenance of order at the meeting. When the inspector (or security officer) is present to assist in maintaining order, he or she should wear the "inspector" <b><u>armband or identification card.</u></b>  <b><u>At the venue of a shareholders' meeting, if a</u></b></p>	Amended according to Article 17 of the "Rules of Procedure for Shareholders' Meetings of Joint Stock Limited Company".

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.</u></b></p> <p><b><u>When a shareholder violates the Rules and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to drive the shareholder from the venue.</u></b></p>	
<p><b><u>19.</u></b> While the meeting is in progress, the President may, at his discretion, declare a recess and, in the event of an irresistible circumstance, rule to suspend the meeting temporarily and, as the case may be, declare the time for its resumption.</p> <p>Before the meeting (including Extemporaneous Motions) is finalized on the agenda set by the shareholders' meeting, and the meeting venue cannot be used at that time, the shareholders' meeting may decide to find another venue to continue the meeting.</p>	<p><b><u>18.</u></b> While the meeting is in progress, the President may, at his discretion, declare a recess and, in the event of an irresistible circumstance, rule to suspend the meeting temporarily and, as the case may be, declare the time for its resumption.</p> <p>Before the meeting (including Extemporaneous Motions) is finalized on the agenda set by the shareholders' meeting, and the meeting venue cannot be used at that time, the shareholders' meeting may decide to find another venue to continue the meeting.</p> <p><b><u>The shareholders' meeting may, according to Article 182 of the Companies Act,</u></b></p>	<p>Amended according to Article 18 of the Reference Examples of Rules of Procedure for Shareholders' Meetings of Joint Stock Limited Companies.</p>

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<b><u>decide to postpone or continue the meeting within five days.</u></b>	
Newly added	<b><u>19. If the shareholders' meeting is convened by video conference, the Company shall immediately disclose the voting results and election results of the various resolutions to the video conference platform of the shareholders' meeting according to the regulations after the voting is over, and shall continue to disclose the results for at least 15 minutes after the chairman has announced the adjournment of the meeting.</u></b>	Amended according to Article 19 of the “Rules of Procedure for Shareholders' Meetings of Joint Stock○○ Limited Company”.
<del>20. <u>In case a shareholders' meeting is discontinued for any reason, a resolution may be adopted before adjournment to defer or resume the meeting within five days in accordance with Article 182 of the Company Act. This shall not apply to procedures detailed on Paragraph 2, Article 172 of the Company Act.</u></del>	<b><u>20. When the Company convenes a video shareholders' meeting, the chairman and the recording personnel shall be at the same place in the country.</u></b>	Amended according to Article 20 of the Rules of Procedure for Shareholders' Meetings of ○○Company Limited.
Newly added	<b><u>21. When the shareholders' meeting is convened by video conference, the chairman shall, at the time of the announcement of the</u></b>	Amended according to Article 21 of the “Rules of Procedure for Shareholders' Meetings of Joint Stock○○ Limited Company”.

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>meeting, separately announce that, in addition to the circumstances stipulated in Article 44-20, paragraph 4, of the Rules for the Public Offering of Shares of a Stock Company that do not require postponement or continuation of the meeting, the date of postponement or continuation of the meeting shall be within five days, and the provisions of Article 182 of the Companies Act shall not apply when the chairman announces the adjournment of the meeting due to natural disasters, incidents or other circumstances of force majeure, resulting in the occurrence of obstacles to the platform for video conference or participation in the form of video for more than 30 minutes.</u></b></p> <p><b><u>The meeting shall be postponed or continued according to the preceding paragraph, and shareholders who have not registered to participate in the original shareholders'</u></b></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>meeting by video shall not participate in the postponement or continuation of the meeting.</u></b></p> <p><b><u>The number of shares, voting rights exercised and voting rights of shareholders present at the original shareholders' meeting shall be included in the total number of shares, voting rights and voting rights of shareholders present at the postponed or continuing meeting.</u></b></p> <p><b><u>When the shareholders' meeting is postponed or resumed according to the first paragraph, there is no need to revisit the discussion and resolutions on the completed voting and counting, and announce the voting results or the list of directors and supervisors elected.</u></b></p> <p><b><u>When the Company convenes a video-assisted shareholders' meeting and the first video conference cannot be continued, if after deducting the number of shares attending the shareholders' meeting by video, the total number of shares attending the</u></b></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>shareholders' meeting still reaches the statutory quota, the shareholders' meeting shall continue without postponing or continuing the meeting according to the first paragraph.</u></b></p> <p><b><u>In the event of the occurrence of the preceding paragraph, the meeting shall continue to be held, and the shareholders participating in the shareholders' meeting by video shall be included in the total number of shares attended by the shareholders, but all the resolutions of the shareholders' meeting shall be deemed to be abstentions.</u></b></p> <p><b><u>The Company shall postpone or continue the meeting according to Paragraph 1 according to Paragraph 27 of Article 44 of the Standards for the Handling of Shares of Public Offering Companies, and handle the relevant preliminary operations according to the date of the original shareholders' meeting and the provisions of the respective Articles.</u></b></p>	

Content		Amendment Basis and reasons
Before amendment	After amendment	
	<p><b><u>During the period specified in the second paragraph of Article 12 and the third paragraph of Article 13 of the Rules for the Use of Authorization by Public Issuing Companies at Shareholders' Meetings, the second paragraph of Article 44-5, the fifteenth paragraph of Article 44-15, and the first paragraph of Article 44-17 of the Rules for the Treatment of Shareholders of Public Issuing Companies, the Company shall, according to paragraph 2, postpone or continue the date of the shareholders' meeting.</u></b></p>	
Newly added	<p><b><u>22. When the Company convenes a video shareholders' meeting, it shall provide appropriate alternative measures for shareholders who have difficulties in attending the shareholders' meeting via video.</u></b></p>	Amended according to Article 22 of the “Rules of Procedure for Shareholders' Meetings of Joint Stock Limited Company”.
<p><b><u>21.</u></b> Matters not stipulated in the Rules shall be handled according to the Company Law, the Articles of Incorporation, and other relevant laws and regulations.</p>	<p><b><u>23.</u></b> Matters not stipulated in the Rules shall be handled according to the Company Law, the Articles of Incorporation, and other relevant laws and regulations.</p>	Adjustment number



Content		Amendment Basis and reasons
Before amendment	After amendment	
<p><b>22.</b> These rules, and any amendments hereto, shall be implemented from the date it is adopted by the shareholders' meeting.</p>	<p><b>24. <u>These</u></b> rules, and any amendments hereto, shall be implemented from the date it is adopted by the shareholders' meeting.</p>	Adjustment number

WAH LEE INDUSTRIAL CORP.  
Amendments to “Procedures for Acquisition or Disposal of Assets” and the  
Comparisons

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
Article 6	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of relevant laws and regulations. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. According to these procedures, if the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be</p>	<p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall <b><u>comply with the self-regulatory rules of the industry associations to which they belong and</u></b> with the following provisions:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of relevant laws and regulations. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. According to these procedures, if 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</p>	<p>1. Based on the fact that the trade associations to which external experts belong have established relevant regulations for undertaking related businesses, such as professional appraisers issuing appraisal reports, there are already self-regulatory norms related to real estate appraisal, and other trade associations of external experts should also amend and incorporate relevant self-regulatory regulations for</p>

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	related parties or de facto related parties of each other.	parties or de facto related parties of each other.	their practitioners or personnel to issue opinion letters in accordance with the "Practical Guidelines for Expert Opinion Writing" issued by the Stock Exchange.
Article 7	<p>Assessment and Procedures &lt;The first paragraph is unamended.&gt;</p> <p>II. Investment Limit and Authorization Level</p> <p>(1) Acquisition or disposal of securities investment shall be carried out in accordance with the approval authority stipulated by the company; if the transaction amount exceeds NT\$300 million <u>(exclusive)</u>, it must be approved by the Board of directors.</p> <p>(2) The real estate, plant and equipment required for business operations and the real estate, plant and equipment not required for the Company's operations shall be determined in accordance with the approval authority stipulated by the Company; if the</p>	<p>Assessment and Procedures &lt;The first paragraph is unamended.&gt;</p> <p>II. Investment Limit and Authorization Level</p> <p>(1) Acquisition or disposal of securities investment shall be carried out in accordance with the approval authority stipulated by the company; if the transaction amount exceeds NT\$300 million <u>(inclusive)</u>, it must be approved by the Board of directors.</p> <p>(2) The real estate, plant and equipment required for business operations and the real estate, plant and equipment not required for the Company's operations shall be determined in accordance with the approval authority stipulated by the Company; if the transaction amount</p>	<p>1. Permission to adjust investment limit</p> <p>2. Unit to execute the adjustment</p> <p>3. Considering that Article 6 has been amended and updated to require external experts to issue opinions in accordance with the self-regulatory norms of their respective trade associations, and the procedures to be executed by</p>

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>transaction amount reaches NT\$300 million <b><u>(exclusive)</u></b> above, it must be approved by the Board of Directors.</p> <p>&lt;Paragraph II (3) has not been amended.&gt;</p> <p>(4) If the amount of the acquisition or disposal of memberships is less than NT\$10 million <b><u>(inclusive)</u></b>, shall be handled according to the approval authority stipulated by the Company and shall be reported to the latest meeting of the Board of Directors after the event; otherwise, it must be approved by the Board of Directors before it can be done.</p> <p>(5) Where the amount of intangible assets acquired or disposed of is less than NT\$30 million <b><u>(inclusive)</u></b>, it shall be shall be handled according to the approval authority stipulated by the Company and shall be reported at the latest meeting of the Board of Directors after the event; otherwise, it shall be submitted for approval by the Board of Directors.</p> <p>&lt;Paragraphs 6 to 9 have not been</p>	<p>reaches NT\$300 million <b><u>(inclusive)</u></b> above, it must be approved by the Board of Directors.</p> <p>&lt;Paragraph II (3) has not been amended.&gt;</p> <p>(4) If the amount of the acquisition or disposal of memberships is less than NT\$10 million <b><u>(exclusive)</u></b>, shall be handled according to the approval authority stipulated by the Company and shall be reported to the latest meeting of the Board of Directors after the event; otherwise, it must be approved by the Board of Directors before it can be done.</p> <p>(5) Where the amount of intangible assets acquired or disposed of is less than NT\$30 million <b><u>(exclusive)</u></b>, it shall be shall be handled according to the approval authority stipulated by the Company and shall be reported at the latest meeting of the Board of Directors after the event; <b><u>otherwise</u></b>, it shall be submitted for approval by the Board of Directors.</p> <p>&lt;Paragraphs 6 to 9 have not been amended.&gt;</p>	<p>accountants for issuing opinions have been covered, hence the text "The CPA shall do so in accordance with Statement of Auditing Standards No. 20. issued by the Accounting Research and Development Foundation" is deleted.</p>

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>amended.&gt;</p> <p>III. Executing units The acquisition or disposal of assets by the Company shall be reported at each level in accordance with the following regulations and, if necessary, shall be reported to the Board of Directors for approval:</p> <p>(1) Where the Company acquires or disposes of securities that are not listed on the market, the <u>Investment Management Department, the Investor Relations and Investment Management Department</u> and the Finance Department shall handle the securities in accordance with the "Investment Cycles" provisions of the internal control system of the Company. If it is a listed or OTC company, the chairman of the Board of Directors shall designate a specific person to do so in the centralized trading market or the business premises of the securities firm, depending on the Company's capital status.</p> <p>(2) The Company's acquisition or disposal of real estate and equipment shall be handled by the Operations Support Department in accordance with the Company's</p>	<p>III. Executing units The acquisition or disposal of assets by the Company shall be reported at each level in accordance with the following regulations and, if necessary, shall be reported to the Board of Directors for approval:</p> <p>(1) Where the Company acquires or disposes of securities that are not listed on the market, <u>the Investment Management Department and the Finance Department</u> shall handle the securities in accordance with the "Investment Cycles" provisions of the internal control system of the Company. If it is a listed or OTC company, the chairman of the Board of Directors shall designate a specific person to do so in the centralized trading market or the business premises of the securities firm, depending on the Company's capital status.</p> <p>(2) The Company's acquisition or disposal of real estate and equipment shall be handled by the Operations Support Department in accordance with the Company's "Property, Plant and Equipment Cycles".</p> <p>(3) When the Company acquires</p>	

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>"Property, Plant and Equipment Cycles".</p> <p>(3) When the Company acquires or disposes of memberships or intangible assets, the Operations Support Department shall submit a request for approval in accordance with the approval regulations as shown in the preceding Article, and then the user department and related departments shall be responsible for the execution.</p> <p>(4) The acquisition or disposal of derivative commodities by the Company shall be handled by the Finance Department in accordance with this Procedure.</p> <p>(5) When the Company handles a merger, division, acquisition or share transfer, it is appropriate to invite lawyers, accountants and underwriters to jointly discuss the estimated timetable of statutory procedures, and form a project team to implement it in accordance with statutory procedures.</p> <p>IV. Property or Equipment Appraisal Report</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or</p>	<p>or disposes of memberships or intangible assets, the Operations Support Department shall submit a request for approval in accordance with the approval regulations as shown in the preceding Article, and then the user department and related departments shall be responsible for the execution.</p> <p>(4) The acquisition or disposal of derivative commodities by the Company shall be handled by the Finance Department in accordance with this Procedure.</p> <p>(5) When the Company handles a merger, division, acquisition or share transfer, it is appropriate to invite lawyers, accountants and underwriters to jointly discuss the estimated timetable of statutory procedures, and form a project team to implement it in accordance with statutory procedures.</p> <p>IV. Property or Equipment Appraisal Report</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic</p>	

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p>	<p>government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following</p>	

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, <del>a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and</del> the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</li> </ol> <p>(4) No more than 3 months may elapse between the date of the appraisal</p>	<p>circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</li> </ol> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued</p>	



Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>V. Expert opinions on securities acquisition or disposal The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <del>The CPA shall do so in accordance with Statement of Auditing Standards No. 20, issued by</del></p>	<p>by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>V. Expert opinions on securities acquisition or disposal The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If in need of using the report of an expert. This requirement</p>	

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p><del><b>the Accounting Research and Development Foundation.</b></del> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>VI. Expert Assessment Report on Memberships or Intangible Assets Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. <del><b>The CPA shall do so in accordance with Statement of Auditing Standards No. 20, issued by the Accounting Research and Development Foundation.</b></del></p> <p>&lt;Paragraphs 7 to 9 have not been amended.&gt;</p>	<p>does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>VI. Expert Assessment Report on Memberships or Intangible Assets Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>&lt;Paragraphs 7 to 9 have not been amended.&gt;</p>	

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
Article 8	<p>Procedures for handling related party transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with the provisions of Article 7, paragraph 8.</p> <p>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the</p>	<p>Procedures for handling related party transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with the provisions of Article 7, paragraph 8.</p> <p>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the</p>	<p>In order to strengthen the management of related party transactions, significant related party transactions should be submitted to the Shareholders' Meeting for approval before they can be entered into. In the case of a non-public offering subsidiary, matters that should be submitted to the Shareholders' Meeting for approval shall be carried out by the upper-level public offering parent company.</p>

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>substance of the relationship shall also be considered.</p> <p>II. Assessment and Procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and submitted to the Board of Directors for approval:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a</p>	<p>substance of the relationship shall also be considered.</p> <p>II. Assessment and Procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and submitted to the Board of Directors for approval:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing</p>	

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>transaction counterparty.</p> <p>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of Paragraphs (1) and (5) of Paragraph 3 of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion</p>	<p>the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of Paragraphs (1) and (5) of Paragraph 3 of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser</p>	

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>obtained in compliance with the provisions of the first paragraph.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 11, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to and approved by the Board of Directors in accordance with this Procedure need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Article 7, paragraph 2, delegate the Board Chairman to decide such matters when the transaction is within a certain amount and have the</p>	<p>or a CPA's opinion obtained in compliance with the provisions of the first paragraph.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 11, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to and approved by the Board of Directors in accordance with this Procedure need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Article 7, paragraph 2, delegate the Board Chairman to decide such matters when</p>	

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>decisions subsequently submitted to and ratified by the next Board of d=Directors meeting:</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>When a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>	<p>the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of d=Directors meeting:</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>When a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p><b><u>If the Company or its subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the sub paragraphs of paragraph 1</u></b></p>	

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<Paragraph 3 is unamended.>	<p><b><u>to the Shareholders' Meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.</u></b></p> <p><b><u>The calculation of the transaction amounts referred to in paragraph 2 and the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders' meeting or board of directors and recognized by the Audit Committee need not be counted toward the transaction amount.</u></b></p> <p>&lt;Paragraph 3 is unamended.&gt;</p>	
Article 10	Procedures for Handling Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares  <Paragraphs 1 to 6 have not been	Procedures for Handling Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares  <Paragraphs 1 to 6 have not been	Adjustment to corresponding items



Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>amended.&gt;</p> <p>VII. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and shall <b><u>abide by the provisions of the date of Board Meeting in paragraph 1</u></b>, the prior confidentiality undertaking in <b><u>paragraph 2</u></b>, and the change in the number of companies participating in the merger, division, acquisition or share transfer in <b><u>paragraph 5</u></b> of this Article.</p>	<p>amended.&gt;</p> <p>VII. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and shall abide by the provisions of the date of Board Meeting in <b><u>paragraph 2</u></b>, the prior confidentiality undertaking in <b><u>paragraph 3</u></b>, and the change in the number of companies participating in the merger, division, acquisition or share transfer in <b><u>paragraph 6</u></b> of this Article.</p>	
Article 11	<p>Procedures for Information Disclosure</p> <p>I. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the Market Observation Post System (MOPS) in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>&lt;Paragraph 1 to 5 have not been amended.&gt;</p>	<p>Procedures for Information Disclosure</p> <p>I. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the Market Observation Post System (MOPS) in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>&lt;Paragraph 1 to 5 have not been amended.&gt;</p>	<p>Considering that the current trading of domestic government bonds has been exempted from publicly announce and report the information, hence trading of foreign government bonds with a bond issue rating that is not lower</p>

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>(6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> <li>1. Trading of domestic government bonds.</li> <li>2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</li> </ol> <p>(7) For the calculation of 10 percent of total assets under these Regulations, 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.</p>	<p>(6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> <li>1. Trading of domestic government bonds <b><u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></b></li> <li>2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</li> </ol> <p>(7) For the calculation of 10 percent of total assets under these Regulations, 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</p>	<p>than the sovereign rating of Taiwan is relaxed, and the public announcement and report are also exempted.</p>

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<Paragraph 2 to 6 have not been amended.>	used. <Paragraph 2 to 6 have not been amended.>	
Article 12	<p>Subsidiaries of the Company shall be governed by the following provisions:</p> <p><b><u>I. The company shall urge the subsidiary to formulate procedures for acquiring or disposing of assets according to the nature of its business, business scale, and local laws and regulations. When a subsidiary acquires or disposes of assets, it shall follow its handling procedures.</u></b></p> <p><b><u>II.</u></b> The Company shall urge its subsidiaries to check whether its established procedures comply with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and whether the acquisition</p>	<p>Subsidiaries of the Company shall be governed by the following provisions:</p> <p><b><u>I. When acquiring or disposing of assets, the subsidiaries of the Company shall handle them in accordance with these Procedures. However, this shall not apply to those subsidiaries who have established procedures for the acquisition or disposal of assets in accordance with the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</u></b></p> <p><b><u>II. If a subsidiary establishes its own procedures for the acquisition or disposal of assets as described in the preceding paragraph, the "Procedures for the Acquisition or Disposal of Assets" shall be established, amended or repealed by a resolution of</u></b></p>	<p>(1) An explanation is added to the second paragraph for practical needs.</p> <p>2. Items adjusted.</p>

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
	<p>or disposal of assets by subsidiaries is handled in accordance with the established procedures.</p> <p><b>III.</b> The audit of the Company shall review the self-inspection reports of the subsidiaries.</p> <p><b>IV.</b> If the subsidiary company is not a public company, and the acquisition or disposal of assets reaches the announcement and report standard stipulated in Article 12 of these procedures, the Company shall also handle the announcement and report matters on behalf of the subsidiary company.</p> <p><b>V.</b> In the announcement and report standard of the subsidiary, the Company's paid-in capital or total assets shall prevail.</p>	<p><b><u>the subsidiary's Directors or Board of Directors and/or Shareholders' Meeting.</u></b></p> <p><b>III.</b> The Company shall urge its subsidiaries to check whether its established procedures comply with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and whether the acquisition or disposal of assets by subsidiaries is handled in accordance with the established procedures.</p> <p><b>IV.</b> The audit of the Company shall review the self-inspection reports of the subsidiaries.</p> <p><b>V.</b> If the subsidiary company is not a public company, and the acquisition or disposal of assets reaches the announcement and report standard stipulated in Article 12 of these procedures, the Company shall also handle the announcement and report matters on behalf of the subsidiary company.</p> <p><b>VI.</b> In the announcement and report standard of the subsidiary, the Company's paid-in capital or total assets shall prevail.</p>	

## WAH LEE INDUSTRIAL CORP.

### Rules of Procedure for Shareholders' Meetings

Discussed and approved at the Shareholders' Meeting on July 28, 2021

1. Shareholders' meeting convened by the Company will follow the rules, unless the laws or regulation specify others.
2. Shareholders attending the meeting shall sign in by signing the sign-in cards.  
The number of shares represented by shareholders attending the meeting shall be calculated in accordance with the attendance cards handed in, plus the number of shares exercising voting rights in writing or by electronic transmission. Shareholders or proxies present in a shareholders' meeting shall carry along documents for identity verification at attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
3. Unless specified in laws or regulations, the shareholders' meeting shall be convened by the Board of Directors.  
The Company shall handle matters regarding calling a shareholders' meeting and shareholder proposals as set in Articles 172, 172.1 under the Company Act.  
The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the Market Observation Post System 21 days before the date of the regular shareholders' meeting or 15 days before the date of the special shareholders' meeting. Fifteen (15) days before the meeting of the Board of Shareholders, the Manual of Procedures and Supplementary Materials of the Meeting shall be prepared for the shareholders' request at any time, be displayed in the Company and the professional stock agency appointed by the Company, and be distributed on-site at the shareholders' meeting.  
The shareholders' meeting has been stated for the full re-election of directors and the date of appointment. After the re-election of the shareholders' meeting is completed, the same meeting shall not change the date of appointment by extemporary motions or other means.
4. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.  
The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences.
5. If a shareholders' meeting is convened by the Board, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise his/her authority, The Vice Chairman shall act in place of the chairman. If there is no Vice-Chairperson or Vice Chairman is unable to exercise the powers of the duty for any reason, the Chairman shall appoint

one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

Any director who serves as chair as referred above shall hold that position for 6 months or more and understand the financial and business conditions of the Company. The same shall be true for a representative of a juridical person director that serves as chair.

The shareholders' meetings convened by the Board shall be chaired by the Chairman in person and attended by a majority of the directors in person with at one representative in person from each functional committee. The attendance shall be recorded in the meeting minutes.

When a shareholders' meeting is convened by any other person having the convening right, he/she shall act as the chairman of that meeting. If there are two or more persons having the convening right, the meeting chair shall be elected from among themselves.

6. The Company may appoint its attorneys, certified public accountants, or related persons to attend shareholders' meetings.

7. The Company, beginning from the time it accepts shareholder attendance registrations, shall make a non-stop audio and video recording of the registration procedure, the proceedings of the meeting and the voting and vote counting procedures.

The recorded materials shall be retained for at least one year. If, however, a shareholder files lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

The resolution matters of the shareholders' meeting shall be recorded in the minutes of the meeting and handled in accordance with Article 183 in the Company Act.

8. When the meeting time has expired, the chairman shall immediately declare the meeting open and at the same time publish relevant information such as non-voting rights and attendance at shares. 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 still 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 under 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 under the Company Act.

9. If a shareholders' meeting is convened by the Board, the meeting agenda shall be set by the Board. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions aforementioned apply to a shareholders' meeting convened by a party with the power to convene other than the Board.

The meeting chair may not declare the adjournment prior to completion of deliberation on the

meeting agenda of the preceding two paragraphs (including extemporary motions), except by a resolution of the shareholders' meeting.

During the session of a shareholders' meeting, if the chair declares the adjournment of the meeting in a manner violating such rules governing the proceedings of meetings, a new meeting chairman may be elected by a resolution to be adopted by a majority of the voting rights represented by the attending shareholders to continue.

10. Before attending a shareholder's speech, it is necessary to fill in the speech clause indicating the gist of the speech, the shareholder's account number (or attendance card number) and the account name, and the chairman shall set the order of their speech.

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.

The chair has the power to restrain the shareholder's speech when he/she continues speaking after the time limit or beyond the subject matter or violating the meeting procedures. The chair has the power to ban the shareholder's speech if he/she continues speaking after the restraint.

12. When a juridical person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When appointing two or more representatives to attend a meeting, only one of the representatives appointed may speak on the same proposal.

13. After attending the shareholders' speeches, the chairman may reply in person or by designating relevant personnel.

14. The chair shall allow ample opportunity during the meeting for explanation and discussion of amendments proposed or extraordinary motions put forward by the shareholders. When the chair believes that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

15. When voting on a proposal, the monitoring and counting personnel shall be appointed by the chairman, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for proposals or elections shall be conducted in public at the venue of the shareholders' meeting. The voting results, including the statistical tallies of the number of votes and the list of elected candidates, shall be announced on-site at the meeting right after vote counting has been completed and put on record.

All ballots counted from the voting mentioned above shall be kept properly for no less than a year. However, if a lawsuit has been instituted by any shareholder in accordance with Article 189 of the Company Act, the materials of the meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

16. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights in writing.

The method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights in writing or electronic means will be deemed to have attended the meeting in person but they have waived his/her/its rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals. In case a shareholder elects to exercise the voting power in writing or by way of electronic transmission, the declaration of intention shall be served to the Company two days prior to the shareholders' meeting.

When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

In case a shareholder who has exercised the voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, two days prior to the shareholders' meeting and in the same manner previously used in exercising the voting power, serve a separate declaration of intention to rescind the previous declaration of intention made in exercising the voting power under the previous section. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised the voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.

Unless otherwise provided in the Company Act and the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

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

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 chairman may direct the inspector (or the security officer) to assist in maintaining order at the meeting. Such disciplinary officers (or security guards) shall wear badges marked "Disciplinary Officers" for identification purposes.
19. While the meeting is in progress, the President may, at his discretion, declare a recess and, in the event of an irresistible circumstance, rule to suspend the meeting temporarily and, as the case may be, declare the time for its resumption.  
Before the meeting (including Extemporaneous Motions) is finalized on the agenda set by the shareholders' meeting, and the meeting venue cannot be used at that time, the shareholders' meeting may decide to find another venue to continue the meeting.
20. In case a shareholders' meeting is discontinued for any reason, a resolution may be adopted before adjournment to defer or resume the meeting within five days in accordance with Article 182 of the Company Act. This shall not apply to procedures detailed on Paragraph 2, Article 172 of the Company Act.
21. Matters not stipulated in the Rules shall be handled according to the Company Law, the Articles of Incorporation, and other relevant laws and regulations.
22. These rules, and any amendments hereto, shall be implemented from the date it is adopted by the shareholders' meeting.

## WAH LEE INDUSTRIAL CORP.

### Articles of Incorporation

#### Chapter I General Provisions

Article 1: The Company, under the Company Act, shall name this entity WAH LEE INDUSTRIAL CORP in Chinese language and WAH LEE INDUSTRIAL CORP. in English language.

Article 2: The business scope of the Company is as follows:

1. F401010 International Trade.
2. F119010 Wholesale of Electronic Materials.
3. F113110 Wholesale of Batteries.
4. F113070 Wholesale of Telecommunication Apparatus.
5. F213010 Retail Sale of Electrical Appliances.
6. F108031 Wholesale of Medical Devices.
7. F107170 Wholesale of Industrial Catalyst.
8. F113100 Wholesale of Pollution Controlling Equipments.
9. F120010 Wholesale of Refractory Materials.
10. F107990 Wholesale of Other Chemical Products.
11. F113030 Wholesale of Precision Instruments.
12. F103010 Wholesale of Animal Feeds
13. F202010 Retail Sale of Feeds
14. D101060 Self-usage Power Generation Equipment Utilizing Renewable Energy Industry.
15. E601010 Electric Appliance Construction
16. IG03010 Energy Technical Services
17. I301010 Information Software Services
18. I301020 Data Processing Services
19. J101040 Waste Treatment
20. J101060 Wastewater (Sewage) Treatment.
21. J101080 Resource Recycling
22. F106040 Wholesale of Plumbing Materials
23. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
24. F106050 Wholesale of Ceramic and Glassware.
25. F107200 Wholesale of Chemical Raw Materials.
26. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company shall have its head office in Kaohsiung City, Taiwan, Republic of China, and shall be free, upon approval of the Board, to set up representative and branch offices at various locations within and without the territory of the Taiwan, whenever the Company deems it necessary to carry out any or all of its activities.

Article 4: Any and all public announcements to be made by the Company shall comply with associated articles under Company Act.

## Chapter II Capital Stock

Article 5: The total authorized capital stock of the Company shall be in the amount of NT\$5,000,000,000, divided into 500,000,000 shares, at NT10 each, of which, the unissued portion shall be authorized to the Board to make issuance plan through various lots, either in common shares or preferred shares.

An amount of NT\$100,000,000 of the capital stock stated above shall be reserved for issuances of 10,000,000 shares, through various shares, including stock warrant, convertible bond, preferred shares with warrant, at NT10 each, upon Board's resolutions.

Article 5-1: The rights and obligations and other important issuance terms of preferred shares of the Company are as follows:

1. The dividend for preferred shares shall be capped at 8% per annum, calculated by the issue price per share, and the dividend may be distributed in cash once every year. After the financial statements and the profit 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 amount of dividends in the year of issuance and redemption shall be calculated by the actual number of issue days the preferred shares remained outstanding in that year. The issue date shall be defined as the record date for the capital increase via issuance of the preferred shares.
2. The Corporation 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 for the fiscal year or if the shareholders' meeting resolves not to distribute dividends, the undistributed dividends shall not be cumulative and shall not be paid in arrears 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 for 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 issue price.
5. Preferred shareholders have no voting right at the 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 Corporation may redeem all or part of the preferred shares at any time on the next day after five years of issuance at the original issue price. The rights and obligations set forth in the 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 be calculated based on the actual days in the redemption year up to the redemption date.

8. The capital reserve received from the issuance of preferred shares in excess of par value shall not be capitalized during the issue 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 this Articles of Incorporation and related laws and regulations.

Article 6: The Company's stock certificates shall be in registered form and signed by three or more Directors or having their seals affixed to the certificate, and issued upon certification by the regulating authority or the agency authorized to handle the registration of issuance of stock certificates.

Article 7: All matters related to the Company's shares shall be handled in accordance with the relevant regulations of the governing authority.

Article 8: (Deleted)

### Chapter III Shareholders' meeting

Article 9: The shareholders' meeting shall be divided into two types: Annual General meeting of shareholders and Extraordinary General meeting of shareholders. Annual General meeting of shareholders will be held once every year within six months after close of each fiscal year. The Extraordinary General meeting of shareholders will be called, in accordance with applicable laws and regulations, when necessary.

Meeting of the preferred shareholders can be convened in accordance with applicable laws and regulations when necessary.

Article 10: If a shareholder is unable to attend the shareholders' meeting in person, such shareholder may appoint a proxy to attend by showing a proxy issued by the Company and specifying therein the scope of power authorized to the proxy. The proxy provision is stipulated in accordance with "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies," as well as Company Act.

Article 10-1: The Company may transmit documents related to convening of shareholders' meetings and other notices via electronic documents.

Article 11: Every shareholder of the Company shall be entitled to one vote per share. The Company has no voting power when it is under Article 179 of the Company Act.

Article 12: A shareholders' meeting shall be convened by the Board and chaired by the Chairman. When the Chairman is unable to do so, the vice chairman shall act in place of the chairman. If there is no Vice Chairman or the Vice Chairman is for any reason unable to exercise the powers of the duty, the Chairman shall appoint one director to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. A shareholders' meeting convened by any other person, outside of the Board, having the convening right, he/she shall act as the chairman of that meeting. If there are two or more persons having the convening right, the meeting chair shall be elected from among themselves.

Article 12-1: When the company's shareholders' meeting is held, it may be held via video conferencing or other means announced by the central competent authority and shall be handled in accordance with the relevant regulations of the securities competent authority.

#### Chapter IV Directors and the Audit Committee

Article 13: The Company shall have seven to eleven Directors. All Directors shall have a term of three years and be eligible for re-election upon expiry of such term. In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. The percentage of all directors' shareholdings is subject to the provisions separately prescribed by the competent authority in charge of securities affairs.

Of the number of seats for Directors mentioned above, there shall be three Independent Directors, who shall be elected by a shareholders' meeting from a list of independent director candidates. The relevant professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters of compliance with respect to Independent Directors shall be governed by the relevant laws and regulations.

Article 13-1: The Audit Committee of the Company shall be composed solely by all Independent Directors in accordance with Article 14-4 under Securities and Exchange Act and is in charge of exercising supervisor duties prescribed under Company Act, Securities and Exchange Act, and related laws and regulations.

The composition of the Audit Committee, their duties and other matter for compliance shall be handled in accordance with the relevant regulations with its rule of organization stipulated by the Board.

The Company shall form a compensation committee or committees of other functions when requested by the relevant regulations or for the operation needs.

Article 13-2 (Deleted).

Article 14: The Board of directors shall elect a chairman of the Board, from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, to handle all business matter of the Company.

The Company may elect another among themselves to serve as the Vice Chairman of the Board.

Article 14-1: A notice setting forth the purpose of the meeting shall be given to each Director no later than seven days prior to a Board meeting; however, a Board meeting may be convened at any time in case of emergency.

A meeting of the Board of Directors shall be called in writing, via e-mail or facsimile.

Article 15: All shareholders' and Board meetings shall be presided over by the Chairman. When the Chairman is unable to do so, the Vice Chairman shall act in place of the chairman. If there is no Vice Chairman or the Vice Chairman is for any reason unable to exercise the powers of the duty, the Chairman shall appoint one director to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

Article 16: Unless otherwise specified in the Company Act, meetings of the Board of Directors shall be convened by the Chairman of the Board. Directors may appoint another director to attend a meeting of the board of directors in his/her/its behalf, he/she/it shall, in each time, shall issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. However, a director may act as the proxy of only one other director.

However, an independent director is unable to attend in person, he or she shall not appoint another non-independent director to attend as his or her proxy, but shall issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 16-1: Resolutions of the Board meeting shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. The meeting minutes shall be affixed with a signature or seal from the meeting chair.

Article 16-2 (Deleted).

Article 16-3 (Deleted).

#### Chapter V Managerial Officers

Article 17: The Company may institute a chief executive officer and a vice chief executive officer, upon the Board's resolution, to lead and be responsible for operation matters and decisions in the Company and all affiliated companies.

The Company shall have one general manager to execute business and operation matters within the authorized scope through the Board's guidance.

Employing, dismissing and compensating managerial officers of the Company is handled in accordance with Article 29 in the Company Act.

#### Chapter VI Accounting

Article 18: At the end of each accounting year, the Board shall compile 1) a business reports; 2) financial statements; 3) proposal concerning appropriation of net profits or making up losses and submit for the approval from the general shareholder's meeting.

Article 19: The Directors shall be compensated, regardless of earnings results, for their service to the Company. The compensation scheme is authorized to the Board for decision with reference to their participation in and contribution to the Company's operation, but shall not exceed the highest salary range defined by the salary policy of the Company. In addition, distribution shall be made in accordance with Article 20 when there is operating earnings.

The Board Directors shall liable with respect to the damage resulting from exercising their duties during their terms of directorship. The Board shall be authorized to obtain directors liability insurance for the Directors.

Article 20: The Company shall set aside 9%~13% and no more than 2%, respectively, from profit as employee bonus and directors' remuneration. However, the profit shall be retained when there are accumulated losses, not yet covered.

Employee remuneration stated above may be made in cash or stock and shall be allocated to employees fitted to the certain criteria.

The two items above shall be executed according to the Board resolution and reported in the shareholders' meeting.

Article 20-1: When there is net income, after all taxes have been paid and accumulated losses have been covered, it shall first set aside 10% of such profits as a legal reserve to the point that such legal reserve has reached the Company's total paid-in capital. If necessary, it may set aside or reverse a special reserve in accordance with the relevant laws. from the balance plus undistributed earnings. After that, if there's surplus from the year, plus the retained earnings, it may distribute preferred stock dividends under Article 5-1 herein, and after that it may distribute common stock dividends from the balance, and

the Board shall draw up a surplus earnings distribution proposal to be resolved in shareholders' meeting. When it is done by issuing new shares, the distribution shall be submitted to the Shareholders' Meeting for resolution; when it is done by cash, it shall be approved by the Board of Directors.

In accordance with Articles 240 and 241 of the Company Act, the Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in the form of cash by the presence of at least two-thirds of the directors and a resolution of a majority of the directors present, and to report such distribution to the Shareholders' Meeting; when it is done by issuing new shares, it shall be handled by a resolution of the Shareholders' Meeting in accordance with regulations.

The Company's dividend policy is based on its current and future development plans, consideration of the investment environment, capital requirements, domestic and international competition, and shareholders' interests. Distribution to common shareholders shall not be less than 10% of distributable earnings, no distribution shall be made if the balance is less than 1% of paid-in capital. Dividends may be distributed to shareholders in cash or in shares, with cash dividends being no less than 50% of the total dividends.

- Article 20-2: If the Company is to repurchases its own shares for the purpose of transferring them to its employees at less than the average actual share repurchase price, it shall handle the transaction in accordance with Article 10-1 and 13 under “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” after the consent of at least two-thirds of the voting rights present at the most recent shareholders' meeting attended by shareholders representing a majority of total issued shares.
- Article 20-3: If the Company is to issue employee stock option for an exercise price less than the actual share price (net book value/share) , it shall handle the transaction in accordance with Article 56-1 and 76 under “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” after the resolution from the shareholders' meeting.

#### Chapter VII Supplementary Provisions

- Article 21: Loan guarantee made by the Company may proceed in accordance with “Rules Governing Making Grantee and Endorsement” of the Company.
- Article 22: Investments made by the Company shall be handled in accordance with “Rules Governing Long/Short Investment” of the Company and is not subject to the limit of 40% of invitee's paid-in capital.
- Article 23: Matters not covered in these Articles of Incorporation, the Company Act shall govern.
- Article 24: These Articles of Incorporation were established on August 22, 1968. The 1st amendment was made on July 13, 1974, 2nd on September 21, 1974, 3rd on February 5, 1975, 4th on July 13, 1977, 5th on August 29, 1981, 6th on September 18, 1983, 7th on November 22, 1984, 8th on October 8, 1976, 9th on September 25, 1979, 10th on December 7, 1989, 11th on September 7, 1990, 12th on September 15, 1991, 13th on January 24, 1992, 14th on October 20, 1993, 15th on November 20, 19973, 16th on January 27, 1994, the 17th on November 5, 1995, 18th on June 25, 1996, 19th on July 31, 1996, 20th on October 3, 1996, 21st on December 29, 1996, 22nd on June 15, 1997, 23rd on September 4, 1997,

24th on October 17, 1997, 25th on November 22, 1997, 26th on May 19, 1998, 27th on June 11, 1998, 28th on October 17, 1998, 29th on June 11, 1999, 30th on May 15, 2000, 31st on April 30, 2001, 32nd on May 30, 2002, 33rd on May 30, 2002, and the 34th on June 18, 2003, 35th on May 18th, 2004, 36th on June 7th, 2005, 37th correction May 24, 2005, 38th on June 13th, 2007, 39th on June 18, 2004, 40th on June 8, 2010, 41st on June 3, 2013, 42nd on June 17, 2016, 43rd on May 26, 2017, 44th on May 30, 2019, 45th on May 28, 2020, 46th on July 28, 2021, and 47th on May 27, 2022.

WAH LEE INDUSTRIAL CORP.

Chairman: Ray-Ching Chang



WAH LEE INDUSTRIAL CORP.

Procedures for Acquisition or Disposal of Assets

Amendment approved in the Shareholders' Meeting on July 28, 2021

Article 1: Purpose

These procedures were specially established to safeguard assets and implement information disclosure. If there are matters not covered in these procedures, they shall be handled in accordance with relevant laws and regulations.

Article 2: Legislative basis

These procedures are established in accordance with the relevant laws and regulations of the Financial Supervisory Commission of the Republic of China (hereinafter referred to as the "Financial Supervisory Commission").

Article 3: The scope of assets

- I. Long-term and short-term securities: including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property) and equipment.
- III. Memberships.
- IV. Intangible assets: including Patents, copyrights, trademarks, franchise rights, etc.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

Article 4: Definitions of Terms

- I. 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.
- II. 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.
- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. 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.
- V. 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.
- VI. 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: In principle, the Company does not engage in transactions to acquire or dispose of claims of financial institutions. In the future, if the Company wishes to engage in transactions to acquire or dispose of claims of financial institutions, the Company shall submit them to the Board of Directors for approval before establishing the assessment and procedures.

Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of relevant laws and regulations. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- II. May not be a related party or de facto related party of any party to the transaction.
- III. According to these procedures, if 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.

Article 7: Assessment and Procedures

- I. Price determination and reference basis
  1. The acquisition or disposal of the Company's assets shall be handled by the responsible person in accordance with the provisions of the Company's internal control system regarding "Property, Plant and Equipment Cycles and Investment Cycles".
  2. The Company acquiring or disposing of securities shall, except for securities that are expected to be held for less than one year in response to rapid changes in the market environment which should be handled in accordance with the Company's approval authority, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and be handled in accordance with the provisions of the Company's internal control system "Investment Cycles". The Company's long-term and short-term investments in marketable securities should be evaluated in accordance with the relevant laws and regulations under generally accepted accounting principles.
  3. When acquiring or disposing of real estate, the Company shall make reference to the announced current value, the assessed value, the actual transaction price of the adjacent real estate, etc., and resolve the transaction terms and transaction price in accordance with the approval authority stipulated by the Company.
  4. When acquiring or disposing of property, plant and equipment, the Company shall submit the relevant information after careful evaluation through the procedures of inquiry, comparison and negotiation, and shall submit them to the relevant departments in accordance with the approval authority stipulated by the Company.
  5. The Company shall acquire or dispose of memberships with reference to the fair market price, resolve the transaction terms and transaction price in accordance with the approval authority stipulated by the Company.

6. When acquiring or disposing of intangible assets, the Company shall make reference to expert appraisal reports or fair market value, resolve transaction terms and transaction price in accordance with the approval authority stipulated by the Company.
7. When acquiring or disposing of derivatives, the Company's trading staff shall develop strategies for trading financial instruments for the whole Company, and shall regularly calculate positions, collect market information, make trend judgments and risk assessments, and develop operational strategies, which shall be used as the basis for engaging in trading after approval by the approval authority.
8. The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage.

## II. Investment Limit and Authorization Level

1. Acquisition or disposal of securities investment shall be carried out in accordance with the approval authority stipulated by the company; if the transaction amount exceeds NT\$300 million (exclusive), it must be approved by the Board of Directors.
2. The real estate, plant and equipment required for business operations and the real estate, plant and equipment not required for the Company's operations shall be determined in accordance with the approval authority stipulated by the Company; if the transaction amount reaches NT\$300 million (exclusive) above, it must be approved by the Board of Directors.
3. The total amount of real estate and its right-to-use assets or marketable securities that the Company and each subsidiary may purchase individually and the limit on investment in individual marketable securities shall be subject to the following limits:
  - (1) The total amount of real estate and its right-to-use assets for non-business use shall not be higher than 30% of the net value of the Company's latest financial statements; the total amount of real estate purchased by subsidiaries of the Company for non-business use shall not be higher than 10% of the net value of the Company's latest financial statements.
  - (2) The total amount of marketable securities shall not exceed 100% of the net value of the Company's latest financial statements, and the total amount of marketable securities of each of the Company's subsidiaries shall not exceed 50% of the net value of the Company's latest financial statements.
  - (3) The limit on investment in individual securities shall not exceed 30% of the net value of the Company's latest financial statements, and the limit on investment in individual securities of each subsidiary of the Company shall not exceed 30% of the net value of the Company's latest

financial statements.

- (4) If the Company or a company with more than 50% consolidated shareholding participates in an investment establishment or serves as a director/supervisor and intends to hold the investment for a long term, it may be disregarded in the calculation of the relevant investment ratio as shown in the preceding paragraphs 2 to 3.
4. If the amount of the acquisition or disposal of memberships is less than NT\$10 million (inclusive), shall be handled according to the approval authority stipulated by the Company and shall be reported to the latest meeting of the Board of Directors after the event; otherwise, it must be approved by the Board of Directors before it can be done.
5. Where the amount of intangible assets acquired or disposed of is less than NT\$30 million (inclusive), it shall be handled according to the approval authority stipulated by the Company and shall be reported at the latest meeting of the Board of Directors after the event; otherwise, it shall be submitted for approval by the Board of Directors.
6. The acquisition or disposal of derivatives is not only based on the growth of the Company's turnover and changes of risk areas, but also based on safety considerations. Each transaction requires a request form issued by the person in charge, and it will not take effect until it is submitted to the responsible financial supervisor for initial review and then forwarded to the chairman of the Board of Directors or its authorized senior executive(s) for approval. Amendments, if any, must be approved by the Chairman of the Board of Directors or its authorized senior executive(s) before they can be made. If, for reasons of timeliness, the person in charge may first obtain verbal consent from the responsible financial officer and the chairman of the Board of Directors or its authorized senior executive(s) to execute the transaction, and then submit the request form. Subsequent transactions should be reported to the Board of Directors.
7. Where assets are acquired or disposed of as a result of a merger, division, acquisition or share transfer in accordance with the law, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in paragraph 8 of the preceding Article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the

preliminary date of the next shareholders' meeting.

8. When the Company acquires or disposes of assets in accordance with these Procedures or other legal requirements and reports the transaction of acquisition or disposal of assets to the Board of Directors for discussion, the Board of Directors shall take into full consideration each independent director's opinions, and record the opinions and reasons for their agreement or objection in the minutes of the meeting.
9. If the departments of the Company need to acquire or dispose of assets for business purposes, such as the major matters listed in Article 185 of the Company Act, they shall submit them to the Shareholders' Meeting for approval.

### III. Executing units

The acquisition or disposal of assets by the Company shall be reported at each level in accordance with the following regulations and, if necessary, shall be reported to the Board of Directors for approval:

1. Where the Company acquires or disposes of securities that are not listed on the market, the Investment Management Department, the Investor Relations and Investment Management Department and the Finance Department shall handle the securities in accordance with the "Investment Cycles" provisions of the internal control system of the Company. If it is a listed or OTC company, the chairman of the Board of Directors shall designate a specific person to do so in the centralized trading market or the business premises of the securities firm, depending on the Company's capital status.
2. The Company's acquisition or disposal of real estate and equipment shall be handled by the Operations Support Department in accordance with the Company's "Property, Plant and Equipment Cycles".
3. When the Company acquires or disposes of memberships or intangible assets, the Operations Support Department shall submit a request for approval in accordance with the approval regulations as shown in the preceding Article, and then the user department and related departments shall be responsible for the execution.
4. The acquisition or disposal of derivative commodities by the Company shall be handled by the Finance Department in accordance with this Procedure.
5. When the Company handles a merger, division, acquisition or share transfer, it is appropriate to invite lawyers, accountants and underwriters to jointly discuss the estimated timetable of statutory procedures, and form a project team to implement it in accordance with statutory procedures.

### IV. Property or Equipment Appraisal Report

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with

the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

V. Expert opinions on securities acquisition or disposal

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If in need of using the report of an expert, the CPA shall do so in accordance with Statement of Auditing Standards No. 20. issued by the Accounting Research and Development Foundation. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

VI. Expert Assessment Report on Memberships or Intangible Assets

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The CPA shall do so in accordance with Statement of Auditing

Standards No. 20. issued by the Accounting Research and Development Foundation.

VII. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

VIII. The calculation of the transaction amounts referred to in paragraphs 4 to 6 shall be made in accordance with Article 11, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with this Procedure need not be counted toward the transaction amount.

IX. Major asset acquisition or disposal transactions shall be approved by the Audit Committee and submitted to the Board of Directors for resolution in accordance with relevant regulations.

Article 8: Procedures for handling related party transactions

I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with the provisions of Article 7, paragraph 8.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

II. Assessment and Procedures

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and submitted to the Board of Directors for approval:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

The reason for choosing the related party as a transaction counterparty.



2. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of Paragraphs (1) and (5) of Paragraph 3 of this Article.
3. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
4. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
5. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the provisions of the first paragraph. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 11, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to and approved by the Board of Directors in accordance with this Procedure need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Article 7, paragraph 2, delegate the Board Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

When a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

### III. Evaluation of reasonableness of transaction costs

1. When the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following methods:
  - (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

- (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
2. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
3. Where the Company acquires real property or right-of-use assets thereof from a related party, it shall appraise the cost of the real property or right-of-use assets thereof in accordance with the subparagraphs (1) and (2) of paragraph 3 under this Article, and shall also engage a CPA to check the appraisal and render a specific opinion.
4. Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the assessment and procedures provisions listed in paragraphs 1 and 2 under this Article, and the preceding paragraph 3 (1), (2) and (3) of this Article do not apply:
  - (1) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
  - (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
  - (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
  - (4) 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. When the results of the Company's appraisal conducted in accordance with subparagraphs 1 and 2 of paragraph 3 under this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph 6 of paragraph 3 under 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:
  - (1) 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) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  - 2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
  - 3) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.  
Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
6. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with subparagraphs 1 and 2 of paragraph 3 under this Article are uniformly lower than the transaction price, the following steps shall be taken:
- (1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall

- be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
- (2) The independent directors of the Audit Committee shall comply with Article 218 of the Company Act.
  - (3) Actions taken pursuant to the preceding two sub-paragraphs 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. Where the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding subparagraph 6 of paragraph 3 under this Article if there is other evidence indicating that the acquisition was not an arm's length transaction.
  8. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding subparagraph 6 of paragraph 3 under this Article if there is other evidence indicating that the acquisition was not an arm's length transaction.

## Article 9: Procedures for Acquisition or Disposal of Derivatives

### I. Trading Principles and Policies

#### 1. Transaction Types

(1) Derivative Financial Instruments referred to in Article 4 of these Procedures.

(2) Bond margin trading.

#### 2. Operating (Hedging) Strategies

The Company engages in derivative financial instruments for the purpose of hedging, and the instruments traded should be selected to hedge the risks arising from the Company's business operations. The currencies held must be consistent with the Company's actual foreign currency requirements for import and export transactions, and the Company's overall internal positions (i.e., foreign currency revenues and expenses) should be self-balanced in principle, so as to mitigate the Company's overall foreign exchange risks and save foreign exchange operation costs.

#### 3. Segregation of duties

##### (1) Trading personnel

Trading personnel of derivative financial instruments are responsible for collecting relevant information and laws on derivative financial instruments, designing hedging strategies and disclosing risks, and, before executing the transactions, understanding the Company's management policies and philosophies, judging market trends and risks, making recommendations on positions and hedging methods according to the Company's operating strategies, and submitting them to the authorized supervisor for approval.

##### (2) Trade confirmation personnel

Responsible for confirming the correctness of transactions with correspondent banks; and sending them back with a seal on the trade confirmation.

##### (3) Delivery personnel

Responsible for the delivery of derivative transactions and regularly review the cash flow position to ensure that the contracts are settled on time.

##### (4) Accounting personnel

The results of the hedging transactions and gains and losses should be correctly and fairly stated in the financial statements in accordance with the relevant regulations (International Accounting Standard(s), etc.).

#### 4. Performance evaluation

(1) The performance of hedging trading operations is measured and evaluated based on hedging strategies. The Finance Department shall review the operating performance on a bi-weekly basis using market valuation, and shall submit the operating performance of the previous month to the Chairman or his authorized senior management officer(s) within the first week of each month.

(2) The Finance Department shall provide the evaluation of foreign

exchange positions and the trend of foreign exchange market and market analysis, and during regular evaluation and review, if any irregular circumstances are found, it shall immediately take necessary countermeasures and report to the chairman of the Board of Directors or his authorized senior management officer(s).

5. Determination of total amount of contracts and the maximum loss limit

(1) Total amount of contracts

1) Hedge trades limit

The total balance of the Company's overall hedging contracts at any point in time is limited to the amount of hedging requirements arising from actual transactions within one year. The balance of individual contracts is limited to US\$2 million or the equivalent in foreign currencies.

2) Speculative trades limit

The Company is not engaged in speculative trading.

(2) Determination of the maximum loss limit

For derivative commodity trading, the maximum total or individual contract loss shall not exceed 20% of the total or individual contract amount.

II. Risk management measures

1. Credit risk management

The Company's trading partners are banks or internationally renowned financial institutions with whom the Company has dealings and who can provide professional information.

2. Market risk management

The Company's derivative commodity trading is limited to hedging and does not engage in speculative financial operations.

3. Liquidity risk management

To ensure market liquidity, the selection of financial products is based on a high degree of liquidity (i.e., readily available to turn square in the market), and the financial institution entrusted with transactions must have sufficient information and the ability to trade in any market at any time.

4. Cash flow risk management

To ensure the stability of the Company's working capital turnover, the Company's sources of funds for derivative transactions are limited to its own funds, and the amount of its operations should take into account the capital requirements of future cash flow projections.

5. Operational risk management

(1) The Company's authorization quota, operational processes and internal audits should be followed to avoid operational risks.

(2) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

(3) Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior

management personnel with no responsibility for trading or position decision-making.

- (4) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

6. Commodity risk management

Internal traders should have complete and correct expertise in financial instruments, and banks are required to fully disclose the risks to avoid the risk of misuse of financial instruments.

7. Legal risk management

Documents signed with financial institutions should be inspected by specialists in foreign exchange and legal affairs or legal counsel before they are formally signed to avoid legal risks.

III. Internal audit system

The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives, conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, analyze trading cycles and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

IV. Periodical Assessment Method

1. The Board of Directors shall authorize senior management to regularly monitor and evaluate whether derivative transactions are conducted in accordance with the Company's trading procedures and whether the risks assumed are within the allowable range of commitments. If there are any irregular circumstances in the market price evaluation report (e.g., if the holding position exceeds the loss limit), the Company shall immediately report to the Board of Directors and take appropriate measures.
2. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

V. Principles of Supervision and Management of the Board of Directors

1. The Board of Directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk, and their management principles are as follows:
  - (1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these procedures.
  - (2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors, and an independent director shall be present at the meeting and express an

opinion.

2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
3. The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with these procedures.

VI. Establishment of a log book

The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 2 of paragraph 4 and subparagraphs 1 and 2 of paragraph 5 under this Article, shall be recorded in detail in the log book.



Article 10: Procedures for Handling Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

I. Determination of share exchange ratios and acquisition prices

A company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. The requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

II. Dates of Board of Directors and Shareholders' Meeting

Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next Shareholders' Meeting.

A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or share transfer of a company that is listed on an exchange or has its shares traded on an OTC market, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or share transfer of a company that is listed on an exchange or has its shares traded on an OTC market, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of the subparagraphs 1 to 3 of paragraph 4.

### III. Prior Confidentiality Undertaking

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

### IV. Principles for changing the share exchange ratio or acquisition price

In principle, the share exchange ratio or purchase price cannot be changed arbitrarily, except for the terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. The conditions under which the share exchange ratio or acquisition price may be changed are as follows:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

### V. Contents of the Contract

In addition to the provisions of the Company Law and relevant laws and regulations, the contract for a merger, demerger, acquisition, or transfer of shares shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in

a merger or that is demerged.

3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.

VI. Changes in the number of companies involved in mergers, divisions, acquisitions or share transfers

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.

VII. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and shall abide by the provisions of the date of Board Meeting in paragraph 1, the prior confidentiality undertaking in paragraph 2, and the change in the number of companies participating in the merger, division, acquisition or share transfer in paragraph 5 of this Article.

Article 11: Procedures for Information Disclosure

- I. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the Market Observation Post System (MOPS) in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
  1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
  2. Merger, demerger, acquisition, or transfer of shares.
  3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
  4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
    - (1) For the company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
    - (2) For the company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
  5. 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 transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
  6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of 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.
  7. For the calculation of 10 percent of total assets under these Regulations, 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.
- II. The amount of transactions above shall be calculated as follows, and "within the

preceding year" 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 any individual 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.
  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.
- III. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into Market Observation Post System (MOPS) by the 10th day of each month.
- IV. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
- V. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
- VI. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the Market Observation Post System (MOPS) within 2 days counting inclusively from the date of occurrence of the event:
1. Change, termination, or rescission of a contract signed in regard to the original transaction.
  2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  3. Change to the originally publicly announced and reported information.

Article 12: Subsidiaries of the Company shall be governed by the following provisions:

- I. The company shall urge the subsidiary to formulate procedures for acquiring or disposing of assets according to the nature of its business, business scale, and local laws and regulations. When a subsidiary acquires or disposes of assets, it shall follow its handling procedures.
- II. The Company shall urge its subsidiaries to check whether its established procedures comply with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and whether the acquisition or disposal of assets by subsidiaries is handled in accordance with the established procedures.
- III. The audit of the Company shall review the self-inspection reports of the subsidiaries.
- IV. If the subsidiary company is not a public company, and the acquisition or disposal of assets reaches the announcement and report standard stipulated in Article 12 of these procedures, the Company shall also handle the announcement and report matters on behalf of the subsidiary company.
- V. In the announcement and report standard of the subsidiary, the Company's paid-in capital or total assets shall prevail.

Article 13: Penalties

Any employee of the Company who undertakes to acquire or dispose of assets in violation of the provisions of these handling procedures shall be reported for examination in accordance with the Company's Employee Handbook and shall be subject to penalties according to the severity of the case.

Article 14: Implementation and revision

These procedures are approved by the Audit Committee, then approved by the Board of Directors and submitted to the Shareholders' Meeting for approval before implementation, and the same applies to amendments.

**WAH LEE INDUSTRIAL CORP.**  
**Procedures for Elections of Directors**

Discussed and approved at the Shareholders' Meeting on June 17, 2016

Article 1: Elections of the Company's directors shall be conducted in accordance with these Procedures.

Article 2: The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders

Article 3: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. Directors should be designated as vote monitoring personnel.

Article 4: 1. The Company's directors should be competent persons elected by Shareholders' meeting. The number of directors will be as specified in this Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

2. Elections of directors of this Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.
3. When the number of directors falls below five due to the dismissal of a director for any reason or because of stipulations in Article 13.2 of the Articles of Incorporation, the Company shall hold a by-election to fill the vacancy at its next shareholders' meeting. When the number of directors falls short by one third of the total number prescribed in Article 13.1 in the Company's Articles of Incorporation, the Company shall call a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
4. More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.
5. The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

Article 5: The Company shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting.

The ballot boxes shall be prepared by the Company and publicly checked by the vote monitoring personnel before voting commences.

Article 6: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number.

When the candidate is a governmental organization or juristic-person shareholder, in addition to shareholder account number, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered.

Article 7: A ballot is invalid under any of the following circumstances:

1. The ballot is not prepared according to this Procedure.
2. The ballot has 2 or more marked candidates.
3. The ballot has texts other than the candidate's account name or full name, and the shareholder account number or ID numbers written on it.
4. The words are scribbled and unintelligible.
5. For a candidate who is also a shareholder, the account name and shareholder account number do not correspond to the record on name list of shareholders. For a candidate who is not a shareholder, the name and ID number cannot be proved to be valid.
6. For a candidate whose name is identical to another shareholder's name, and no account number or ID number was provided for distinction.

Article 8: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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

Article 9: Matters that are not stipulated in this Procedure shall be conducted according to Company Act, the Company's Articles of Incorporation, and other legal regulations.

Article 10: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders' meeting.



## WAH LEE INDUSTRIAL CORP.

### Current Shareholding of Directors

- The total paid-in capital of the Company is NT\$2,360,179,410 with 236,017,941 shares issued. In accordance with “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” total shares held by the Board of directors shall be 12,000,000 units or more.
- As of the date for suspension of share transfer for a shareholders' meeting (April 1, 2023) total numbers of shares held by the directors in the shareholders' list has met the requirement of the minimum percentages of registered shares to be held by directors under Article 26 in Securities and Exchange Act as listed below:

Position	Name	No. of shares held on the date for suspension of share transfer		Name of proxy
		Shares	Shareholding %	
Chairman	Kang Tai Investment Corporation	19,868,338	8.42%	Ray-Ching Chang
Vice Chairman	Chun-Ying Chen	3,417,934	1.45%	—
Director	Zhi-Hai Lin	2,662,158	1.13%	—
Director	Bao Gung Investment Corporation	2,666,310	1.13%	Shu-Zhen Lin
Director	Kang Tai Investment Corporation	19,868,338	8.42%	CHANG TSUN-HSIEN
Director	Ching-Pin Yeh	3,423,388	1.45%	—
Independent Director	Yea-Kang Wang	—	—	—
Independent Director	Ru-Chong Chen (Note 2)	—	—	—
Independent Director	Shyu, So-De	—	—	—
	<b>Directors shareholding, subtotal</b>	<b>32,038,128</b>	<b>13.58%</b>	

Note: 1. Total share ownership figures calculated for Board of directors other than the independent directors is decreased by 20% as there are three independent directors in the Company's Board.

- On May 27, 2022, the Shareholders' Meeting elected a new independent director, Ru-Chong Chen, who resigned on November 25, 2022 due to his personal career plan.

## Other explanation notes

Shareholder proposals in this Shareholders' Meeting:

- Note: 1. According to Article 172-1 under the Company Act, shareholders holding 1% or more of the total number of outstanding shares of the Company may make a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed and the word count of the proposal is limited to 300.
2. The period of taking shareholders' proposals for the 2023 meeting starting from January 8, 2023 to January 18, 2023 and is posted on Market Observation Post System.
3. No shareholder proposal has been received as of the last day of the taking period.