



燁輝企業股份有限公司
YIEH PHUI ENTERPRISE CO., LTD.

2019 Shareholders' Meeting

Program

Web site: <http://mops.twse.com.tw>

Time: June 20, 2019

Location: Ziyi Community Center, No. 57, Jinxue Rd., Ziyi Vil.,
Ziguan Dist., Kaohsiung City

The Procedures and the Agenda

Yieh-Phui Enterprise Co., Ltd.

Procedures for 2019 Stockholders' Meeting

Time: 9:30 AM, June 20, 2019

Location: Ziyi Community Center, No.57, Jinxue Rd., Ziyi Vil.,
Ziguan Dist., Kaohsiung City **Ziyi Community Center**

- 1. Announcement of the Number of Shares Present**
- 2. Call the Meeting to Order**
- 3. Chairperson Remark**
- 4. Company Report**
- 5. Matters to Be Approved**
- 6. Matters for Discussion**
- 7. Election**
- 8. Other Matters**
- 9. Extempore Motions**
- 10. Adjournment**

Yieh Phui Enterprise Co., Ltd

Program for 2019 Stockholders' Meeting

I. Chairperson Remarks :

II. Company Report :

1. 2018 Operation Report
2. The Auditing Committee audits the final financial statement of 2018
3. The report on the remuneration of the employees and directors for 2018

I. Matters to Be Approved :

1. Approve the final financial statement for 2018
2. Approve the distribution of retained earnings for 2018.

IV. Matters for Discussion :

1. The cash and stock dividends to be issued and turning the retained earnings into stockholders' equity for 2017
2. Proposal on Modifying the "Procedures for Acquisition and Disposal of Assets"
3. Proposal on Modifying the "Operation Procedures for Loans to Others and Endorsement"
4. Proposal on Modifying "Corporate Charter"

V. Election :

1. Election of directors.

VI. Other Matters

1. Lifting of the Non-Compete clause for Director.

VII. Extempore Motions

VIII. Adjournment

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II Company Report

1. The Operation of 2018

In 2018 the up-stream steel industry of China is said to reduce 100 to 150 million tons of capacity in five years, but it has been done ahead of schedule. China's policy on reducing capacity, banning new facilities and substandard steel has made it easier for making sure the production under control.

Yieh Phui is of the mid-stream of the steel industry with the major products of metallic coated and prepainted steel sheets for sale worldwide, having been able to control the costs and gain steady profits when confronting the competition from China.

The Outline of the Operation of 2018

Comparing 2018 with 2017, the sale volume of Yieh Phui increases 2.04% and that of revenue is NT\$847 million. Yieh Phui (China)'s sales decreased by NT\$1.6 billion due to a lower sales than a year ago. The sales volume of Yieh Hsing rises by NT\$749 million and the increase in revenue is NT\$749 million. Overall, the consolidated revenue is NT\$73.856 billion, an increase of 3.79% compared to the previous year of NT\$71.159 billion. The consolidated net income after tax is NT\$265 million, a reduction of 80.31% from NT\$1.345 billion of the previous year, of which NT\$308 million is for the mother company, comparing with the previous year of NT\$1.367 billion, a reduction of 77.44%.

1. The Performance of Business Plan :

Consolidated Information of Financial Statements

Unit NT\$ in (000)

Item \ Year	2018	2017	Changes	Changes%
Operaiton Revenue	73,856,189	71,158,662	2,697,527	3.79
Operaiton Costs	67,944,988	64,859,279	3,085,709	4.76
Operaiton Gross Profit(Loss)	5,911,201	6,299,383	-388,182	-6.16
Operaiton Expenses	4,452,691	4,088,009	364,682	8.92
Operaiton Net Profit(Loss)	1,458,510	2,211,374	-752,864	-34.05
Non-operation Revenue and Expenses	-1,102,964	-406,009	-696,955	-171.66
Net Profit (Loss) before Tax	355,546	1,805,365	-1,449,819	-80.31
Income Tax Expenses	90,602	460,055	-369,453	-80.31
Net Profit (Loss) after Tax	264,944	1,345,310	-1,080,366	-80.31
Other Comprehensive Income (net)	-21,012	-504,626	483,614	95.84

Total Amount of Comprehensive Income in this Term	243, 932	840,684	-596, 752	-70. 98
Net Profit that Belongs to the Owner of the Parent Company	308, 506	1,367,405	-1, 058, 899	-77. 44
Net Profit that Belongs to the Non-controlling equity	-43, 562	-22,095	-21, 467	-97. 16
Total Amount of Comprehensive Income that Belongs to the Owner of the Parent Company	293, 049	878,961	-585, 912	-66. 66
Total Amount of Comprehensive Income that Belongs to the Non-controlling equity	-49, 117	-38,277	-10, 840	28. 32

Financial Information of Company

Item \ Year	2018	2017	Changes	Changes%
Operaiton Revenue	30, 026, 324	29, 179, 218	847, 106	2. 90
Operaiton Costs	27, 587, 558	25, 389, 583	2, 219, 975	8. 66
Operaiton Gross Profit(Loss)	2, 438, 766	3, 789, 635	-1, 350, 869	-35. 65
Operaiton Expenses	1, 562, 679	2, 328, 306	-765, 627	-32. 88
Operaiton Net Profit(Loss)	876, 087	1, 461, 329	-585, 242	-29. 22
Non-operation Revenue and Expenses	-587, 176	208, 432	-795, 608	-381. 71
Net Profit (Loss) before Tax	288, 911	1, 669, 761	-1, 380, 850	-82. 70
Income Tax Expenses	-19, 595	302, 356	-321, 951	-106. 48
Net Profit (Loss) after Tax	308, 506	1, 367, 405	-1, 058, 899	-77. 44

2. Execution of the Budget: Yieh-Phui has not disclosed financial guidance and is not applicable to the rules on disclosing the execution of the budget.

3. Analysis of the Revenue/Expenditure and Profitability :

Consolidated Financial Report Information

Item	2018	2017
Net cash inflow of operation activities (thousand dollars)	2, 336, 596	-1, 462, 060
Equity/Assets (%)	34. 05	33. 98

Item	2018	2017
Liabilities/Assets (%)	65.95	66.02
Long-term Funds accounting for the ratio of real estates, plants and equipments (%)	146.73	152.91
Current ratio (%)	93.56	100.90
Quick ratio (%)	47.75	52.82
Return on assets (%)	1.46	2.69
Return on equity (%)	0.89	4.49
Net profit margin (%)	0.36	1.89
Earnings per share (dollar)	0.16	0.75
Number of shares by the end of the year (share)	1,875,811,292	1,821,176,011

Financial Information of Company

Item	2018	2017
Net cash inflow of operation activities (thousand dollars)	2,043,610	537,317
Equity/Assets (%)	54.84	54.65
Liabilities/Assets (%)	45.16	45.35
Long-term Funds accounting for the ratio of real estates, plants and equipments (%)	504.59	473.70
Current ratio (%)	62.43	73.79
Quick ratio (%)	28.66	38.28
Return on assets (%)	1.30	3.42
Return on equity (%)	1.11	4.94
Net profit margin (%)	1.03	4.69
Earnings per share (dollar)	0.16	0.75
Number of shares by the end of the year (share)	1,875,811,292	1,821,176,011

The Summary for Research and Development

Starting from 2007, Yieh Phui has developed the market for coated steel to be used for household appliances and has been recognized by famous appliance producers such as Whirlpool, Fisher & Paykel, SHARP, and Panasonic.

Confronting with fierce market competition, Yieh Phui has been vigorously developing high end

quality products for high end market and cooperating with Japanese steel firms to expand in the overseas market. We have seen good results from this collaboration since December 2013 with the volume increasing each month every year, contributing to our earnings and expecting the cumulative total sales to reach 130,000 tons landmark in 2018.

On product differentiation, Yieh Phui has successfully developed anti-microbial metallic coated steel sheets – regular spangle, used for the pipes for air-conditioning, and gained recognition by the public construction projects of Hong Kong, such as MRT and hospitals, and those of Macao. Yieh Phui continues to develop other high end prepainted steel sheets and Al-Zn coated steel sheets for inner panels of ovens. The sales have steadily increased in 2016 and expected to expand in the projects of other appliances. In addition, Yieh Phui has finalized the production of Printed Prepainted Steel Sheets (wood & hairline patterns) for special applications in the industry and will deliver those products in 2017, enhancing the market prospect and the diversity of our offers. In 2017, Yieh Phui plans to develop coated steel with anti-microbial plus and anti-fingerprint treatment to be used in ducting and green construction materials in hospitals and luxurious residences, enhancing market expansion and product diversification.

The trend of globalization has triggered the EU to issue the regulation of RoHS and WEEE, which focus on the recycling of electronic appliances, environment friendly production and their re-use. This policy has won the recognition of the whole world and Yieh Phui has developed products compliant with those regulations and earned big and long-term orders of major appliance producers. Later on in 2007 the EU issued REACH, controlling 16 ingredients in the materials, mixtures and products exporting to EU that may cause cancers, deformation and toxicity to the human reproductive system. Up to the end of 2019, there have been 191 such items and they have been put into Yieh Phui's quality control and auditing system to protect the environment and the health of consumers. Recently, EU asks again to set a deadline on the use of steel products that contain hexavalent chromium and other new environmental instructions on construction materials like metallic and color coated steel sheets. The company has been aggressively and speedily developing multi-combination and multi-purpose products with suppliers of surface treatment and paints, becoming the first among Taiwan's competitors to produce outdoor environmentally protective coated steel products. Yieh Phui will cooperate with the sales channels of the supply chain of dealers and roll formers, making sure that our products will reach the world market seamlessly and in a timely fashion to score another great performance in expansion and sales.

Corporate Strategies for Future Development, Impact from competition, legal environment, and overall economy

To maintain stable growth, Yieh Phui is getting the fourth expansion done in Changshu Economic Development Zone, Jiangsu, of Yieh Phui (China). The total production of hot-dip galvanizing in

Taiwan and China has reached 26 million tons per year, becoming the largest independent coated steel sheet producer in the world. The fourth expansion of Yieh Phui (China) includes a one-million ton pickling and tandem cold mill (PLTCM), 500,000 tons of continuous annealing line (CAL), a 400,000 tons of hot-dip galvanizing line that can produce galvanized steel sheets and a 220,000 tons of coil coating line. In addition, under the third hot-dip galvanizing line, an aluminum coated equipment is added. The products of the expansion will supply the massive cars and appliances markets in China.

Yieh Phui and Yieh Phui (China) both can produce hot-dip galvanized, hot-dip 5% Al-Zn coated, and hot-dip 55% Al-Zn coated steel coils. In addition Yieh Phui (China) can produce hot-dip Al-Zn coated steel coils and prepainted hot-dip galvanized steel coils using the above materials as a base with all sorts of variety and sizes to satisfy the needs of one-stop shopping for customers worldwide. The competitiveness and profitability is second to none.

In recent years, under the dual-production base model formed by Yieh Phui and Yieh Phui (China), the Company has begun to reinforce dual-axis operations through developing export markets outside of China and the niche markets. In response to the environmental trends, we have also been actively developing green steel products, aiming to exceed the competitors in the industry through the blue ocean strategy

I. The impact of external environment to domestic market :

Cheap imports of steel products poured into Taiwan, filling the market with low-price, low-quality materials that pose potential risks to people's lives and the quality of public infrastructure. As a countermeasure, the government joined the domestic coated steel manufacturers to put forward anti-dumping complaints against China and South Korea in 2016. The 5-year-term anti-dumping duty has been inflicted since August 22, 2016. Nonetheless, attempts of low-price steel imports from other countries to enter the Taiwanese market still sustained, and the Company will continuously assess the effects on the domestic market.

Besides, the US started the implementation of section 232 on March 23, 2018 and has imposed 25% duty on imported steel products, arousing protectionism worldwide, impacting Taiwan's steel business and rendering supply to exceed demand. The price competition is fierce and down-stream customers tend to be conservative. On the other hand, the trade war between China and the US has made the prospect of China's economy and the steel market dubious. To avoid any adverse impact, many Taiwanese producers based in China have moved to southeastern Asia or back to Taiwan. The whole scenario needs time to observe.

For the domestic market, the investment has slowed down and the clampdown on farmhouses, building on farmland and tearing down on new violations have contributed to the lower the demand for galvanized steel products, hurting the domestic market. In contrast, the policy on electricity, green energy, solar/wind power all will increase the demand for related industries and help the sale of galvanized steel products.

II. The impact of external environment to the market of China :

China has rapidly expanded its steel production and exports. Many countries around the world have retaliated, forcing China to implement supply side reform. In 2016, China strongly cuts steel capacity; in 2017 China further enforced cuts on dirty steel and allows no production during winter. In 2018, it strengthened production cut coupled with the supervision on the real estate market, global protectionism and the trade between China and the US, weakening the down-stream demand and the economy. It is said that in 2019 China would remain bearish on steel production, but will stimulate the investment on infrastructure. Thus, the impact of the exports from China will reduce.

The state-run steel mills of China proved to be lucrative in 2018 and the profit once exceeded 1,000 RMB per ton. This incurs high costs to the downstream private cold rolling and galvanizing steel mills, rendering it hard to transfer costs to customers and unable to compete with state-owned BF) steel mills producing cold rolled steel (including coated steel). Their burdens have become much heavier and grumbled for quite some time.

III. The impact of external environment to the export market :

In the global market, due to anti-dumping of numerous countries and defensive measures against China's dumping, Taiwan has been adversely affected, particularly the accusation on anti-dumping and anti-subsidy by the US. The most severe impact is the section 232 imposition of 25% tariff on steel and aluminum, causing the dramatic increase of the price of steel and reducing customers' demand for imported products willing to purchase what is necessary. However, the Commerce Department of the US announced on February 19, 2019 that the rate for Yieh Phui will be 2.24%, much lower than the others being assessed, enhancing our competitiveness.

On February 2, 2019, EU implemented a final defensive measure, which will last for three years. To get quota to avoid the 25% tariff, there have already been low price steel flooding the Europe market. The precarious situation of global trade and Brexit has made IMF to lower down the economic growth of Eurozone 1.3%.

The costs of imports have been higher due to the trade war between the US and China continues coupled with the depreciation of the currencies of Southeast Asian countries. In the meantime, major competitors have increased capacity and lowered price to stimulate sales, making it hard for Taiwan steel mills.

Australia is completely exempt from section 232 and their steel mills will export more to the US, reducing their sales to the domestic market, good news for companies exporting to Australia.

In October 2018, World Steel Association (WSA) estimated that the global demand for steel will increase in the short term as well as 2019. However, the global steel market is still full of challenges because the growth for the economies China and other areas will slow down, though the US and emerging countries may increase.

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Independent Auditors' Report

To the Board of Directors and Shareholders
Yieh Phui Enterprise Co., Ltd.

Opinion

We have audited the consolidated financial statements of Yieh Phui Enterprise Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of the other independent accountants, as described in the other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December

31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

Revenue recognition

Please refer to Note 4.22 to the consolidated financial statements for the accounting policy on revenue recognition; Note 5.2.A for major accounting estimates and assumptions of revenue recognition; and Note 6.34 for the details of revenue recognition.

Description of key audit matter

Due to fierce competition in the industry, the Group may be affected by the growth of its performance and competition in the same industry, which increases the risk of recognition of operating income. Therefore, we determined the revenue recognition for those product lines and customers with significant sales increase in 2018 as a key audit matter.

How the matter was addressed in our audit

Our key audit procedures included analyzing the industry trends, income types, product lines, and customer group's two-year operating income status to confirm whether there are abnormal circumstances or centralized transactions and identify possible risks; understanding and testing the internal control procedure to assess the effectiveness of the relevant internal control for revenue recognition; conducting a sample test on the sales transactions of the top ten new customers to confirm the authenticity of the sales transaction and executing sales cutoff test.

Valuation of inventory

Please refer to Note 4.8 to the consolidated financial statements for the accounting policy on inventories; Note 5.2.G for major accounting estimates and assumptions of inventories; and Note 6.7 for inventory valuation.

Description of key audit matter

The Group's inventory amounted to \$10,347,451 thousand (net of \$10,608,387 thousand of total inventory less \$260,936 thousand of allowance for inventory valuation loss) as of 31 December 2018, which accounted for 11.89% of total assets. The inventory valuation is measured at the lower of inventory cost and net realizable value. Given that the valuation of net realizable value of inventory has a significant impact on critical judgments and estimates and since inventory valuation is dependent on the influence of frequently volatile fluctuations of international metal price, we have thus included this item in the key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included obtaining management's assessment information which determines the lower of inventory cost and net realizable value; sampling estimated selling prices to the most recent sales records; and assessing the appropriateness of management's basis for estimating the net realizable value.

Other Matters

We did not audit the financial statements of certain associates accounted for using equity method. Those financial statements were audited by the other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements was based solely on the reports of the other independent accountants. Investments in these associates amounted to \$4,779,519 thousand and \$5,394,163 thousand, representing 5.49% and 6.18% of total consolidated assets as of December 31, 2018 and 2017, and the share of profit of these associates accounted for using equity method amounted to (\$424,772) thousand and \$82,282 thousand, representing (119.47%) and 4.56% of total consolidated income before income tax for the years then ended, respectively. In addition, other comprehensive income of these associates accounted for using equity method amounted to \$27,756 thousand and (\$85,997) thousand, representing (132.10%) and 17.04% of total consolidated comprehensive income for the years then ended, respectively.

We have also audited the standalone financial statements of Yieh Phui Enterprise Co., Ltd. as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in Our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those

matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ling Wen Huang and Jen Yao Hsieh.

Crowe (TW) CPAs
Kaohsiung, Taiwan
Republic of China
March 21, 2019

YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2018		December 31, 2017		Liabilities and Equity	Note	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%			Amount	%	Amount	%
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	6(1)	\$5,522,926	7	\$7,704,426	9	Short-term loans	6(22)	\$16,001,636	19	\$15,825,523	19
Financial assets at fair value through profit or loss - current	6(2)	285,944	-	49,534	-	Short-term notes and bills payable	6(23)	837,598	1	989,011	1
Contract assets - current	6(34)	532,786	1	-	-	Financial liabilities at fair value through profit or loss - current	6(2)	7,437	-	21,033	-
Notes receivable, net	6(3)	1,650,972	2	1,389,916	2	Contract liabilities - current	6(34)	1,410,498	2	-	-
Accounts receivable, net	6(4)	1,990,296	2	2,511,585	3	Notes payable		1,156,449	1	1,816,494	2
Accounts receivable - related parties, net	7	1,166,014	1	759,908	1	Accounts payable		1,245,748	1	1,114,431	1
Construction contract receivable	6(5)	-	-	175,452	-	Construction contract payable	6(5)	-	-	14,331	-
Construction contract receivable - related parties	6(5)	-	-	192,200	-	Other payables	6(24)	1,557,229	2	1,634,147	2
Other receivables	6(6)	274,801	-	277,705	-	Current tax liabilities		153,410	-	1,124	-
Current tax assets		12,577	-	12,308	-	Provisions - current	6(25)	111,092	-	102,183	-
Inventories	6(7)	10,347,451	13	9,993,445	12	Liabilities directly associated with noncurrent assets held for sale	6(9)	62,423	-	-	-
Prepayments	6(8)	1,893,869	2	3,032,728	3	Advance receipts		69	-	1,888,764	2
Noncurrent assests held for sale (net)	6(9)	218,096	-	-	-	Current portion of long-term loans	6(26)	4,183,655	5	3,685,344	4
Other financial assets - current	6(10)	1,109,111	1	1,236,064	1	Total current liabilities		\$26,727,244	31	\$27,092,385	31
Total current assets		\$25,004,843	29	\$27,335,270	31	NONCURRENT LIABILITIES					
NONCURRENT ASSETS						Long-term loans	6(26)	\$29,894,253	34	\$29,282,172	34
Financial assets at fair value through profit or loss - noncurrent	6(2)	\$1,011,252	1	\$9,999	-	Deferred tax liabilities	6(39)	17,547	-	227,177	-
Financial assets at fair value through other comprehensive income or loss - noncurrent	6(12)	715,117	1	-	-	Long-term deferred revenue	6(28)	32,854	-	35,669	-
Available-for-sale financial assets - noncurrent	6(13)	-	-	44,910	-	Net defined benefit liability - noncurrent	6(27)	733,314	1	940,445	1
Financial assets carried at cost - noncurrent	6(14)	-	-	551,462	1	Guarantee deposits		14,749	-	14,639	-
Debt investments with no active market - noncurrent	6(15)	-	-	554,755	1	Total noncurrent liabilities		\$30,692,717	35	\$30,500,102	35
Investments accounted for using equity method	6(11)	15,492,641	18	17,412,043	20	Total Liabilities		\$57,419,961	66	\$57,592,487	66
Property, plant and equipment	6(16)	41,118,529	46	39,326,842	45	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Investment properties	6(17)	776,270	1	988,576	1	Share capital					
Intangible assets	6(18)	452,363	1	8,880	-	Common stock	6(29)	\$18,758,113	22	\$18,211,760	21
Deferred tax asset	6(39)	583,658	1	609,736	1	Capital surplus	6(30)	4,883,218	6	4,873,770	6
Other noncurrent assets	6(19)	7,534	-	-	-	Retained earnings					
Refundable deposits	6(20)	1,350,617	2	69,570	-	Legal reserve	6(31)	2,835,202	3	2,698,462	3
Other financial assets - noncurrent	8	114,465	-	63,827	-	Special reserve	6(31)	636,655	1	327,757	-
Long-term prepaid rent	6(21)	434,304	-	252,478	-	Unappropriated earnings	6(31)	1,233,913	1	2,366,597	3
Total noncurrent assets		\$62,056,750	71	\$59,893,078	69	Other equity	6(32)	(559,232)	(1)	(636,655)	(1)
						Total equity attributable to owners of the parent		\$27,787,869	32	\$27,841,691	32
						NON-CONTROLLING INTERESTS		1,853,763	2	1,794,170	2
						Total equity		\$29,641,632	34	\$29,635,861	34
TOTAL ASSETS		\$87,061,593	100	\$87,228,348	100	TOTAL LIABILITIES AND EQUITY		\$87,061,593	100	\$87,228,348	100

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

YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Note	Year Ended December 31			
		2018		2017	
		Amount	%	Amount	%
OPERATING REVENUE	6(34)	\$73,856,189	100	\$71,158,662	100
OPERATING COST	6(7)	67,944,988	92	64,859,279	91
GROSS PROFIT		\$5,911,201	8	\$6,299,383	9
OPERATING EXPENSES					
Selling and marketing expenses		3,280,971	5	2,895,049	3
General and administrative expenses		1,068,227	2	1,096,333	2
Research and development expenses		100,245	-	96,627	-
Expected credit loss		3,248	-	-	-
Total operating expenses		4,452,691	7	4,088,009	5
INCOME FROM OPERATIONS		\$1,458,510	1	\$2,211,374	4
NON-OPERATING INCOME AND EXPENSES					
Other income	6(35)	\$1,254,320	2	\$287,320	-
Other gains and losses	6(36)	(20,238)	-	263,704	-
Finance costs	6(37)	(1,264,244)	(2)	(1,120,195)	(1)
Share of profit (loss) of associates and joint ventures		(1,072,802)	(1)	163,162	-
Total non-operating income and expenses		(\$1,102,964)	(1)	(\$406,009)	(1)
INCOME BEFORE INCOME TAX		\$355,546	-	\$1,805,365	3
INCOME TAX EXPENSE	6(39)	90,602	-	460,055	1
NET INCOME		\$264,944	-	\$1,345,310	2
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans		(\$32,943)	-	\$2,578	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income		5,241	-	-	-
Share of other comprehensive income of associates and joint ventures		30,031	-	(30,121)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss		(3,043)	-	(6,312)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		(\$125,682)	-	(\$337,699)	-
Unrealized gain (loss) on available-for-sale financial assets		-	-	(1,665)	-
Share of other comprehensive income (loss) of associates and joint ventures		74,598	-	(229,281)	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		(24,700)	-	(85,250)	-
Total other comprehensive income (loss), net of income tax	6(40)	(\$21,012)	-	(\$504,626)	(1)
TOTAL COMPREHENSIVE INCOME		\$243,932	-	\$840,684	1
NET INCOME ATTRIBUTABLE TO:					
Shareholders of the parent		\$308,506	-	\$1,367,405	2
Non-controlling interests		(43,562)	-	(22,095)	-
Total		\$264,944	-	\$1,345,310	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Shareholders of the parent		\$293,049	-	\$878,961	1
Non-controlling interests		(49,117)	-	(38,277)	-
Total		\$243,932	-	\$840,684	1
EARNINGS PER SHARE					
Basic earnings pre share		\$0.16		\$0.73	

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

YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Capital Stock - Common Stock		Retained Earnings				Other Adjustment Items					
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges Reserve	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2017	1,718,090	\$17,180,905	\$4,737,131	\$2,448,261	\$327,757	\$3,010,948	(\$226,298)	\$ -	\$47,562	\$11,385	\$2,706,328	\$30,243,979
Appropriations of prior year's earnings:												
Legal reserve	-	-	-	250,201	-	(250,201)	-	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(687,236)	-	-	-	-	-	(687,236)
Stock dividends to ordinary shareholders	103,086	1,030,855	-	-	-	(1,030,855)	-	-	-	-	-	-
Total	103,086	1,030,855	-	250,201	-	(1,968,292)	-	-	-	-	-	(687,236)
Net income in 2017	-	-	-	-	-	1,367,405	-	-	-	-	(22,095)	1,345,310
Other comprehensive income (loss) in 2017, net of income tax	-	-	-	-	-	(19,140)	(471,480)	-	7,171	(4,995)	(16,182)	(504,626)
Total comprehensive income (loss) in 2017	-	-	-	-	-	1,348,265	(471,480)	-	7,171	(4,995)	(38,277)	840,684
Changes in equity of associates and joint ventures	-	-	5,404	-	-	(1,328)	-	-	-	-	107	4,183
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	131,235	-	-	-	-	-	-	-	(131,235)	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	(22,996)	-	-	-	-	22,996	-
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(765,749)	(765,749)
BALANCE AT DECEMBER 31, 2017	1,821,176	18,211,760	4,873,770	2,698,462	327,757	2,366,597	(697,778)	-	54,733	6,390	1,794,170	29,635,861
Effect of retrospective application	-	-	-	-	-	51,160	-	123,526	(54,733)	-	3,515	123,468
ADJUSTED BALANCE AT JANUARY 1, 2018	1,821,176	18,211,760	4,873,770	2,698,462	327,757	2,417,757	(697,778)	123,526	-	6,390	1,797,685	29,759,329
Appropriations of prior year's earnings:												
Legal reserve	-	-	-	136,740	-	(136,740)	-	-	-	-	-	-
Capital increase out of retained earning	54,635	546,353	-	-	-	(546,353)	-	-	-	-	-	-
Special reserve	-	-	-	-	308,898	(308,898)	-	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(364,235)	-	-	-	-	-	(364,235)
Total	54,635	546,353	-	136,740	308,898	(1,356,226)	-	-	-	-	-	(364,235)
Net income in 2018	-	-	-	-	-	308,506	-	-	-	-	(43,562)	264,944
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	-	(24,807)	(26,025)	35,086	-	289	(5,555)	(21,012)
Total comprehensive income (loss) in 2018	-	-	-	-	-	283,699	(26,025)	35,086	-	289	(49,117)	243,932
Changes in equity of associates and joint ventures	-	-	6,930	-	-	34,815	-	-	-	-	204	41,949
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	2,518	-	-	(100,928)	-	-	-	-	98,410	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	(45,924)	-	-	-	-	45,924	-
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(39,343)	(39,343)
Disposal of equity instruments at fair value through other comprehensive income by associates	-	-	-	-	-	720	-	(720)	-	-	-	-
BALANCE AT DECEMBER 31, 2018	1,875,811	18,758,113	4,883,218	2,835,202	636,655	1,233,913	(723,803)	157,892	-	6,679	1,853,763	\$29,641,632

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

YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31	
	2018	2017
1.CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$355,546	\$1,805,365
Adjustments for :		
Income and expenses having no effect on cash flows:		
Depreciation	1,739,734	1,660,759
Amortization	10,701	23,492
Expected credit loss	3,248	-
Provision for (reversal of) allowance for doubtful accounts	-	(174)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(41,609)	35,418
Interest expense	1,264,244	1,120,195
Interest income	(105,056)	(101,638)
Dividend income	(34,213)	(73,952)
Share of loss (profit) of associates and joint ventures	1,072,802	(163,162)
Loss on disposal and retirement of property, plant and equipment	30,138	(309,013)
Transfer of property, plant and equipment to expenses	23,825	9,211
Loss (gain) on disposal of investments	(115,938)	(15)
Impairment loss recognized on financial assets	-	1,060
Impairment loss recognized on nonfinancial assets	42,889	13,534
Others	(217)	(217)
Total income and expenses having no effect on cash flows	\$3,890,548	\$2,215,498
Changes in operating assets and liabilities		
Net changes in oprating assets:		
Decrease (increase) in financial assets held for trading	\$ -	\$55,105
Decrease (increase) in financial assets as at fair value through profit or loss	(23,452)	-
Decrease (increase) in contract assets	(129,575)	-
Decrease (increase) in notes receivable	(261,060)	(659,449)
Decrease (increase) in accounts receivables	489,021	(339,650)
Decrease (increase) in accounts receivables - related parties	(406,959)	161,920
Decrease (increase) in construction contract receivable	-	277,871

Item	Year Ended December 31	
	2018	2017
Decrease (increase) in other receivables	58,527	(17,074)
Decrease (increase) in inventories	(302,601)	(1,744,327)
Decrease (increase) in prepayments	1,149,647	(860,320)
Decrease (increase) in other financial assets	783	(615)
Total net changes in operating assets	<u>\$574,331</u>	<u>(\$3,126,539)</u>
Net changes in oprating liabilities:		
Increase (decrease) in contract liabilities	(524,662)	-
Increase (decrease) in notes payable	(660,045)	(277,756)
Increase (decrease) in accounts payable	131,317	(79,385)
Increase (decrease) in construction contract payable	-	(15,071)
Increase (decrease) in other payables	(40,050)	(99,234)
Increase (decrease) in provisions	(3,013)	31,836
Increase (decrease) in advance receipts	(41)	(244,162)
Increase (decrease) in net defined benefit liabilities	(240,074)	(132,743)
Total net changes in operating liabilities	<u>(\$1,336,568)</u>	<u>(\$816,515)</u>
Total net changes in operating assets and liabilities	<u>(\$762,237)</u>	<u>(\$3,943,054)</u>
Total adjustments	<u>\$3,128,311</u>	<u>(\$1,727,556)</u>
Cash generated from operations	\$3,483,857	\$77,809
Interest received	102,796	97,381
Dividends received	82,213	179,347
Interest paid	(1,248,176)	(1,126,859)
Income tax paid	(84,094)	(689,738)
Net cash generated from (used in) operating activities	<u>\$2,336,596</u>	<u>(\$1,462,060)</u>
2.CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,352	-
Acquisition of financial assets at fair value through profit or loss	(605,179)	-
Acquisition of debt investments with no active market	-	(348,450)
Acquisition of financial assets carried at cost	-	(\$68,396)
Proceeds from disposal of financial assets carried at cost	-	\$15
Acquisition of investments accounted for using equity method	(95,105)	(\$585,976)
Proceeds from disposal of investments accounted for using equity method	617,884	-
Acquisition of subsidiaries (deducting cash received)	(30,375)	13
Proceeds from capital reduction of investments accounted for using equity mothod	21,981	620

Item	Year Ended December 31	
	2018	2017
Proceeds from disposal of non-current assets held for sale	62,423	-
Acquisition of property, plant and equipment	(4,245,853)	(3,428,503)
Proceeds from disposal of property, plant and equipment	20,471	361,381
Decrease (increase) in refundable deposits	(1,277,718)	(5,078)
Decrease (increase) in other receivables	46,072	-
Acquisition of investment properties	(8,229)	(16,263)
Decrease (increase) in other financial assets	75,532	(191,567)
Decrease (increase) in other noncurrent assets	4,213	11,068
Net cash used in investing activities	<u>(\$5,411,531)</u>	<u>(\$4,271,136)</u>
3.CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	\$176,113	\$5,311,016
Increase (decrease) in short - term notes and bills payable	(150,000)	310,000
Repayment of bonds payable	-	(278,940)
Increase in long-term loans	7,711,366	9,984,035
Repayment of long - term loans	(6,602,770)	(8,480,026)
Increase (decrease) in guarantee deposits received	110	(4,100)
Increase (decrease) in other noncurrent liabilities	(2,815)	(2,727)
Cash dividends paid	(364,235)	(687,236)
Increase (decrease) in non - controlling interests	(75,770)	(767,816)
Net cash generated from financing activities	<u>\$691,999</u>	<u>\$5,384,206</u>
4.EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>\$201,437</u>	<u>(\$79,766)</u>
5.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(\$2,181,499)</u>	<u>(\$428,756)</u>
6.CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>7,704,425</u>	<u>8,133,181</u>
7.CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$5,522,926</u></u>	<u><u>\$7,704,425</u></u>

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

Independent Auditor's Report

To the Board of Directors and Shareholders
Yieh Phui Enterprise Co., Ltd.

Opinion

We have audited the accompanying standalone balance sheets of Yieh Phui Enterprise Co., Ltd. (the "Company") as of December 31, 2018 and 2017, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of the other independent accountants, as described in the other matters section of our report, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2018 and 2017, and its standalone financial performance and its standalone 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the standalone 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. Based on our audits and the report of other independent accountants, 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 standalone financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the standalone financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's standalone financial statements for the year ended December 31, 2018 are stated as follows:

Revenue recognition

Please refer to Note 4.16 to the standalone financial statements for the accounting policy on revenue recognition; Note 5.2.A for major accounting estimates and assumptions of revenue recognition; and Note 6.29 for the details of revenue recognition.

Description of key audit matter

Due to fierce competition in the industry, the Company may be affected by the growth of its performance and competition in the same industry, which increases the risk of recognition of operating income. Therefore, we determined the revenue recognition for those product lines and customers with significant sales increase in 2018 as a key audit matter.

How the matter was addressed in our audit

Our key audit procedures included analyzing the industry trends, income types, product lines, and customer Company's two-year operating income status to confirm whether there are abnormal circumstances or centralized transactions and identify possible risks; understanding and testing the internal control procedure to assess the effectiveness of the relevant internal control for revenue recognition; conducting a sample test on the sales transactions of the top ten new customers to confirm the authenticity of the sales transaction and executing sales cutoff test.

Valuation of inventory

Please refer to Note 4.7 to the standalone financial statements for the accounting policy on inventories; Note 5.2.G for major accounting estimates and assumptions of inventories; and Note 6.7 for inventory valuation.

Description of key audit matter

The Company's inventory amounted to \$3,783,904 thousand (net of \$3,799,790 thousand of total inventory less \$15,886 thousand of allowance for inventory valuation loss) as of 31 December 2018, which accounted for 7.47% of total assets. The inventory valuation is measured at the lower of inventory cost and net realizable value. Given that the valuation of net realizable value of inventory has a significant impact on critical judgments and estimates and since inventory valuation is dependent on the influence of frequently volatile fluctuations of international metal price, we have thus included this item in the key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included obtaining management's assessment information which determines the lower of inventory cost and net realizable value; sampling estimated selling prices to the most recent sales records; and assessing the appropriateness of management's basis for estimating the net realizable value.

Other Matters

We did not audit the financial statements of certain associates accounted for using equity method. Those financial statements were audited by the other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the standalone financial statements was based solely on the reports of the other independent accountants. Investments in these associates

amounted to \$4,644,045 thousand and \$5,248,378 thousand, representing 9.17% and 10.30% of total standalone assets as of December 31, 2018 and 2017, and the share of profit of these associates accounted for using equity method amounted to (\$417,282) thousand and \$86,232 thousand, representing (144.43%) and 5.16% of total standalone income before income tax for the years then ended, respectively. In addition, other comprehensive income of these associates accounted for using equity method amounted to \$27,596 thousand and (\$83,553) thousand, representing (178.53%) and 17.11% of total standalone comprehensive income for the years then ended, respectively.

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

Management is responsible for the preparation and fair presentation of the standalone 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 the standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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's 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 Standalone Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the company 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 standalone financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ling Wen Huang and Jen Yao Hsieh.

Crowe (TW) CPAs
Kaohsiung, Taiwan
Republic of China
March 21, 2019

YIEH PHUI ENTERPRISE CO., LTD.
STANDALONE BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2018		December 31, 2017		Liabilities and Equity	Note	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%			Amount	%	Amount	%
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	6(1)	\$327,063	1	\$1,469,705	3	Short-term loans	6(19)	\$7,628,382	16	\$8,180,776	16
Financial assets at fair value through profit or loss - current	6(2)	227,960	-	33,634	-	Short-term notes and bills payable	6(20)	499,472	1	649,616	1
Contract assets - current	6(29)	535,243	1	-	-	Financial liabilities at fair value through profit or loss - current	6(2)	1,998	-	1,751	-
Notes receivable, net	6(3)	28,911	-	20,494	-	Contract liabilities - current	6(29)	826,831	2	-	-
Accounts receivable, net	6(4)	895,226	2	1,253,935	2	Notes payable		626,515	1	635,683	1
Accounts receivable - related parties, net	7	710,459	1	328,289	1	Accounts payable		710,534	1	529,357	1
Construction contract receivable	6(5)	-	-	175,452	-	Construction contract payable	6(5)	-	-	14,397	-
Construction contract receivable - related parties	6(5)、7	-	-	194,461	-	Other payables	6(21)	474,542	1	514,312	1
Other receivables	6(6)	196,643	-	171,214	-	Current tax liabilities		131,576	-	-	-
Other receivables- related parties	7	16,960	-	966,250	2	Provisions - current	6(22)	67,958	-	67,890	-
Current tax assets		6,508	-	6,508	-	Liabilities directly associated with noncurrent assets held for sale	6(9)	62,423	-	-	-
Inventories	6(7)	3,783,904	8	4,145,137	9	Advance receipts		-	-	1,275,342	3
Prepayments	6(8)	278,228	1	308,860	1	Current portion of long-term loans	6(23)	1,000,945	2	671,777	1
Noncurrent assets held for sale (net)	6(9)	218,096	-	-	-	Total current liabilities		\$12,031,176	24	\$12,540,901	24
Other financial assets - current	8	285,559	1	180,149	-	NONCURRENT LIABILITIES					
Total current assets		\$7,510,760	15	\$9,254,088	18	Long-term loans	6(23)	\$10,216,633	20	\$9,683,048	20
NONCURRENT ASSETS						Deferred tax liabilities	6(24)	16,825	-	227,145	-
Financial assets at fair value through profit or loss - noncurrent	6(2)	\$790,797	2	\$9,999	-	Net defined benefit liability - noncurrent	6(24)	612,159	1	647,450	1
Financial assets at fair value through other comprehensive income or loss - noncurrent	6(11)	710,093	1	-	-	Guarantee deposits		2,000	-	2,000	-
Available-for-sale financial assets - noncurrent	6(12)	-	-	44,910	-	Total noncurrent liabilities		\$10,847,617	21	\$10,559,643	21
Financial assets carried at cost - noncurrent	6(13)	-	-	549,321	1	Total Liabilities		\$22,878,793	45	\$23,100,544	45
Debt investments with no active market - noncurrent	6(14)	-	-	433,401	1	Share capital					
Investments accounted for using equity method	6(10)	31,068,139	61	30,713,470	60	Common stock	6(25)	\$18,758,113	37	\$18,211,760	35
Property, plant and equipment	6(15)	7,656,732	15	8,106,718	16	Capital surplus	6(26)	4,883,218	10	4,873,770	10
Investment properties	6(16)	1,115,497	2	1,332,100	3	Retained earnings					
Deferred tax asset	6(34)	389,068	1	366,936	1	Legal reserve	6(27)	2,835,202	6	2,698,462	5
Refundable deposits	6(17)	1,295,104	3	43,932	-	Special reserve	6(27)	636,655	1	327,757	1
Other financial assets - noncurrent	8	46,875	-	857	-	Unappropriated earnings	6(27)	1,233,913	2	2,366,597	5
Long-term prepaid rent	6(18)	83,597	-	86,503	-	Other equity	6(28)	(559,232)	(1)	(636,655)	(1)
Total noncurrent assets		\$43,155,902	85	\$41,688,147	82	Total equity		\$27,787,869	55	\$27,841,691	55
TOTAL ASSETS		<u>\$50,666,662</u>	<u>100</u>	<u>\$50,942,235</u>	<u>100</u>	TOTAL LIABILITIES AND EQUITY		<u>\$50,666,662</u>	<u>100</u>	<u>\$50,942,235</u>	<u>100</u>

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

YIEH PHUI ENTERPRISE CO., LTD.
STANDALONE STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Year Ended December 31			
		2018		2017	
	Note	Amount	%	Amount	%
OPERATING REVENUE	6(29)	\$30,026,324	100	\$29,179,218	100
OPERATING COST	6(7)	27,587,558	92	25,389,583	87
GROSS PROFIT		\$2,438,766	8	\$3,789,635	13
OPERATING EXPENSES					
Selling and marketing expenses		1,184,854	4	1,944,199	7
General and administrative expenses		377,825	1	384,107	1
Total operating expenses		1,562,679	5	2,328,306	8
INCOME FROM OPERATIONS		\$876,087	3	\$1,461,329	5
NON-OPERATING INCOME AND EXPENSES					
Other income	6(30)	\$1,088,806	4	\$210,426	1
Other gains and losses	6(31)	128,970	-	(121,104)	-
Finance costs	6(32)	(442,745)	(1)	(396,624)	(1)
Share of profit (loss) of subsidiaries, associates and joint ventures		(1,362,207)	(5)	515,734	1
Total non-operating income and expenses		(\$587,176)	(2)	\$208,432	1
INCOME BEFORE INCOME TAX		\$288,911	1	\$1,669,761	6
INCOME TAX EXPENSE (BENEFIT)	6(34)	(19,595)	-	302,356	1
NET INCOME		\$308,506	1	\$1,367,405	5
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans		(\$15,660)	-	\$9,353	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income		5,410	-	-	-
Share of other comprehensive loss of subsidiaries, associates and joint ventures		21,455	-	(34,051)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss		926	-	(5,558)	-
Items that may be reclassified subsequently to profit or loss:					
Unrealized gain (loss) on available-for-sale financial assets		-	-	(1,665)	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(50,436)	-	(552,889)	(2)
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		(24,700)	-	(85,250)	-
Total other comprehensive income (loss), net of income tax	6(35)	(\$15,457)	-	(\$488,444)	(2)
TOTAL COMPREHENSIVE INCOME		\$293,049	1	\$878,961	3
EARNINGS PER SHARE					
Basic earnings pre share	6(36)	\$0.16		\$0.73	

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

YIEH PHUI ENTERPRISE CO., LTD.
STANDALONE STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Capital Stock - Common Stock		Retained Earnings				Other Adjustment Items				
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges Reserve	Total Equity
BALANCE AT JANUARY 1, 2017	1,718,090	\$17,180,905	\$4,737,131	\$2,448,261	\$327,757	\$3,010,948	(\$226,298)	\$ -	\$47,562	\$11,385	\$27,537,651
Appropriations of prior year's earnings:											
Legal reserve	-	-	-	250,201	-	(250,201)	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(687,236)	-	-	-	-	(687,236)
Stock dividends to ordinary shareholders	103,086	1,030,855	-	-	-	(1,030,855)	-	-	-	-	-
Total	103,086	1,030,855	-	250,201	-	(1,968,292)	-	-	-	-	(687,236)
Net income in 2017	-	-	-	-	-	1,367,405	-	-	-	-	1,367,405
Other comprehensive income (loss) in 2017, net of income tax	-	-	-	-	-	(19,140)	(471,480)	-	7,171	(4,995)	(488,444)
Total comprehensive income (loss) in 2017	-	-	-	-	-	1,348,265	(471,480)	-	7,171	(4,995)	878,961
Changes in equity of associates and joint ventures	-	-	5,404	-	-	(1,328)	-	-	-	-	4,076
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	131,235	-	-	-	-	-	-	-	131,235
Changes in ownership interests in subsidiaries	-	-	-	-	-	(22,996)	-	-	-	-	(22,996)
BALANCE AT DECEMBER 31, 2017	1,821,176	18,211,760	4,873,770	2,698,462	327,757	2,366,597	(697,778)	-	54,733	6,390	27,841,691
Effect of retrospective application	-	-	-	-	-	51,160	-	123,526	(54,733)	-	119,953
ADJUSTED BALANCE AT JANUARY 1, 2018	1,821,176	18,211,760	4,873,770	2,698,462	327,757	2,417,757	(697,778)	123,526	-	6,390	27,961,644
Appropriations of prior year's earnings:											
Legal reserve	-	-	-	136,740	-	(136,740)	-	-	-	-	-
Capital increase out of retained earning	54,635	546,353	-	-	-	(546,353)	-	-	-	-	-
Special reserve	-	-	-	-	308,898	(308,898)	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(364,235)	-	-	-	-	(364,235)
Total	54,635	546,353	-	136,740	308,898	(1,356,226)	-	-	-	-	(364,235)
Net income in 2018	-	-	-	-	-	308,506	-	-	-	-	308,506
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	-	(24,807)	(26,025)	35,086	-	289	(15,457)
Total comprehensive income (loss) in 2018	-	-	-	-	-	283,699	(26,025)	35,086	-	289	293,049
Changes in equity of associates and joint ventures	-	-	6,930	-	-	34,815	-	-	-	-	41,745
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	2,518	-	-	(100,928)	-	-	-	-	(98,410)
Changes in ownership interests in subsidiaries	-	-	-	-	-	(45,924)	-	-	-	-	(45,924)
Disposal of equity instruments at fair value through other comprehensive income by associates	-	-	-	-	-	720	-	(720)	-	-	-
BALANCE AT DECEMBER 31, 2018	1,875,811	18,758,113	4,883,218	2,835,202	636,655	1,233,913	(723,803)	157,892	-	6,679	\$27,787,869

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

YIEH PHUI ENTERPRISE CO., LTD.
STANDALONE STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31	
	2018	2017
1.CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$288,911	\$1,669,761
Adjustments for :		
Income and expenses having no effect on cash flows:		
Depreciation	556,096	555,656
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(21,454)	912
Interest expense	442,745	396,624
Interest income	(20,798)	(31,238)
Dividend income	(33,688)	(73,652)
Share of loss (profit) of associates, subsidiaries and joint ventures	1,362,207	(515,734)
Loss on disposal and retirement of property, plant and equipment	36,616	27,786
Transfer of property, plant and equipment to expenses	186	8,539
Loss (gain) on disposal of investments	(37,520)	(15)
Impairment loss recognized on financial assets	-	1,060
Others	9,064	19,995
Total income and expenses having no effect on cash flows	\$2,293,454	\$389,933
Changes in operating assets and liabilities		
Net changes in oprating assets:		
Decrease (increase) in financial assets held for trading	\$ -	\$58,988
Decrease (increase) in financial assets as at fair value through profit or loss	(19,256)	-
Decrease (increase) in contract assets	(129,771)	-
Decrease (increase) in notes receivable	(8,421)	(19,714)
Decrease (increase) in accounts receivables	329,877	(7,385)
Decrease (increase) in accounts receivables - related parties	(383,023)	(146,545)
Decrease (increase) in construction contract receivable	-	277,083
Decrease (increase) in other receivables	55,153	(37,716)
Decrease (increase) in inventories	361,233	(495,122)
Decrease (increase) in prepayments	30,632	(24,559)
Total net changes in operating assets	\$236,424	(\$394,970)

Item	Year Ended December 31	
	2018	2017
Net changes in operating liabilities:		
Contract liabilities	(460,433)	-
Increase (decrease) in notes payable	(9,168)	(6,365)
Increase (decrease) in accounts payable	181,177	(170,702)
Increase (decrease) in construction contract payable	-	(15,068)
Increase (decrease) in other payables	(33,920)	(42,864)
Increase (decrease) in provisions	(8,277)	27,619
Increase (decrease) in advance receipts	-	(232,972)
Increase (decrease) in net defined benefit liabilities	(50,951)	(48,044)
Total net changes in operating liabilities	(\$381,572)	(\$488,396)
Total net changes in operating assets and liabilities	(\$145,148)	(\$883,366)
Total adjustments	\$2,148,306	(\$493,433)
Cash generated from operations	\$2,437,217	\$1,176,328
Interest received	22,651	29,540
Dividends received	83,032	179,047
Interest paid	(441,783)	(401,853)
Income tax paid	(57,507)	(445,746)
Net cash generated from operating activities	\$2,043,610	\$537,316
2.CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,352	-
Acquisition of financial assets at fair value through profit or loss	(481,483)	-
Acquisition of debt investments with no active market	-	(262,747)
Acquisition of financial assets carried at cost	-	(\$68,397)
Proceeds from disposal of financial assets carried at cost	-	\$15
Acquisition of investments accounted for using equity method	(3,277,429)	(\$1,751,426)
Proceeds from disposal of investments accounted for using equity method	617,884	-
Proceeds from capital reduction of investments accounted for using equity method	774,713	-
Proceeds from disposal of non-current assets held for sale	62,423	-
Acquisition of property, plant and equipment	(231,795)	(178,732)
Decrease (increase) in refundable deposits	(1,251,172)	(40,088)
Decrease (increase) in other receivables - related parties	950,000	(640,000)
Acquisition of investment properties	(2,454)	(16,263)
Decrease (increase) in other financial assets	(151,428)	(46,332)

Item	Year Ended December 31	
	2018	2017
Decrease (increase) in other noncurrent assets	2,906	2,906
Net cash used in investing activities	(\$2,985,483)	(\$3,001,064)
3.CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	(\$552,394)	\$1,994,908
Increase (decrease) in short-term notes and bills payable	(150,000)	310,000
Increase in long-term loans	1,105,000	4,600,000
Repayment of long-term loans	(239,140)	(3,830,140)
Cash dividends paid	(364,235)	(687,236)
Net cash generated from (used in) financing activities	(\$200,769)	\$2,387,532
4.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(\$1,142,642)	(\$76,216)
5.CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,469,705	1,545,921
6.CASH AND CASH EQUIVALENTS, END OF YEAR	\$327,063	\$1,469,705

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

2. The Auditing Committee Audits the Final Financial Statementsn of 2018

Report of the Auditing Committee

Yieh Phui Enterprise Co., Ltd

The board of directors has prepared the 2018 operating report, consolidated financial statement, which includes the individual entity report, and the declaration of dividends, among which has been audited and signed off by Crowe Horwath (TW)CPAs. The operating report, consolidated financial statement and the declaration of dividends have been audited by the auditing committee and no abnormality found. Thus, the report has been released according to Article 14-4 and Article 219 of the Company Act. Herein kindly ask for approval.

To

the 2019 the Stockholder's Meeting of Yieh Phui

Chairman of the Auditing Committee:Sun Chin-Su

March 21, 2019

3. The Remuneration of the employees and directors for 2018

- Explan:**
1. The Remuneration of the employees and directorsn for 2018 had been approved by the board of directors on March 21, 2019 and to be paid in cash.
 2. The remuneration for the employees is NT\$579,561
 3. The remuneration for the directors is NT\$144,890

III Items to Be Approved

Proposal 1 : Proposed by the board of directors

Brief : Approve the final financial statements for 2018

Explain : 1. The 2018 operating report, the individual entity report and consolidated financial statement. Please refer to the program of the meeting.

2. The individual entity report and the consolidated financial statement have been done and audited by accounts Huang, Ling-Wen and Hsieh Yen-Yao of Crowe Horwath (TW)CPAs.I

3. The above financial statements and operating report has been audited by the Auditing Committee.

4. To be approved.

Resolution :

Proposal 2 : Proposed by the board of directors

Brief : Approve the distribution of retained earnings for 2018

Explain : Yieh Phui plans to distribute earnings of 2018 as the table below:

Yieh Phui Enterprise Co., Ltd		
Earnings Distribution Table		
2018		Unit:NT\$
Item		Amount
Unallocated earnings, beginning of year		1,010,370,734
+ :	Effect of retrospective application	51,160,213
— :	Remeasurements of defined benefit pension plans recognized in retained earnings	(24,806,927)
+ :	Changes in equity of associates and joint ventures under equity method	34,815,962
— :	Difference between consideration and carrying amount of subsidiaries acquired or disposed	(100,927,831)
— :	Changes of ownership interests in subsidiaries	(45,924,249)
+ :	Disposal of equity instruments at fair value through other comprehensive income by associates	719,560
+ :	Net income	308,506,041
— :	Legal reserve	(30,850,604)
+ :	Reversal of special reserve	77,423,277
Distributable earnings		1,280,486,176
— :	Shareholders' dividend	(562,743,389)
Unallocated earnings, end of year		717,742,787

Resolution:

VI Matters for Discussion

Proposal 1 : Proposed by the Board of Directors

Brief : 1. The cash and stock dividends to be issued and turning the retained earnings into stockholders' equity for 2018.

Explain : 1. To implement according to the distribution of earnings of 2018.

2. The cash dividend to be paid is NT\$187,581,129 or NT\$0.1 per share. Herein kindly asks the stockholders' meeting to allow the board of directors to set the ex-dividend day. Hereafter, if the shares outstanding are affected by the company's share purchase, which in turn may affect the dividend yield, then the board of directors is permitted deal with the issue all necessary means.

The cash dividend to be paid is calculated to integer. The amount under NT\$1 will be collected as the company's other revenues.

3. The amount of stock dividend is NT\$375,162,260 to be used to issue new stocks to increase the capital.

(i) The amount to increase the capital is NT\$375,162,260 or 37,516,226 shares and the capital after the new issue is NT\$19,133,275,180 or 1,913,327,518 shares

(ii) The increased capital with the stockholder's bonuses will be used to pay back loans, future projects of factory expansion, purchase of machinery and equipment, or for the investment for other projects.

(iii) The issue of new stocks stated above will be done according to the list of stockholders with 20 shares per 1,000 shares. If later on the outstanding shares are changed due to the company's share buyback and the dividend yield is changed as a result, the board of directors asks for the stockholders' meeting to deal with all related matters with all necessary means.

(vi) If the stock dividend above is less than one share, it will be paid by cash instead and authorize the chairman to ask designated person(s) to purchase it at par.

(v) have the same rights and obligation as the original.

(vi) After being approved by the authority, the board of directors ask the stockholders' meeting for permission to set the ex-dividend day.

Resolution :

Proposal 2 : Proposed by the Board of Directors

Brief : Proposal on modifying the "Procedures for Acquisition and Disposal of Assets"

Explain : 1. Based on the regulation of November 26, 2018 Order No.

Financial-Supervisory-Securities-Corporate- 1070341072 of the Financial Supervisory Commission the company proposes to modify the "Procedures for Acquisition and Disposal of Assets"

2. The modified and comparison table of the "Procedures for Acquisition and Disposal of Assets" before the changes are listed at attachment 1 and 2.

Resolution :

Proposal 3 : Proposed by the Board of Directors

Brief : Proposal on Modifying the” Operation Procedures for Loans to others and Endorsement”

Explain : 1. Based on the regulation of March 7, 2019 Order No.

Financial-Supervisory-Securities-Corporate- 1080304826 of the Financial Supervisory Commission the company proposes to modify “Operation Procedures for Loans to others and Endorsement”

2. The modified and comparison table of the ” Operation Procedures for Loans to others and Endorsement” before the changes are listed at attachment 3 and 4.

Resolution :

Proposal 4 : Proposed by the Board of Directors

Brief : Proposal on modifying “Corporate Charter ” .

Explain : 1. the compliance of the Law of Corporation and the need for operation, Article 1, 27, 31, and Item 1 of Article 31, Article 36 of the charter of the company has to be modified.

2. The modified and comparison table of the “Corporate Charter” before the changes are listed at attachment 5 and 6.

Resolution :

V Election

Proposal 1 : Proposed by the Board of Directors

Brief : Election of directors.

- 1.Explain :** 1. Article 18 of “Corporate Charter” of the Company requires that the Company shall have 7 directors (including 3 independent directors) adopting candidate nomination system and directors shall be elected by the shareholders’ meeting from among the persons with disposing capacity. Directors serve a three-year term and may be re-elected, and the minimum shareholding ratio of directors shall comply with regulations of FSC.
2. Directors of the current term took office on June 22, 2016, and the term will be expired on June 21, 2019. Thus, we are planning election.
3. The term of new directors will start from June 21, 2019 until June 20, 2022.
4. In accordance with Paragraph 4, Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” the shareholding ratio of all directors shall reach 3% or more of the paid-in capital of the Company.
5. The election of directors was conducted in accordance with “Rule for the Election of Directors”.

Election result :

List of Candidates for Directors Nominated by Shareholders

We hereby propose the list of candidates for directors in accordance with Article 192-1 of Company Act :

No.	Account No.	Name	Education and Experience	Shares Held
1	81896	Kuo Chiao Investment & Development Co., Ltd. Representative : Lin I-Shou	Current position : Chairman of Yieh United Steel Corp. and Yieh Phui Enterprise Co., Ltd Experience : Chairman of Yieh Hsing Enterprise Co., Ltd	60,657,497
2	81896	Kuo Chiao Investment & Development Co., Ltd. Representative : Wu Lin- Maw	Current position : President of Yieh Phui Enterprise Co., Ltd, Chairman of Yieh Hsing Enterprise Co., Ltd Education : EMBA of National Sun Yat-sen University Department of Materials Science and Engineering Experience : Vice President-Global Marketing and Sales of Yieh Phui Enterprise Co., Ltd	60,657,497
3	81896	Kuo Chiao Investment & Development Co., Ltd. Representative : Liang Pyng - Yeong	Current position : Chairman of E United Group Purchase Management Committee and Special Assistant to the Chairman Education : Department of Industrial Management, National Cheng Kung University Experience : Vice Executive Director of General Administration Office of Yieh United Group, President of Yieh United Steel Corp., Senior Consultant and Special Assistant to the Chairman of Yieh United Steel Corp.	60,657,497
4	81896	Kuo Chiao Investment & Development Co., Ltd. Representative : Huang Ching-Tsung	Current position : Chairman of Jiayuan Investment Co., Ltd, Director of Hsin Long Investment Co., Ltd, Director of Lien Shuo Investment Co., Ltd Education : Department of Accounting, Feng Chia University Experience : Special Assistant of Eliter International Corp.	60,657,497
5	(Independent Director)	Sun Chin-Su	Current position : Chairman of Li Xin Management Consulting Corp. Director of Yon Huei Corporate Management Consulting Corp. Chairman of Zi Chian Co., Ltd	0

			Independent Director of Co-Tech Development Corporation Independent Director / Remuneration Committee of Yieh Hsing Enterprise Co., Ltd Education : Department of Accounting, National Cheng Kung University Experience : Practice CPA in the Republic of China for more than 40 years President of Kaohsiung City CPA Association Director of National CPA Association of the Republic of China Supervisor of CPA Association of Taiwan Province	
6	(Independent Director)	Yang Der-Yuan	Current position : Professor of Department of Money and Banking, National Kaohsiung University of Science and Technology Independent Director / Remuneration Committee of Yieh Hsing Enterprise Co., Ltd Education : Doctor Degree in Economics, UC Santa Barbara Experience : Teaching Assistant, Department of Economics, UC Santa Barbara Deputy Director of Department of Money and Banking, National Kaohsiung University of Science and Technology Director of Department of Finance, National Kaohsiung University of Science and Technology Director of Department of Money and Banking, National Kaohsiung University of Science and Technology	0
7	(Independent Director)	Chang, Wen-Yi	Current position : Independent Director/ Remuneration Committee of Yieh Hsing Enterprise Co., Ltd Members of Appeal and Review for Kaohsiung Importers&Exporters Chamber of Commerce Education : FuHua Senior High School (1974 License passed for Senior Examination on Accounting/Auditing;1976 License passed for Customs Special Examination Level B Taxation Officer) Experience : Office and Head of Revenue Service Office, Kaohsiung County	0

VI Other Matters

Proposal 1 : Proposed by the Board of Directors

Brief : Lifting of the Non-Compete clause for Director.

Explain : 1. In accordance with Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

2. In order to avoid the impact on the investment development of the Company's directors, we plan to release the prohibition on all directors from participation in competitive business.

3. Positions Statements of Release the Prohibition on Directors from Participation in Competitive Business (Please refer to Annex 7 for detail).

Resolution :

VII Extempore Motions

VIII Adjournment

IX Annex

Annex 1

YIEH PHUI ENTERPRISE CO., LTD

Comparison Table for the “Procedures for Acquisition and Disposal of Assets”

Before and After Revision

BEFORE THE REVISION	AFTER THE REVISION
Article 3 The applicability of the “assets” defined in the “Procedures for Handling Acquisition and Disposal of Assets:” 1. Investments of stocks, bonds, corporate bonds, financial bonds, fund-based marketable securities, depositary receipts, call (put) warrants, beneficial securities, and assets-based securities. 2. Real estate (including land, houses and buildings, investment real estate, <u>land use rights</u>, and inventories of construction industry) and equipment. 3. Membership card. 4. Intangible assets of patents, copyrights, trademarks, and charters. 5. Claims (including accounts receivable, foreign exchange discount and loans, and delinquent loans) of financial institutions. 6. Derivatives. 7. Acquisition or disposal of assets through legal merger, split, acquisition, or transfer of shares. 8. Other important assets.	Article 3 The applicability of the “assets” defined in the “Procedures for Handling Acquisition and Disposal of Assets:” 1. Investments of stocks, bonds, corporate bonds, financial bonds, fund-based marketable securities, depositary receipts, call (put) warrants, beneficial securities, and assets-based securities. 2. Real estate (including land, houses and buildings, investment real estate, and inventories of construction industry) and equipment. 3. Membership card. 4. Intangible assets of patents, copyrights, trademarks, and charters. 5. <u>Right-of-use assets.</u> 6. Claims (including accounts receivable, foreign exchange discount and loans, and delinquent loans) of financial institutions. 7. Derivatives. 8. Acquisition or disposal of assets through legal merger, split, acquisition, or transfer of shares. 9. Other important assets.
Article 4 Terminology defined in the “Procedures for Handling Acquisition and Disposal of Assets:” 1. Derivatives: refers to the value of the forward contract, options contracts, futures contracts, leveraged bond contracts, swap contracts, and a compound contract of the above commodities derived from the instruments of assets, interest rate, exchange rate, index, or other benefits. A “forward contract” does not include insurance contract performance contract, after-sale service contract, long-term lease contract, and long-term purchase (selling) contract. 2. Acquisition or disposal of assets by legal merger, split, acquisition, or transfer of	Article4 Terminology defined in the “Procedures for Handling Acquisition and Disposal of Assets:” 1. <u>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.</u> 2. Acquisition or disposal of assets by legal merger, split, acquisition, or transfer of shares:

shares: refers to the acquisition or disposal of assets by legal mergers, splits, or acquisitions in accordance with the Merger Law, Financial Holding Company Law, Financial Institutions Merger Act, or other law, or by issuing new stock shares in accordance with Article 156 Paragraph 8 of the Company Law for the transfer of shares from other companies (hereinafter referred to as the “transfer of shares”). 3. The related party and subsidiaries: The identity should be verified in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms.” 4. Professional appraisers: refers to real estate appraiser or others engaged in real estate and equipment appraisal business in accordance with the law. 5. Event Date: refers to the contract signing date, the payment date, commission closing date, the transfer date, the Board resolution date, or other date with the transaction counterpart and transaction amount sufficiently determined, whichever is sooner (earlier). However, if the approval of the competent authorities is mandatory to the investments, one of the aforementioned dates or the competent authorities approval date whichever is sooner (earlier) shall prevail 6. Investment in Mainland China: refers to the investment in China in accordance with the Regulations Governing Licensing Investment or Technical Cooperation in Mainland China of the Investment Commission	refers to the acquisition or disposal of assets by legal mergers, splits, or acquisitions in accordance with the Merger Law, Financial Holding Company Law, Financial Institutions Merger Act, or other law, or by issuing new stock shares in accordance with Article 156-3 of the Company Law for the transfer of shares from other companies (hereinafter referred to as the “transfer of shares”). 3. The related party and subsidiaries: The identity should be verified in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms.” 4. Professional appraisers: refers to real estate appraiser or others engaged in real estate and equipment appraisal business in accordance with the law. 5. Event Date: refers to the contract signing date, the payment date, commission closing date, the transfer date, the Board resolution date, or other date with the transaction counterpart and transaction amount sufficiently determined, whichever is sooner (earlier). However, if the approval of the competent authorities is mandatory to the investments, one of the aforementioned dates or the competent authorities approval date whichever is sooner (earlier) shall prevail 6. Investment in Mainland China: refers to the investment in China in accordance with the Regulations Governing Licensing Investment or Technical Cooperation in Mainland China of the Investment Commission 7. <u>Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u> 8. <u>Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u>
Article5 For the appraisal report and the opinions of	Article5 For the appraisal report and the opinions of CPAs,

CPAs, attorneys, or security underwriters collected by the Company, the relevant appraisers and appraising personnel, CPAs, attorneys, or security underwriters may not be a related party of the trade parties.	attorneys, or security underwriters collected by the Company, the relevant appraisers and appraising personnel, CPAs, attorneys, or security underwriters <u>shall meet the following requirements:</u> <u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. 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.</u> <u>2. May not be a related party or de facto related party of any party to the transaction.</u> <u>3. 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.</u> <u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u> <u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u> <u>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u> <u>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u> <u>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u>
Article 6 Procedures for Handling Acquisition and	Article 6 Procedures for Handling Acquisition and Disposal

Disposal of Assets 1. Assessment and operating procedures (1) The acquisition or disposal of marketable securities investments is conducted in accordance with the investment revolving operations of the Company's internal control system. (2) The Company's acquisition or disposal of membership cards, intangible assets, real estate, and equipment is conducted in accordance with the Company's internal control system general management and fixed assets, plants, and equipment revolving procedures. 2. The Company's acquisition or disposal of marketable securities investment should be approved by the President and Chairman and must also be resolved by the Board of Directors if it is for an amount over NT\$300 million. 3. The Company's acquisition or disposal of membership card, intangible assets, real estate, and equipment is conducted in accordance with the following requirements: (1) Acquisition: The Company's acquisition of membership cards, intangible assets, real estate, and equipment after the process of price inquiry, comparison, and bargaining should be presented to the competent supervisor for approval. For an amount of more than NT\$300 million, it should be presented to the Board of Directors for resolutions. (2) Disposal: The Company's disposal or sale of membership cards, intangible assets, real estate, and equipment should be specially proposed by the original using department with the reasons explained and with the process of price inquiry, comparison, and bargaining handled by the property custodian, and then presented to the competent supervisor for approval. For an amount of more than NT\$300 million, it should be presented to the Board of Directors for resolutions.	of Assets 1. Assessment and operating procedures (1) The acquisition or disposal of marketable securities investments is conducted in accordance with the investment revolving operations of the Company's internal control system. (2) The Company's acquisition or disposal of intangible assets, real estate, and equipment <u>or right-of-use assets thereof or memberships</u> conducted in accordance with the Company's internal control system general management and fixed assets, plants, and equipment revolving procedures. 2. The Company's acquisition or disposal of marketable securities investment should be approved by the President and Chairman and must also be resolved by the Board of Directors if it is for an amount over NT\$300 million. 3. The Company's acquisition or disposal of intangible assets, real estate, and equipment <u>or right-of-use assets thereof or membership card</u>, conducted in accordance with the following requirements: (1) Acquisition: The Company's acquisition of intangible assets, real estate, and equipment <u>or right-of-use assets thereof or membership cards</u>, after the process of price inquiry, comparison, and bargaining should be presented to the competent supervisor for approval. For an amount of more than NT\$300 million, it should be presented to the Board of Directors for resolutions. (2) Disposal: The Company's disposal or sale of intangible assets, real estate, and equipment <u>or right-of-use assets thereof or membership cards</u>, should be specially proposed by the original using department with the reasons explained and with the process of price inquiry, comparison, and bargaining handled by the property custodian, and then presented to the competent supervisor for approval. For an amount of more than NT\$300 million, it should be presented to the Board of Directors for resolutions.
Article 7 When the Company has acquisition and disposal of assets handled in accordance with the "Procedures for Handling Acquisition and Disposal of Assets" or other laws and regulations that requires the process to be presented to the Board of	Article 7 When the Company has acquisition and disposal of assets handled in accordance with the "Procedures for Handling Acquisition and Disposal of Assets" or other laws and regulations that requires the process shall be approved by <u>more than half of all audit committee members</u>.

Directors for discussion, the Company should take full account of the opinions of the independent directors. Also, the disagreements or reservations should be detailed in the minutes of the board meeting. A material assets or material derivative transaction must be approved by a majority of the Audit Committee members; also, it must be submitted to the Board of Directors for resolutions. If a majority of the Audit Committee members does not approve it, it should be approved by two thirds of the board of directors and the resolutions of the Audit Committee should be documented in the minutes of the board meeting.	<u>and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u> A material assets or material derivative transaction must be approved by a majority of the Audit Committee members; also, it must be submitted to the Board of Directors for resolutions. If a majority of the Audit Committee members does not approve it, it should be approved by two thirds of the board of directors and the resolutions of the Audit Committee should be documented in the minutes of the board meeting.
Article 8 The acquisition of real estate not used in business operation and marketable securities investment of the Company and its subsidiaries is subject to the following restrictions: 1. The acquisition of marketable securities investment and real estate not used in business operation by the Company and its subsidiaries shall not exceed 150% of the Company's net worth at one time. 2. Each marketable securities investment amount of the Company and its subsidiaries shall not exceed 50% of the Company's net worth at the time.	Article 8 The acquisition of real estate <u>or right-of-use asset thereof or securities</u> not used in business operation and marketable securities investment of the Company and its subsidiaries is subject to the following restrictions: 1. The acquisition of real estate <u>or right-of-use asset thereof or securities</u> not used in business operation by the Company and its subsidiaries shall not exceed 150% of the Company's net worth at one time. 2. Each marketable securities investment amount of the Company and its subsidiaries shall not exceed 50% of the Company's net worth at the time.
Article 9 The procedures for handling acquisition and disposal of assets by the subsidiary of the Company 1. A subsidiary of the Company shall have the "Procedures for Handling Acquisition and Disposal of Assets" stipulated in accordance with the requirements and have it resolved in the Audit Committee and/or Board of Directors and/or Shareholders' meeting for enforcement; the amendments should be processed the same way. 2. If the subsidiary of the Company is not a public company with an acquisition or disposal of assets subject to the notice and declaration requirements of Article 32, the Company should handle the notice and declaration process, post it on the Internet reporting system, and present it for	Article9 The procedures for handling acquisition and disposal of assets by the subsidiary of the Company 1. A subsidiary of the Company shall have the "Procedures for Handling Acquisition and Disposal of Assets" stipulated in accordance with the requirements and have it resolved in the Audit Committee and/or Board of Directors and/or Shareholders' meeting for enforcement; the amendments should be processed the same way. 2. If the subsidiary of the Company is not a public company with an acquisition or disposal of assets subject to the notice and declaration requirements of Article 32, the Company should handle the notice and declaration process, post it on the Internet reporting system, and present it for inspection. 3. If the subsidiaries stated in the preceding

inspection. 3. If the subsidiaries stated in the preceding paragraph with an acquisition or disposal of assets subject to the notice and declaration requirements of <u>20%</u> paid-in capital or <u>10%</u> total assets in Article 32 Paragraph 1, it is based on the Company's paid-in capital or total assets.	paragraph with an acquisition or disposal of assets subject to the notice and declaration requirements of paid-in capital or total assets in Article 32 Paragraph 1, it is based on the Company's paid-in capital or total assets.
Article 10 The Company's acquisition or disposal of real estate or equipment, except for the transactions with government agencies, proprietary land commissioned for construction, leased land commissioned for construction, or disposal of machinery and equipment used in operation, for an amount more than 20% of the paid-in capital or NT\$300 million must be with an official appraisal report collected before the Event Date in accordance with the following requirements: 1. If a specific price, particular price, or special price is applied for reference of the transaction price due to a special reason, the Board of Directors should resolve the transaction in advance. Also, it should be processed the same way for any change in trading conditions. 2. Two professional appraisal services must be solicited for a transaction amount more than NT\$1 billion. 3. For the appraisal result of a professional appraiser with one of the following circumstances, except for the appraisal result of the assets acquired higher than the transaction amount or the appraisal result of the assets disposed lower than the transaction amount, the commissioned CPAs should have it processed in accordance with Article 20 of the Generally Accepted Auditing Standards (GAAS) issued by the ROC Accounting Research and Development Foundation (hereinafter referred to as the "Accounting Research and Development Foundation"). (1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount. (2) The difference of appraisal results between two appraisal services or more is more than 10% of the transaction amount. 4. The date of the report issued by a professional appraiser may not be more	Article 10 The Company's acquisition or disposal of real estate ,equipment, <u>or right-of-use assets</u> except for the transactions with <u>domestic</u> government agencies, proprietary land commissioned for construction, leased land commissioned for construction, or disposal of machinery and equipment used in operation, for an amount more than 20% of the paid-in capital or NT\$300 million must be with an official appraisal report collected before the Event Date in accordance with the following requirements: 1. If a specific price, particular price, or special price is applied for reference of the transaction price due to a special reason, the Board of Directors should resolve the transaction in advance. the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. 2. Two professional appraisal services must be solicited for a transaction amount more than NT\$1 billion. 3. For the appraisal result of a professional appraiser with one of the following circumstances, except for the appraisal result of the assets acquired higher than the transaction amount or the appraisal result of the assets disposed lower than the transaction amount, the commissioned CPAs should have it processed in accordance with Article 20 of the Generally Accepted Auditing Standards (GAAS) issued by the ROC Accounting Research and Development Foundation (hereinafter referred to as the "Accounting Research and Development Foundation"). (1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount. (2) The difference of appraisal results between two appraisal services or more is more than 10% of the transaction amount. 4. The date of the report issued by a professional appraiser may not be more than 3 months away from the contract date. However, the original

than 3 months away from the contract date. However, the original appraiser is to have an opinion issued if the two dates are subject to the same announced present value and it is not over 6 months.	appraiser is to have an opinion issued if the two dates are subject to the same announced present value and it is not over 6 months.
Article 12 The Company's acquisition or disposal of membership card or intangible assets, except for the transactions with government agencies, for an amount more than 20% of the paid-in capital or NT\$300 million, must be with CPAs commissioned to express an opinion on the reasonableness of the trading price before the Event Date in accordance with Article 20 of the Generally Accepted Auditing Standards (GAAS) issued by the Accounting Research and Development Foundation.	Article 12 The Company's acquisition or disposal of intangible assets, <u>or right-of-use assets thereof or memberships</u> except for the transactions with <u>domestic</u> government agencies, for an amount more than 20% of the paid-in capital or NT\$300 million, must be with CPAs commissioned to express an opinion on the reasonableness of the trading price before the Event Date in accordance with Article 20 of the Generally Accepted Auditing Standards (GAAS) issued by the Accounting Research and Development Foundation.
Article 15 The Company's acquisition or disposal of real estate from or to the related party, or, the Company's and the related party's acquisition or disposal of other assets other than the real estate for an amount more than 20% of the paid-in capital, 10% of the total assets, or NT\$300 million, Except for the buy/sell of government bonds, repurchase/reverse repurchase bonds, purchase or repurchase the money market funds issued by domestic securities trust firms, must have the following data approved by the Audit Committee and resolved in the Board meeting before signing the trade agreement and making prepayment: 1. The purpose, necessity, and expected benefits from the acquisition or disposal of asset. 2. The reason for choosing the related party as the trade counterpart. 3. The data related to assessing the reasonableness of the trade terms for the real estate acquired from the related party in accordance with Article 16 and Article 17. 4. The initial acquisition date and price, trade counterpart and its relationship with the Company and the related party. 5. The monthly statement of cash income and expense forecast within one year starting from the month the contract is signed. Also, assess the necessity of the transaction and the reasonableness of the fund use.	Article 15 The Company's acquisition or disposal of real estate <u>or right-of-use assets</u> , from or to the related party, or, the Company's and the related party's acquisition or disposal of other assets other than the real estate <u>or right-of-use assets</u> for an amount more than 20% of the paid-in capital, 10% of the total assets, or NT\$300 million, Except for the buy/sell of <u>domestic</u> government bonds, repurchase/reverse repurchase bonds, purchase or repurchase the money market funds issued by domestic securities trust firms, must have the following data approved by the Audit Committee and resolved in the Board meeting before signing the trade agreement and making prepayment: 1. The purpose, necessity, and expected benefits from the acquisition or disposal of asset. 2. The reason for choosing the related party as the trade counterpart. 3. The data related to assessing the reasonableness of the trade terms for the real estate <u>or right-of-use assets</u> acquired from the related party in accordance with Article 16 and Article 17. 4. The initial acquisition date and price, trade counterpart and its relationship with the Company and the related party. 5. The monthly statement of cash income and expense forecast within one year starting from the month the contract is signed. Also, assess the necessity of the transaction and the reasonableness of the fund use. 6. The appraisal report received from a professional appraiser or an opinion from the CPA in accordance with the requirements stated in the

6. The appraisal report received from a professional appraiser or an opinion from the CPA in accordance with the requirements stated in the last Article. 7. The restrictions and other important stipulations of this transaction. The transaction amount referred to in the preceding paragraph should be calculated in accordance with Article 32 Paragraph 2. Also, the “within one year” refers to one year prior to the baseline date of the current event; however, the requirement is exempted if it is presented to the Board of Directors for approval. For the acquisition or disposal of machinery and equipment used in operation with an amount of NT\$500 million or less between the Company and its subsidiaries or among the subsidiaries, the Chairman is authorized to make a decision first and report it in the latest Board meeting for ratification.	last Article. 7. The restrictions and other important stipulations of this transaction. The transaction amount referred to in the preceding paragraph should be calculated in accordance with Article 32 Paragraph 2. Also, the “within one year” refers to one year prior to the baseline date of the current event; however, the requirement is exempted if it is presented to the Board of Directors for approval. <u>With respect to the types of transactions listed below, when to be conducted between The company and its 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 delegate the board chairman to decide such matters when the transaction is within NT\$500 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</u> . <u>1.Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u> <u>2.Acquisition or disposal of real property right-of-use assets held for business use.</u>
Article 16 The Company should have the reasonableness of transaction cost of the real estate acquired from the related party assessed in accordance with the following methods: 1. It includes the related party’s transaction price plus necessary fund interest and the cost to be borne by the buyer in accordance with the law. The “necessary fund interest cost” is calculated in accordance with the weighted average interest rate of the year the assets purchased; however, it may not be higher than the highest loan interest rate of non-financial sector announced by the Ministry of Finance. 2. If the related party has the underlying object mortgaged as loan collateral to a financial institution, the financial institution is to assess the total loan value of the underlying object. However, the actual cumulative loan value of the underlying object granted by the financial institution should be more than 70% of the total assessed loan value with a loan period for more than one year, unless the trade counterpart is a related party of the financial institution.	Article 16 The Company should have the reasonableness of transaction cost of the real estate <u>or right-of-use assets</u> acquired from the related party assessed in accordance with the following methods: 1. It includes the related party’s transaction price plus necessary fund interest and the cost to be borne by the buyer in accordance with the law. The “necessary fund interest cost” is calculated in accordance with the weighted average interest rate of the year the assets purchased; however, it may not be higher than the highest loan interest rate of non-financial sector announced by the Ministry of Finance. 2. If the related party has the underlying object mortgaged as loan collateral to a financial institution, the financial institution is to assess the total loan value of the underlying object. However, the actual cumulative loan value of the underlying object granted by the financial institution should be more than 70% of the total assessed loan value with a loan period for more than one year, unless the trade counterpart is a related party of the financial institution. For the underlying land and housing purchased <u>or leased</u> jointly, the transaction cost of land and housing can be calculated respectively in accordance with any of the methods listed in the

For the underlying land and housing purchased jointly, the transaction cost of land and housing can be calculated respectively in accordance with any of the methods listed in the preceding paragraph. The cost of the real estate acquired from the related party should be assessed in accordance with the requirements of Paragraph 1 and Paragraph 2; also, a CPA should be commissioned to review and express an opinion specifically. The real estate acquired from the related party in one of the following circumstances should be processed in accordance with Article 15 and it is not subject to the requirements of the last three paragraphs: 1. The related party has acquired the real estate by inheritance or donation. 2. The related party has an agreement signed to acquire the real estate over 5 years ago from the current transaction. 3. The real estate is acquired by commissioning the related party to construct the real estate, including signing a joint construction contract, proprietary land commissioned for construction, and leased land commissioned for construction.	preceding paragraph. The cost of the real estate <u>or right-of-use assets</u> acquired from the related party should be assessed in accordance with the requirements of preceding two paragraphs; also, a CPA should be commissioned to review and express an opinion specifically. The real estate <u>or right-of-use assets</u> acquired from the related party in one of the following circumstances should be processed in accordance with <u>preceding paragraph</u> and it is not subject to the requirements of the last three paragraphs: 1. The related party has acquired the real estate <u>or right-of-use assets</u> by inheritance or donation. 2. The related party has an agreement signed to acquire the real estate <u>or right-of-use assets</u> over 5 years ago from the current transaction. 3. The real estate is acquired by commissioning the related party to construct the real estate, including signing a joint construction contract, proprietary land commissioned for construction, and leased land commissioned for construction. 4. <u>The real property right-of-use assets for business use are acquired by the company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u>
Article 17 If the price assessed in accordance with Paragraph 1 and Paragraph 2 is lower than the trading price, it should be handled in accordance with Article 18, except for in the following circumstances with objective evidences presented, a real estate professional appraisal report received, and a specific and reasonable opinion issued by the CPA: 1. The related party that has acquired or leased a prime land for construction may evidence its complying with one of the following conditions: (1) Prime land is assessed in accordance with the methods stated in the preceding paragraph. Housing is assessed in accordance with the total amount of related party's construction cost plus reasonable construction profit exceeding the actual trading price. The "reasonable construction profit" is the average gross profit rate of the related party's construction department within the last three years or the most recent gross profit rate of the construction industry published by the Ministry of Finance	Article 17 If the price assessed in accordance with Paragraph 1 and Paragraph 2 is lower than the trading price, it should be handled in accordance with Article 18, except for in the following circumstances with objective evidences presented, a real estate professional appraisal report received, and a specific and reasonable opinion issued by the CPA: 1. The related party that has acquired or leased a prime land for construction may evidence its complying with one of the following conditions: (1) Prime land is assessed in accordance with the methods stated in the preceding paragraph. Housing is assessed in accordance with the total amount of related party's construction cost plus reasonable construction profit exceeding the actual trading price. The "reasonable construction profit" is the average gross profit rate of the related party's construction department within the last three years or the most recent gross profit rate of the construction industry published by the Ministry of Finance whichever is lower. (2) The other floors of the same underlying premise and land or the transaction conducted by a non-related party in the adjacent area within one

whichever is lower. (2) The other floors of the same underlying premise and land or the transaction conducted by a non-related party in the adjacent area within one year for the similar floorage. In addition, the trading conditions are equivalent according to the assessment of the reasonable floor or regional price spread in a general real estate trade. (3) The other floors of the same underlying premise or land or the leasing conducted by a non-related party within one year; also, the trading conditions are equivalent according to the assessment of the reasonable floor price spread in a general real estate leasing. 2. Prove the trading conditions for the real estate acquired from the related party is equivalent with the transaction conducted by a non-related party in the adjacent area within one year for the same floorage. The successful transaction conducted in the adjacent area stated in the preceding paragraph refers to the real estate on the same or adjacent street that is less than 500m in radius distanced from the underlying object or it is with the similar announced present value. The “same floorage” means that the area of the real estate transaction conducted by the non-related party may not be more than 50% smaller than the underlying object. The “within one year” refers to one year prior to the baseline date for the acquisition of the real estate.	year for the similar floorage. In addition, the trading conditions are equivalent according to the assessment of the reasonable floor or regional price spread in a general real estate trade <u>or leasing</u> trade. 2. Prove the trading conditions for the real estate <u>or obtaining real property right-of-use assets through leasing</u>, acquired from the related party is equivalent with the transaction conducted by a non-related party in the adjacent area within one year for the same floorage. The successful transaction conducted in the adjacent area stated in the preceding paragraph refers to the real estate on the same or adjacent street that is less than 500m in radius distanced from the underlying object or it is with the similar announced present value. The “same floorage” means that the area of the real estate transaction conducted by the non-related party may not be more than 50% smaller than the underlying object. The “within one year” refers to one year prior to the baseline date for the acquisition of the real estate <u>or right-of-use assets</u>.
Article 18 A If the price of the real estate acquired by the Company from the related party that is assessed in accordance with Article 16 and Article 17 is lower than the trading price, it should be handled in accordance with the follows: 1. For the spread between the real estate trading price and assessed cost, special reserve should be appropriated in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act; also, it may not be applied for distribution or capitalized for stock dividend. For the Company’s investment valued in accordance with the equity method, special reserve should be appropriated for the aforementioned spread amount	Article 18 If the price of the real estate <u>or right-of-use assets</u> acquired by the Company from the related party that is assessed in accordance with <u>preceding two paragraphs</u> is lower than the trading price, it should be handled in accordance with the follows: 1. For the spread between the real estate <u>or right-of-use assets</u> trading price and assessed cost, special reserve should be appropriated in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act; also, it may not be applied for distribution or capitalized for stock dividend. For the Company’s investment valued in accordance with the equity method, special reserve should be appropriated for the aforementioned spread amount proportionally to the shareholding ratio in accordance with Article 41 Paragraph 1 of the Securities and Exchange

proportionally to the shareholding ratio in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act. 2. An independent director of the Audit Committee should have it handled in accordance with Article 218 of the Company Act. 3. The processes referred to in Paragraph 1 and Paragraph 2 should be presented in the shareholders meeting; also, the transaction details should be disclosed in the annual report and prospectus. The special reserve appropriated in accordance with the requirements stated in the preceding paragraph cannot be used until the assets purchased at high price are with allowance for loss in valuation appropriated or it is disposed, or, with proper compensation restitution made, or without evidence of unreasonableness, and with the consent of the Financial Supervisory Commission. The acquisition of real estate from the related party that is with a breach of regular operation evidenced should be processed in accordance with the preceding two paragraphs.	Act. 2. An independent director of the Audit Committee should have it handled in accordance with Article 218 of the Company Act. 3. <u>Preceding two paragraphs</u> should be presented in the shareholders meeting; also, the transaction details should be disclosed in the annual report and prospectus. The special reserve appropriated in accordance with the requirements stated in the preceding paragraph cannot be used until the assets purchased <u>or leased</u> at high price are with allowance for loss in valuation appropriated or it is disposed, or, <u>the leasing contract has been terminated</u> with proper compensation restitution made, or without evidence of unreasonableness, and with the consent of the Financial Supervisory Commission. The acquisition of real estate <u>or right-of-use assets</u> from the related party that is with a breach of regular operation evidenced should be processed in accordance with the preceding two paragraphs.
Article 32 The Company's acquisition or disposal of assets with any of the following circumstances should have the relevant information documented in the prescribed format by its nature and noticed and declared through the internet reporting system designated by the Financial Supervisory Commission within two days from the Event Date: 1. The Company's acquisition or disposal of real estate from or to the related party, or, the Company's and the related party's acquisition or disposal of other assets other than the real estate for an amount more than 20% of the paid-in capital, 10% of the total assets, or NT\$300 million, except for the buy/sell of government bonds, repurchase/reverse repurchase bonds, purchase or repurchase the money market funds issued by domestic securities trust firms. 2. Conducting merger, split, acquisition, or transfer of shares. 3. Engaged in derivatives trading losses	Article 32 The Company's acquisition or disposal of assets with any of the following circumstances should have the relevant information documented in the prescribed format by its nature and noticed and declared through the internet reporting system designated by the Financial Supervisory Commission within two days from the Event Date: 1. The Company's acquisition or disposal of real estate <u>or right-of-use assets</u> from or to the related party, or, the Company's and the related party's acquisition or disposal of other assets other than the real estate <u>or right-of-use assets</u> for an amount more than 20% of the paid-in capital, 10% of the total assets, or NT\$300 million, except for the buy/sell of <u>domestic government bonds</u>, repurchase/reverse repurchase bonds, purchase or repurchase the money market funds issued by domestic securities trust firms. 2. Conducting merger, split, acquisition, or transfer of shares. 3. Engaged in derivatives trading losses amounting to the loss limit amount of all contracts or individual contract regulated in the Procedures.

amounting to the loss limit amount of all contracts or individual contract regulated in the Procedures. 4. The acquisition or disposal of the assets used for operation and the transaction is not done with the related party, and the amount is over NT\$1 billion. 5. If the company is expected to invest over NT\$500 million when the acquisition of real estate via aonstruction by others on the compay's own or rented land, construction to share houses, co-construction to share houses, co-construction to sell. 6. The assets trades other than the ones stated in the last five paragraphs or investments in Mainland China amounting to 20% of the paid-in capital or NT\$300 million, except for the following circumstances: (1) Government bonds trade. (2) The buy/sell of repurchase/reverse repurchase bonds, purchase or repurchase the money market funds issued by domestic securities trust firms. The transaction amount stated in the preceding paragraph is calculated in accordance with the following methods: 1. Referred to the amount of each transaction. 2. The cumulative amount of the acquisition or disposal of the homogeneous underlying object with the same counterpart within one year. 3. The cumulative acquisition or disposal (independent cumulative acquisition or cumulative disposal) amount of the same real estate development project within one year. 4. The cumulative acquisition or disposal (independent cumulative acquisition or cumulative disposal) amount of the same marketable securities. The "within one year" refers to one year prior to the baseline date of the current event; however, the requirement is exempted for the part of the transaction reported in accordance with the Procedures. The Company should have the derivatives transactions of the Company and its subsidiaries up to the end of the last month prepared in the prescribed format and posted on the information reporting system	4. The acquisition or disposal of the assets <u>or right-of-use assets</u> used for operation and <u>the transaction is not done with the related party</u>, and the amount is over NT\$1 billion. 5. If the company is expected to invest over NT\$500 million and furthermore the transaction counterparty is not a related party when the acquisition of real estate via aonstruction by others on the compay's own or rented land, construction to share houses, co-construction to share houses, co-construction to sell. 6. The assets trades other than the ones stated in the last five paragraphs or investments in Mainland China amounting to 20% of the paid-in capital or NT\$300 million, except for the following circumstances: (1) <u>Domestic</u> Government bonds trade. (2) The buy/sell of repurchase/reverse repurchase bonds, purchase or repurchase the money market funds issued by domestic securities trust firms. The transaction amount stated in the preceding paragraph is calculated in accordance with the following methods: 1. Referred to the amount of each transaction. 2. The cumulative amount of the acquisition or disposal of the homogeneous underlying object with the same counterpart within one year. 3. The cumulative acquisition or disposal (independent cumulative acquisition or cumulative disposal) amount of the same real estate <u>or right-of-use assets</u> development project within one year. 4. The cumulative acquisition or disposal (independent cumulative acquisition or cumulative disposal) amount of the same marketable securities. The "within one year" refers to one year prior to the baseline date of the current event; however, the requirement is exempted for the part of the transaction reported in accordance with the Procedures. The Company should have the derivatives transactions of the Company and its subsidiaries up to the end of the last month prepared in the prescribed format and posted on the information reporting system designated by the Financial Supervisory Commission before the tenth day of each month. If there is any mistake or any item missing and needs to be amended, the company has to re-announce the whole thing within two days of uncovering.
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designated by the Financial Supervisory Commission before the tenth day of each month. If there is any mistake or any item missing and needs to be amended, the company has to re-announce the whole thing within two days of uncovering.	
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Annex 2

YIEH PHUI ENTERPRISE CO., LTD.

Procedures for Acquisition and Disposal of Assets

Modified on June 20 2019

Article 1: Ordinance reference

The “Procedures for Handling Acquisition and Disposal of Assets” are stipulated in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of the Financial Supervisory Commission (hereinafter referred to as FSC).

Article 2: The acquisition or disposal of assets is to be processed in accordance with the “Procedures for Handling Acquisition and Disposal of Assets,” unless otherwise provided by law that shall prevail.

Article 3: The applicability of the “assets” defined in the “Procedures for Handling Acquisition and Disposal of Assets:”

1. Investments of stocks, bonds, corporate bonds, financial bonds, fund-based marketable securities, depositary receipts, call (put) warrants, beneficial securities, and assets-based securities.
2. Real estate (including land, houses and buildings, investment real estate, and inventories of construction industry) and equipment.
3. Membership card.
4. Intangible assets of patents, copyrights, trademarks, and charters.
5. Right-of-use assets.
6. Claims (including accounts receivable, foreign exchange discount and loans, and delinquent loans) of financial institutions.
7. Derivatives.
8. Acquisition or disposal of assets through legal merger, split, acquisition, or transfer of shares.
9. Other important assets.

Article 4: Terminology defined in the “Procedures for Handling Acquisition and Disposal of Assets:”

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Acquisition or disposal of assets by legal merger, split, acquisition, or transfer of

shares: refers to the acquisition or disposal of assets by legal mergers, splits, or acquisitions in accordance with the Merger Law, Financial Holding Company Law, Financial Institutions Merger Act, or other law, or by issuing new stock shares in accordance with Article 156-3 of the Company Law for the transfer of shares from other companies (hereinafter referred to as the “transfer of shares”).

3. The related party and subsidiaries: The identity should be verified in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms.”
4. Professional appraisers: refers to real estate appraiser or others engaged in real estate and equipment appraisal business in accordance with the law.
5. Event Date: refers to the contract signing date, the payment date, commission closing date, the transfer date, the Board resolution date, or other date with the transaction counterpart and transaction amount sufficiently determined, whichever is sooner (earlier). However, if the approval of the competent authorities is mandatory to the investments, one of the aforementioned dates or the competent authorities approval date whichever is sooner (earlier) shall prevail
6. Investment in Mainland China: refers to the investment in China in accordance with the Regulations Governing Licensing Investment or Technical Cooperation in Mainland China of the Investment Commission
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

Article 5: For the appraisal report and the opinions of CPAs, attorneys, or security underwriters collected by the Company, the relevant appraisers and appraising personnel, CPAs, attorneys, or security underwriters shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. 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.
2. May not be a related party or de facto related party of any party to the

transaction.

3. 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.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 6: Procedures for Handling Acquisition and Disposal of Assets

1. Assessment and operating procedures
 - (1) The acquisition or disposal of marketable securities investments is conducted in accordance with the investment revolving operations of the Company's internal control system.
 - (2) The Company's acquisition or disposal of intangible assets, real estate, and equipment or right-of-use assets is thereof or memberships conducted in accordance with the Company's internal control system general management and fixed assets, plants, and equipment revolving procedures.
2. The Company's acquisition or disposal of marketable securities investment should be approved by the President and Chairman and must also be resolved by the Board of Directors if it is for an amount over NT\$300 million.
3. The Company's acquisition or disposal of intangible assets, real estate, and equipment or right-of-use assets is thereof or membership, conducted in accordance with the following requirements:
 - (1) Acquisition: The Company's acquisition of intangible assets, real estate, and equipment or right-of-use assets thereof or membership, after the process of price inquiry, comparison, and bargaining should be presented to the competent supervisor for approval. For an amount of more than NT\$300 million, it should be presented to the Board of Directors for resolutions.
 - (2) Disposal: The Company's disposal or sale of intangible assets, real estate, and equipment or right-of-use assets thereof or membership cards, should be specially proposed by the original using department with the reasons explained and with the

process of price inquiry, comparison, and bargaining handled by the property custodian, and then presented to the competent supervisor for approval. For an amount of more than NT\$300 million, it should be presented to the Board of Directors for resolutions.

Article 7: When the Company has acquisition and disposal of assets handled in accordance with the “Procedures for Handling Acquisition and Disposal of Assets” or other laws and regulations that requires the process shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

A material assets or material derivative transaction must be approved by a majority of the Audit Committee members; also, it must be submitted to the Board of Directors for resolutions. If a majority of the Audit Committee members does not approve it, it should be approved by two thirds of the board of directors and the resolutions of the Audit Committee should be documented in the minutes of the board meeting.

Article 8: The acquisition of real estate or right-of-use asset not used in business operation and marketable securities investment of the Company and its subsidiaries is subject to the following restrictions:

1. The acquisition of real estate or right-of-use asset thereof or securities not used in business operation by the Company and its subsidiaries shall not exceed 150% of the Company’s net worth at one time.
2. Each marketable securities investment amount of the Company and its subsidiaries shall not exceed 50% of the Company’s net worth at the time.

Article 9: The procedures for handling acquisition and disposal of assets by the subsidiary of the Company

1. A subsidiary of the Company shall have the “Procedures for Handling Acquisition and Disposal of Assets” stipulated in accordance with the requirements and have it resolved in the Audit Committee and/or Board of Directors and/or Shareholders’ meeting for enforcement; the amendments should be processed the same way.
2. If the subsidiary of the Company is not a public company with an acquisition or disposal of assets subject to the notice and declaration requirements of Article 32, the Company should handle the notice and declaration process, post it on the Internet reporting system, and present it for inspection.
3. If the subsidiaries stated in the preceding paragraph with an acquisition or disposal of assets subject to the notice and declaration requirements of paid-in capital or total assets in Article 32 Paragraph 1, it is based on the Company’s paid-in capital or total assets.

Article 9.1: Regarding the requirement of 10% total assets, it is based on the total assets amount in the most recent proprietary or individual financial statements that are prepared in

accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms.” For the Company’s stock that has no face value or the face value is not for NT\$10, the requirement of “trade amount equivalent to 20% of the paid-in capital” is replaced by the “10% of shareholders’ equity.”

Article 10: The Company’s acquisition or disposal of real estate ,equipment, or right-of-use assets except for the transactions with domestic government agencies, proprietary land commissioned for construction, leased land commissioned for construction, or disposal of machinery and equipment used in operation, for an amount more than 20% of the paid-in capital or NT\$300 million must be with an official appraisal report collected before the Event Date in accordance with the following requirements:

1. If a specific price, particular price, or special price is applied for reference of the transaction price due to a special reason, the Board of Directors should resolve the transaction in advance. the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Two professional appraisal services must be solicited for a transaction amount more than NT\$1 billion.
3. For the appraisal result of a professional appraiser with one of the following circumstances, except for the appraisal result of the assets acquired higher than the transaction amount or the appraisal result of the assets disposed lower than the transaction amount, the commissioned CPAs should have it processed in accordance with Article 20 of the Generally Accepted Auditing Standards (GAAS) issued by the ROC Accounting Research and Development Foundation (hereinafter referred to as the “Accounting Research and Development Foundation”).
 - (1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.
 - (2) The difference of appraisal results between two appraisal services or more is more than 10% of the transaction amount.
4. The date of the report issued by a professional appraiser may not be more than 3 months away from the contract date. However, the original appraiser is to have an opinion issued if the two dates are subject to the same announced present value and it is not over 6 months

Article 11: For the acquisition or disposal of marketable securities; except for those meet the following requirements; the Company should collect the underlying company’s most recent financial statements that are audited or reviewed by CPAs before the Event Date as reference to assess the transaction price. In addition, for the transaction amounted to 20% of the company’s paid-in capital or NT\$300 million or more, commission a CPA to express an opinion on the reasonableness of the trading price before the Event Date. If a professional report is needed by the commissioned CPA, it should be processed in accordance with Article 20 of the Generally Accepted Auditing Standards (GAAS) issued by the Accounting Research and Development Foundation, unless a market quotation of the marketable securities is available or it is otherwise provided by the Financial Supervisory Commission.

- (1) Securities acquired with cash and establishing or raising based on the Corporation Law ..
- (2) Those who have participated in subscribing the marketable securities that is lawfully issued at the par value by the underlying company for cash capitalization.
- (3) Those who have participated in subscribing the marketable securities that is issued by the wholly-owned subsidiary for cash capitalization.
- (4) The listed/OTC and emerging marketable securities traded at the TWSE or GTSM.
- (5) Government bonds and bonds with repurchase or resale conditions.
- (6) Raising funds domestically or overseas.
- (7) The acquisition or disposal of listed/OTC stock in accordance with the Regulations Governing Listed/OTC Securities Tender Offer or Auction of TWSE or GTSM.
- (8) Participating the fund raising via cash or purchasing corporate debts (including financial bonds) of public companies and the securities thus acquired are not private securities.
- (9) According to Article 11 Paragraph 1 of the Securities Investment and Trust Act and FSC Investment, the exception include the purchase of domestic funds before the founding of the funds, or purchase/repurchase of domestic private equity, having listed in the investment strategies of the trust contract and the related securities not written off. The rest is the same as the investment of public funds.

Article 12: The Company's acquisition or disposal of intangible assets, or right-of-use assets thereof or memberships except for the transactions with domestic government agencies, for an amount more than 20% of the paid-in capital or NT\$300 million, must be with CPAs commissioned to express an opinion on the reasonableness of the trading price before the Event Date in accordance with Article 20 of the Generally Accepted Auditing Standards (GAAS) issued by the Accounting Research and Development Foundation.

Article 12.1: The transaction amount referred to in the last three Articles should be calculated in accordance with Article 32 Paragraph 2. Also, the "within one year" refers to one year prior to the baseline date of the current event; however, the requirement is exempted if an appraisal report is collected from the professional appraiser or an opinion from the CPAs in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

Article 13: For the acquisition or disposal of assets by a court auction process, the documents issued by the Court can be an alternative to an appraisal report or CPA's opinion.

Article 14: For the acquisition or disposal of assets by the Company and the related party, in addition to have the related resolution procedures and trade term reasonableness assessed in accordance with Article 10, Article 13, Article 15, Article 16, Article 17, and Article 18; if the trade amount is more than 10% of the Company's total assets, an appraisal report or an opinion of the CPA should be obtained in accordance with

the requirement stated in the preceding paragraph.

The transaction amount in the preceding paragraph should be calculated in accordance with Article 12. 1.

When determining whether the transaction counterpart is a related party or not, in addition to the legal formality, the real relationship should be considered.

Article 15: The Company' s acquisition or disposal of real estate or right-of-use assets , from or to the related party, or, the Company' s and the related party' s acquisition or disposal of other assets other than the real estate or right-of-use assets for an amount more than 20% of the paid-in capital, 10% of the total assets, or NT\$300 million, Except for the buy/sell of domestic government bonds, repurchase/reverse repurchase bonds, purchase or repurchase the money market funds issued by domestic securities trust firms, must have the following data approved by the Audit Committee and resolved in the Board meeting before signing the trade agreement and making prepayment:

1. The purpose, necessity, and expected benefits from the acquisition or disposal of asset.
2. The reason for choosing the related party as the trade counterpart.
3. The data related to assessing the reasonableness of the trade terms for the real estate or right-of-use assets acquired from the related party in accordance with Article 16 and Article 17.
4. The initial acquisition date and price, trade counterpart and its relationship with the Company and the related party.
5. The monthly statement of cash income and expense forecast within one year starting from the month the contract is signed. Also, assess the necessity of the transaction and the reasonableness of the fund use.
6. The appraisal report received from a professional appraiser or an opinion from the CPA in accordance with the requirements stated in the last Article.
7. The restrictions and other important stipulations of this transaction.

The transaction amount referred to in the preceding paragraph should be calculated in accordance with Article 32 Paragraph 2. Also, the "within one year" refers to one year prior to the baseline date of the current event; however, the requirement is exempted if it is presented to the Board of Directors for approval.

With respect to the types of transactions listed below, when to be conducted between The company and its 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 delegate the board chairman to decide such matters when the transaction is within NT\$500 million 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.

Article 16: The Company should have the reasonableness of transaction cost of the real estate or

right-of-use assets acquired from the related party assessed in accordance with the following methods:

1. It includes the related party's transaction price plus necessary fund interest and the cost to be borne by the buyer in accordance with the law. The "necessary fund interest cost" is calculated in accordance with the weighted average interest rate of the year the assets purchased; however, it may not be higher than the highest loan interest rate of non-financial sector announced by the Ministry of Finance.
2. If the related party has the underlying object mortgaged as loan collateral to a financial institution, the financial institution is to assess the total loan value of the underlying object. However, the actual cumulative loan value of the underlying object granted by the financial institution should be more than 70% of the total assessed loan value with a loan period for more than one year, unless the trade counterpart is a related party of the financial institution.

For the underlying land and housing purchased or leased jointly, the transaction cost of land and housing can be calculated respectively in accordance with any of the methods listed in the preceding paragraph.

The cost of the real estate or right-of-use assets acquired from the related party should be assessed in accordance with the requirements of preceding two paragraphs; also, a CPA should be commissioned to review and express an opinion specifically.

The real estate or right-of-use assets acquired from the related party in one of the following circumstances should be processed in accordance with preceding paragraph and it is not subject to the requirements of the last three paragraphs:

1. The related party has acquired the real estate or right-of-use by inheritance or donation.
2. The related party has an agreement signed to acquire the real estate or right-of-use over 5 years ago from the current transaction.
3. The real estate is acquired by commissioning the related party to construct the real estate, including signing a joint construction contract, proprietary land commissioned for construction, and leased land commissioned for construction.
4. The real property right-of-use assets for business use are acquired by the company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 17: If the price assessed in accordance with Paragraph 1 and Paragraph 2 is lower than the trading price, it should be handled in accordance with Article 18, except for in the following circumstances with objective evidences presented, a real estate professional appraisal report received, and a specific and reasonable opinion issued by the CPA:

1. The related party that has acquired or leased a prime land for construction may evidence its complying with one of the following conditions:
 - (1) Prime land is assessed in accordance with the methods stated in the preceding

paragraph. Housing is assessed in accordance with the total amount of related party's construction cost plus reasonable construction profit exceeding the actual trading price. The "reasonable construction profit" is the average gross profit rate of the related party's construction department within the last three years or the most recent gross profit rate of the construction industry published by the Ministry of Finance whichever is lower.

(2) The other floors of the same underlying premise and land or the transaction conducted by a non-related party in the adjacent area within one year for the similar floorage. In addition, the trading conditions are equivalent according to the assessment of the reasonable floor or regional price spread in a general real estate or leasing trade.

2. Prove the trading conditions for the real estate or obtaining real property right-of-use assets through leasing acquired from the related party is equivalent with the transaction conducted by a non-related party in the adjacent area within one year for the same floorage.

The successful transaction conducted in the adjacent area stated in the preceding paragraph refers to the real estate on the same or adjacent street that is less than 500m in radius distanced from the underlying object or it is with the similar announced present value. The "same floorage" means that the area of the real estate transaction conducted by the non-related party may not be more than 50% smaller than the underlying object. The "within one year" refers to one year prior to the baseline date for the acquisition of the real estate or right-of-use assets.

Article 18: If the price of the real estate or right-of-use assets acquired by the Company from the related party that is assessed in accordance with preceding two paragraphs is lower than the trading price, it should be handled in accordance with the follows:

1. For the spread between the real estate or right-of-use assets trading price and assessed cost, special reserve should be appropriated in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act; also, it may not be applied for distribution or capitalized for stock dividend. For the Company's investment valued in accordance with the equity method, special reserve should be appropriated for the aforementioned spread amount proportionally to the shareholding ratio in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act.
2. An independent director of the Audit Committee should have it handled in accordance with Article 218 of the Company Act.
3. Preceding two paragraphs should be presented in the shareholders meeting; also, the transaction details should be disclosed in the annual report and prospectus.

The special reserve appropriated in accordance with the requirements stated in the preceding paragraph cannot be used until the assets purchased or leased at high price are with allowance for loss in valuation appropriated or it is disposed, or, the leasing contract has been terminated with proper compensation restitution made, or without evidence of unreasonableness, and with the consent of the Financial Supervisory Commission.

The acquisition of real estate or right-of-use assets from the related party that is with a breach of regular operation evidenced should be processed in accordance with the preceding two paragraphs.

Article 19: Procedures for Handling Acquisition and Disposal of Derivatives

The Company engaged in derivatives trading shall pay attention to the following important risk management and auditing matters control and they should be included in the “Procedures for Handling Acquisition and Disposal of Derivatives:”

1. Trading principles and guidelines: It shall include the type, operation or hedging strategy, division of responsibilities, performance evaluation criteria of the derivative transactions, the total contract amount of the derivative transactions, as well as the loss limit amount of all contracts and individual contract.
2. Risk management measures
3. Internal auditing system
4. Regular assessment methods and nonconformities handling

Article 20: The Company engaged in derivatives trading should implement the following risk management measures:

1. Risk management scope

The Company engaged in derivative transactions should consider the following risks with proper hedging measures implemented in advance:

- (1) Credit risk management: Conduct trades mainly with the associating banks and legitimate brokers and set the trade quota in advance for each associating banks. The Finance Officer is responsible for the control without focusing business transactions on few institutions. Also, adjust the trade quote of each associating financial institution flexibly in accordance with changes in market prices.
 - (2) Market risk management: It is limited to the trades conducted in stock market and OTC market.
 - (3) Liquidity risk management: It is mainly focusing on the instruments with long trading time, high liquidity, and stable market price.
 - (4) Cash flow risk management: Changes in cash flow should be assessed; also, source of fund is limited to the proprietary fund.
 - (5) Operational risk management: shall comply with the authorized quota and operating procedures regulated by the Company and should have it included in the internal auditing process to avoid operating risk. Moreover, derivatives traders and personnel responsible for confirmation and settlement may not be inter-changeable. Personnel responsible for derivatives settlement shall follow up on the derivatives transactions that will be due within one week and with the derivatives traders informed to ensure correct derivatives settlement.
 - (6) Legal risk management: Non-stereotyped transaction contract documents shall be countersigned by the Legal Affairs Office.
2. Derivatives traders and personnel responsible for confirmation and settlement may not be inter-changeable.
 3. Scope of authorization:

(1) transaction (investment)

(calculated by the amount of contract rather than the amount of guarantee)

level	Daily volume	Authorised amount	remark
board of director	greater than US\$10 million	none	when the daily volume is over US\$ 10 million, it has to be done with the approval of board of directors
ratified by the chairman and to be approved by the latest meeting of the board of directors	Not great than US\$10 million	Not greater than US\$30 million	directors authorize the chairman to ratify in advance and to be approved by the latest meeting of the board of directors
the chairman	Not greater than US\$2.5 million	Not greater than US\$7.5 million	required the approval of the board of directors due to over the limit
the general manager	Not greater than US\$500,000	Not greater than US\$2.5 million	required the approval of the chairman due to over the limit

(2) non-transaction (hedging)

(calculated by the amount of contract rather than the amount of guarantee)

level	Daily volume	Authorised amount	remark
board of director	greater than US\$20 million	none	when the daily volume is over US\$ 20 million, it has to be done with the approval of board of directors
ratified by the chairman and to be approved by the latest meeting of the board of directors	Not great than US\$20 million	Not greater than US\$60 million	directors authorize the chairman to ratify in advance and to be approved by the latest meeting of the board of directors
the chairman	Not greater than US\$5 million	Not greater than US\$15 million	required the approval of the board of directors due to over the limit
the general manager	Not greater than US\$1million	Not greater than US\$5 million	required the approval of the chairman due to over the limit

4. The Company has the derivatives operations assigned to the responsible units as follows in accordance with the nature of work.

1. Procurement Unit: Responsible for drafting up the operation strategies for the trade of instruments and futures in accordance with the scope of authorization.
2. Finance Office:
 - (1) Responsible for drafting up the operation strategies for the trade of

derivatives other than instruments and futures.

(2) Conduct trades in accordance with the scope of authorization.

3. Legal Affairs Office: Responsible for reviewing the non-stereotyped transaction contract documents;
4. Accounting Office: Responsible for the accounting process of derivatives transactions, the preparation of financial statements, and regular data summary.
5. Audit Office: Understand the adequacy of internal control, including division of responsibilities and operational procedures; audit the compliance with the Procedures for Derivatives Trading of the trade department.
5. Risk measurement, monitoring, and control personnel should not be in the same department with the personnel stated in the preceding personnel; also, should report to the Board of Directors or the senior management that is not responsible for trade or position decision-making.
6. The department responsible for derivative transactions should base its assessment on the following criteria:
 - (1) Performance evaluation:
 1. Non-trading:
 - (1) The Finance Office has based the performance evaluation of the realized net profit and loss position after the closing of the trade day for each trade contract on the type of instrument.
 - (2) Compare the profit and loss performance and conduct regular reviews for the target set and report it to the Chairman for review and approval.
 2. Trading:
 - (1) Realized position: The Finance Office has based the performance evaluation on the actual profit or loss position.
 - (2) Unrealized position: Base the performance evaluation on the net profit and loss and total profit and loss of the open position calculated in accordance with the closing price every day.
 - (2) Regular assessment:
 1. The Finance Office regularly reviews whether the operation performance meets the established business strategies and the risk is within the tolerable range specified in accordance with the current Income Statement.
 2. The Finance Office should have the position held for trade assessed at least once a week. The position held not for trade assessed at least once every 15 days; also, the assessment report should be presented to the Chairman for review and approval.
7. Total contract amount and loss limit:

Non-trading transactions: The quota amount should not exceed the Company's actual business needs.

Trading transactions: The quota amount is limited to 15% of the Company's net worth.

All of the above and individual contract loss is limited to 15% of the contract amount.

If the changes in market causes individual contract with a loss over 10% after the transaction completed, the countermeasures must be developed and presented to the Chairman for approval.

Article 21: The Board of Directors is to monitor and manage the Company's derivatives trades in accordance with the following principles:

1. The designated senior management should monitor and control the risk of the derivative transactions at any time.
2. Regularly reviews whether the performance of derivative transactions meets the established business strategies and the risk is within the tolerable range specified.

The designated senior management should manage derivatives transactions in accordance with the following principles:

1. Regularly assess whether the current risk management measures are appropriate and are indeed handled in accordance with the Procedures for Derivatives Trading of the Company.
2. Supervise trading and profit and loss situation. Take necessary responsive measures upon identifying any nonconformity and it should be immediately reported to the Board of Directors. The independent directors of the Company, should attend the meeting to express their opinions.

The Company having authorized responsible personnel to handle derivative transactions in accordance with the Procedures for Derivatives Trading should have it reported to the most recent Board of Directors afterwards.

Article 22: The Company engaged in derivatives trading should have a registry established for recording the information of derivatives type, amount, the Board approval date, and the matters to be carefully assessed as stated in Article 20 Paragraph 6, and preceding paragraph 1 Clause 1 and Paragraph 2 Clause 1.

The Company's internal audit staff should regularly understand the adequacy of the internal controls, audit the compliance with the Procedures for Derivatives Trading of the trade department every month, analyze the transaction cycle, and prepare an audit report. The Audit Committee should be notified in writing for any major nonconformity identified.

Article 23: The Company while handling merge, split, acquisition, or transfer of shares should commission CPAs, lawyers, or securities underwriters to express an opinion on the reasonableness of the swap ratio, acquisition price, or the distribution of cash or other assets to shareholders before the resolutions reached in the board meeting; also, it should be presented to the Board of Directors for review and approval. However, if the parent company merges with its 100% owned subsidiary, or the merge between its 100% owned subsidiaries, there is no need to acquire the feasibility assessment of specialists.

Article 24: The Company while engaged in the merger, split, or acquisition should have the merger, split, or acquisition agreement and the related matters composed before the shareholders meeting for distribution to shareholders along with the opinions of specialists referred to in Paragraph 1 of the preceding Article and the shareholders meeting notice for shareholders' reference in voting on the merger, split, or acquisition proposal; unless otherwise provided by other law and regulations exempting the merger, split, or acquisition proposal from being resolved in the shareholders meeting.

If the shareholders meeting of the parties engaged in the merger, split, or acquisition cannot be convened or resolved due to the issues of insufficient attendance rate, voting right inadequacy, or other legal restrictions, or, motions are vetoed in the shareholders meeting, the parties engaged in the merger, split, or acquisition should immediately disclose the root cause, the subsequent processing operations, and the expected date of the shareholders meeting to be convened.

Article 25: The Company while engaged in the merger, split, or acquisition, unless otherwise provided by law or for some reasons with the consent of the Financial Supervisory Commission in advance, should have the board meeting and shareholders meeting convened in the same day to resolve the merger, split, or acquisition matters.

The Company while engaged in the transfer of shares, unless otherwise provided by law or for some reasons with the consent of the Financial Supervisory Commission in advance, should have the board meeting and shareholders meeting convened in the same day.

The Company while engaged in the merger, split, acquisition, or transfer of shares should have the following information documented in writing and reserved for 5 years for inspection. The data in Paragraph 1 and Paragraph 2 below should be reported in the prescribed format to the Financial Supervisory Commission for records through the internet reporting system within two days after the resolutions reached in the board meeting.

1. Personnel basic information: including the job title, name, and identity card number (or Passport No. for foreigners) of those who engaged in the merger, split, acquisition, or transfer of shares or the project leader before the news made public.
2. Important Event Date: including signing a letter of intent or memorandum of understanding, commissioning finance or legal adviser, signing a contract, and the Board meeting date.
3. Important documents and minutes of meeting: including merge, split, acquisition, or transfer of shares plan, letter of intent or memorandum of understanding, important contracts, and minutes of board meeting.

If the counterparts of the merger, split, acquisition, or transfer of shares that the Company is engaged in are not listed companies or their stocks are not traded at the GTSM, the Company should have an agreement signed with them in accordance with the requirements stated in preceding two paragraphst.

Article 26: The Company's staff who is engaged in or knows about the merge, split, acquisition, or transfer shares plan should issue a written confidentiality commitment not to disclose the contents of the plan before it is made public; also, may not trade the stock and equity-based marketable securities of the companies that are engaged in the merge, split, acquisition, or transfer of shares for themselves or on behalf of others.

Article 27: The Company engaged in the merger, split, acquisition, or transfer of shares may not have the swap ratio or purchase price changed arbitrarily except for in the following circumstances. In addition, it should have the conditions for changes stipulated in the merge, split, acquisition, or transferee of shares contract.

1. Processing cash capitalization, issuing convertible bonds, stock dividend, issuing corporate bonds with warrants, preferred stock with warrants, stock options, and other equity-based marketable securities;
2. The acts, including the disposal of material assets, that affect the Company's financial operations;
3. The events, including major disasters and major changes in technology, that affect the Company's shareholder equity or the price of securities;
4. The adjustment made for the Treasury stock repurchased by any of the companies engaged in the merger, split, acquisition, or transferee of shares;
5. The change in the main company or the number of companies that are engaged in the merger, split, acquisition, or transferee of the shares;
6. The additional conditions for changes illustrated in the contract that are already disclosed to the public;

Article 28: The Company engaged in the merger, split, acquisition, or transfer of shares should have the rights and obligations related to the merger, split, acquisition, or transfer of shares detailed in the contract, including the following matters:

1. Breach of contract.
2. The principles for handling the equity-based marketable securities issued or the Treasury stock repurchased before the Company extinguished due to a merger or split.
3. The shares of Treasury stock that can be repurchased and the handling principle after the Company's swap baseline date.
4. Handling the change in the main company or the number of companies that are engaged in the transactions.
5. The expected project in progress and the expected project completion date;
6. When the project is not completed on time, the relevant procedures for convening a shareholders meeting in accordance with the law and regulations.

Article 29: If any company involved in the merger, split, acquisition, or transfer of shares after the information made public intends to engage in the merger, split, acquisition, or transfer of shares with other companies, unless the number of participating companies is reduced, the resolution is reached in the shareholders meeting, and the Board of Directors is authorized in the shareholders meeting to change the limit of

authority, the participating companies may be exempted from convening a shareholders meeting in making another resolution. In addition, the procedures or legal acts completed in the original merger, split, acquisition, or transfer of shares should be repeated by all participating companies.

Article 30: The Company should have an agreement signed with the companies engaged in the merger, split, acquisition, or transfer of the shares that are not public companies in accordance with Article 25, Article 26, and preceding paragraph.

Article 31: The Company's Finance Office should have had the acquisition or disposal of assets related contracts, minutes of meeting, registries, appraisal reports, and the opinions of the CPAs, lawyers, or security underwriters ready at the Company, unless otherwise provided by laws, for at least five years.

Article 32: The Company's acquisition or disposal of assets with any of the following circumstances should have the relevant information documented in the prescribed format by its nature and noticed and declared through the internet reporting system designated by the Financial Supervisory Commission within two days from the Event Date:

1. The Company's acquisition or disposal of real estate or right-of-use assets from or to the related party, or, the Company's and the related party's acquisition or disposal of other assets other than the real estate or right-of-use assets for an amount more than 20% of the paid-in capital, 10% of the total assets, or NT\$300 million, except for the buy/sell of domestic government bonds, repurchase/reverse repurchase bonds, purchase or repurchase the money market funds issued by domestic securities trust firms.
2. Conducting merger, split, acquisition, or transfer of shares.
3. Engaged in derivatives trading losses amounting to the loss limit amount of all contracts or individual contract regulated in the Procedures.
4. The acquisition or disposal of the assets or right-of-use assets used for operation and the transaction is not done with the related party, and the amount is over NT\$1 billion.
5. If the company is expected to invest over NT\$500 million and furthermore the transaction counterparty is not a related party when the acquisition of real estate via aonstruction by others on the compay's own or rented land, construction to share houses, co-construction to share houses, co-construction to sell.
6. The assets trades other than the ones stated in the last five paragraphs or investments in Mainland China amounting to 20% of the paid-in capital or NT\$300 million, except for the following circumstances:
 - (1) Domestic Government bonds trade.
 - (2) The buy/sell of repurchase/reverse repurchase bonds, purchase or repurchase the money market funds issued by domestic securities trust firms.

The transaction amount stated in the preceding paragraph is calculated in accordance with the following methods:

1. Referred to the amount of each transaction.
2. The cumulative amount of the acquisition or disposal of the homogeneous

underlying object with the same counterpart within one year.

3. The cumulative acquisition or disposal (independent cumulative acquisition or cumulative disposal) amount of the same real estate or right-of-use assets development project within one year.
4. The cumulative acquisition or disposal (independent cumulative acquisition or cumulative disposal) amount of the same marketable securities.

The “within one year” refers to one year prior to the baseline date of the current event; however, the requirement is exempted for the part of the transaction reported in accordance with the Procedures.

The Company should have the derivatives transactions of the Company and its subsidiaries up to the end of the last month prepared in the prescribed format and posted on the information reporting system designated by the Financial Supervisory Commission before the tenth day of each month.

If there is any mistake or any item missing and needs to be amended, the company has to re-announce the whole thing within two days of uncovering.

Article 33: The notice and declaration of the trades as stated in the preceding paragraph with any of the following circumstances should be posted on the designated website within two days from the Event Date:

1. The contracts of the original trade is changed, terminated, or cancelled.
2. The merger, split, acquisition, or transfer of shares is not completed in accordance with the contracted schedule.
3. The content of the original notice is changed.

Article 34: The responsible personnel of the Company in violation of the Procedures for Handling Acquisition and Disposal of Assets should be punished in accordance with the Company’s Disciplinary Act.

YIEH PHUI ENTERPRISE CO., LTD

Comparison Table for the “Operation Procedures for Loans to Others and Endorsements”

Before and After Revision

BEFORE THE REVISION	AFTER THE REVISION
Article 3 The Company’s loaning of funds and making endorsements/guarantees should be processed in accordance with the “Procedures for Loaning of Funds and Making of Endorsements/Guarantees,” unless otherwise provided by other law and regulations that shall prevail.	Article 3 The Company’s loaning of funds and making endorsements/guarantees should be processed in accordance with the “Procedures for Loaning of Funds and Making of Endorsements/Guarantees,” unless otherwise provided by <u>other related financial</u> law and regulations that shall prevail.
Article 4 In terms of the objects for the loaning of funds by the Company, according to Article 15 of the Company Law, the Company’s funds may not be loaned to the shareholders or any other except for in the following circumstances: I. The companies or firms that have business deals conducted with the Company. II. The companies or firms that are with the need of short-term financing. III. The foreign companies with 100% voting shares held by the Company directly or indirectly; The so-called “short-term” in the preceding paragraph meant for one year; however, if the Company’s operating cycle is longer than one year, it is subject to the business cycle. The financing period of the foreign companies with 100% voting shares held by the Company directly or indirectly is subject to the requirements of Article 6. The loaning of funds for the business transactions conducted between the Company and other companies or firms should be processed in accordance with Article 5 Paragraph 1 Clause 2. The loaning of funds for short-term financing is limited to the following circumstances:	Article 4 In terms of the objects for the loaning of funds by the Company, according to Article 15 of the Company Law, the Company’s funds may not be loaned to the shareholders or any other except for in the following circumstances: I. The companies or firms that have business deals conducted with the Company. II. The companies or firms that are with the need of short-term financing. III. The foreign companies with 100% voting shares held by the Company directly or indirectly; The so-called “short-term” in the preceding paragraph meant for one year; however, if the Company’s operating cycle is longer than one year, it is subject to the business cycle. The financing period of the foreign companies with 100% voting rights held by the Company directly or indirectly <u>or foreign companies directly and indirectly owned by Yieh Phui with 100% voting rights</u>, is subject to the requirements of Article 6. The loaning of funds for the business transactions conducted between the Company and other companies or firms should be processed in accordance with Article 5 Paragraph 1 Clause 2. The loaning of funds for short-term financing is limited to the following circumstances: (I) The short-term financing needed for business operation of the company with over 20% shares held by the Company.

(I) The short-term financing needed for business operation of the company with over 20% shares held by the Company. (II) The short-term financing needed for raw material procurement or working capital of other companies or firms.	(II) The short-term financing needed for raw material procurement or working capital of other companies or firms.
Article 5 Total loaning of funds and individual loan limit The Company's total loaning of funds is limited to 40% of the Company's net worth, in which, the limit of loaning of funds to each company is subject to the following criteria: I. The total and individual loaning of funds to the subsidiaries of the Company is limited to 40% of the Company's net worth. II. The total loaning of funds to the company or firm conducting business with the Company is limited to 40% of the Company's net worth. The loaning of funds to each individual company is limited to the total business transaction amount between the two companies within the year. The so-called "business transaction amount" meant for the higher of the purchase amount or sales amount between the two companies. III. The loaning of funds to the companies or firms in need is limited to 40% of the Company's net worth. The loaning of fund to individual company or firm is limited to 5% of the Company's net worth. IV. The loaning of funds to foreign companies with 100% voting shares held by the Company directly or indirectly is limited to 40% of the Company's net worth. The borrowers referred to in the preceding paragraph must provide sufficient collateral for the loaning of funds from the Company; however, the Company's subsidiaries are exempted from the requirement of providing collateral for loaning of funds.	Article 5 Total loaning of funds and individual loan limit The Company's total loaning of funds is limited to 40% of the Company's net worth, in which, the limit of loaning of funds to each company is subject to the following criteria: I. The total and individual loaning of funds to the subsidiaries of the Company is limited to 40% of the Company's net worth. II. The total loaning of funds to the company or firm conducting business with the Company is limited to 40% of the Company's net worth. The loaning of funds to each individual company is limited to the total business transaction amount between the two companies within the year. The so-called "business transaction amount" meant for the higher of the purchase amount or sales amount between the two companies. III. The loaning of funds to the companies or firms in need is limited to 40% of the Company's net worth. The loaning of fund to individual company or firm is limited to 5% of the Company's net worth. IV. The loaning of funds to foreign companies with 100% voting rights held by the Company directly or indirectly <u>or foreign companies directly and indirectly owned by Yieh Phui with 100% voting rights</u>, is limited to 40% of the Company's net worth. The borrowers referred to in the preceding paragraph must provide sufficient collateral for the loaning of funds from the Company; however, the Company's subsidiaries are exempted from the requirement of providing collateral for loaning of funds.
Article 6 Financing period and interest-bearing methods I. Period: The financing period of each loaning of funds may not exceed 1 year from the date of the loan granted. However, the financing period for the	Article 6 Financing period and interest-bearing methods I. Period: The financing period of each loaning of funds may not exceed 1 year from the date of the loan granted. However, the financing period for the foreign companies with 100% voting rights held by the Company directly or indirectly <u>or</u>

foreign companies with 100% voting shares held by the Company directly or indirectly may not exceed 10 years in response to the need of business operation. II. Interest rate: Interest rate is determined depending on the financial market interest rate at the time; however, it may not be less than the maximum interest rate of short-term borrowings from financial institutions. The Company has loan interest accrued monthly and it may be adjusted depending on the actual practice under a special circumstance with the approval of the Board of Directors.	<u>foreign companies directly and indirectly owned by Yieh Phui with 100% voting rights</u>, may not exceed 10 years in response to the need of business operation. II. Interest rate: Interest rate is determined depending on the financial market interest rate at the time; however, it may not be less than the maximum interest rate of short-term borrowings from financial institutions. The Company has loan interest accrued monthly and it may be adjusted depending on the actual practice under a special circumstance with the approval of the Board of Directors.
Article 10 The so-called “subsidiary” and “parent company” in the “Procedures for Loaning of Funds and Making of Endorsements/Guarantees” should be recognized in accordance with the definition given in the “Regulations Governing the Preparation of Financial Reports by Securities Firms.” The financial reports of public companies are prepared in accordance with the International Financial Reporting Standards (IFRSs), in which, the so-called “net worth” means the “Shareholders’ Equity of Parent Company” in the balance sheet that is prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms.” The so-called “notice and declaration” in the “Regulations Governing the Preparation of Financial Reports by Securities Firms” means to have information posted on the information reporting website designated by the Financial Supervisory Commission. The so-called “Event Date” in the “Regulations Governing the Preparation of Financial Reports by Securities Firms” means the deal signing date, payment date, board resolution date, or other date with the transaction counterparty and transaction amount sufficiently determined, whichever is sooner (earlier).	Article 10 The so-called “subsidiary” and “parent company” in the “Procedures for Loaning of Funds and Making of Endorsements/Guarantees” should be recognized in accordance with the definition given in the “Regulations Governing the Preparation of Financial Reports by Securities Firms.” The financial reports of public companies are prepared in accordance with the International Financial Reporting Standards (IFRSs), in which, the so-called “net worth” means the “Shareholders’ Equity of Parent Company” in the balance sheet that is prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms.” The so-called “notice and declaration” in the “Regulations Governing the Preparation of Financial Reports by Securities Firms” means to have information posted on the information reporting website designated by the Financial Supervisory Commission. The so-called “Event Date” in the “Regulations Governing the Preparation of Financial Reports by Securities Firms” means the deal signing date, payment date, board resolution date, or other date <u>that are sufficient to determine the amount of loans or the endorsed</u>, , whichever is sooner (earlier).
Article 11 The Company’s “Procedures for Loaning of Funds” 1. Resolution of the Board of Directors	Article 11 The Company’s “Procedures for Loaning of Funds” 1. Resolution of the Board of Directors The loaning of fund quota granted to one single

The loaning of fund quota granted to one single enterprise should be with the consent of the Board of Directors. Carefully assess whether the loaning of funds is in compliance with the “Procedures for Loaning of Funds” before granting the loans and it should be presented to the Board of Directors for resolutions along with the evaluation of the Finance Office; moreover, the decision-making process cannot be reassigned to any other person. However, major loans have to be approved by the auditing committee and to be decided by the board of directors. The loaning of funds between the Company and its subsidiaries or among the subsidiaries should be presented to the Board of Directors for resolutions in accordance with the provisions in the preceding paragraph. In addition, the Chairman may be authorized to grant certain loans amount to one borrower that is resolved in the board meeting distributed in installments or revolving use within one year. The so-called “certain loan amount” in the preceding paragraph, unless otherwise in compliance with Article 5 Paragraph 1 Clause 4, means that the Company or its subsidiaries are authorized to grant loans to one enterprise for an amount limited to 10% of the enterprise’s net worth in the most recent financial statements. <u>The opinions of the independent directors should be included for consideration when the proposal is discussed in the Company’s Board meeting. In addition, the agreement and disagreement and the reasons for disagreement should be detailed in the minutes of board meeting.</u> 2. Detailed review procedures	enterprise should be with the consent of the Board of Directors. Carefully assess whether the loaning of funds is in compliance with the “Procedures for Loaning of Funds” before granting the loans and <u>it should be approved by the auditing committee and then implemented with the approval of the board of directors.</u> for resolutions along with the evaluation of the Finance Office; moreover, the decision-making process cannot be reassigned to any other person. However, major loans have to be approved by the auditing committee and to be decided by the board of directors. The loaning of funds between the Company and its subsidiaries or among the subsidiaries should be presented to the Board of Directors for resolutions in accordance with the provisions in the preceding paragraph. In addition, the Chairman may be authorized to grant certain loans amount to one borrower that is resolved in the board meeting distributed in installments or revolving use within one year. The so-called “certain loan amount” in the preceding paragraph, unless otherwise in compliance with Article 5 Paragraph 1 Clause 4, means that the Company or its subsidiaries are authorized to grant loans to one enterprise for an amount limited to 10% of the enterprise’s net worth in the most recent financial statements. 2. Detailed review procedures
Article 12 The Company’s “Procedures for Making of Endorsements/Guarantees” I. The Company’s decision-making unit and levels of authority for handling the making of endorsements/guarantees: (I) The Company shall have the endorsements/guarantees approval	Article 12 The Company’s “Procedures for Making of Endorsements/Guarantees” I. The Company’s decision-making unit and levels of authority for handling the making of endorsements/guarantees: (I) The Company shall have the endorsements/guarantees approval handled in

handled in accordance with Paragraph 2 of this Article after the resolution reached by the Board of Directors. However, to meet the need for adequate timing, for a total loan amount of NT\$1 billion and a loan amount to one single enterprise for NT\$500 million, the Chairman is authorized by the Board of Directors to make a decision first and report it in the latest Board meeting for ratification.

(II) The Company before making endorsements/guarantees for the companies that are with over 90% voting shares held by the Company directly or indirectly in accordance with Article 8 Paragraph 2 should have it reported to the Board of Directors for resolutions. However, the endorsements/guarantees made for the companies that are with 100% voting shares held by the Company directly or indirectly are not subject to this restriction.

(III) The Company, when intending to make endorsements/guarantees for others, should have the "Procedures for Making of Endorsements/Guarantees" enacted with the consent of the Audit Committee, passed in the Board meeting, and resolved in the shareholders meeting. If an objection is raised by a director in writing or recorded, the Company should have the objection presented in the shareholders' meeting for discussion; so is the amendment.

When the Company has the "Procedures for Making of Endorsements/Guarantees" presented to the Board of Directors for discussion in accordance with the requirements stated in the preceding paragraph, the Company should take full account of the opinions of the independent directors. In addition, the agreement and disagreement and the reasons for disagreement should be detailed in the minutes of board meeting.

The Company when not intending to make endorsements/guarantees for others should report it to the Board or Directors for approval and will be exempted from the obligation of stipulating the "Procedures for Making of Endorsements/Guarantees." The

accordance with Paragraph 2 of this Article after the resolution reached by the Board of Directors. However, to meet the need for adequate timing, for a total loan amount of NT\$1 billion and a loan amount to one single enterprise for NT\$500 million, the Chairman is authorized by the Board of Directors to make a decision first and report it in the latest Board meeting for ratification.

(II) The Company before making endorsements/guarantees for the companies that are with over 90% voting shares held by the Company directly or indirectly in accordance with Article 8 Paragraph 2 should have it reported to the Board of Directors for resolutions. However, the endorsements/guarantees made for the companies that are with 100% voting shares held by the Company directly or indirectly are not subject to this restriction.

(III) If the company has to endorse over the limit designated on Item 9,.....

.....

<u>subsequent endorsements/guarantees process shall be handled in accordance with the requirements stated in the preceding paragraphs.</u> (IV) If the company has to endorse over the limit designated on Item 9,.....	
Article 13 The “Procedures for Announcing and Declaring the Company’s Loaning of Funds and Making of Endorsements/Guarantees” is as follows: I. The Finance Office is to have the loaning of funds and making of endorsements/guarantees by the Company and its subsidiaries of the prior month along with the sales report announced before the 10th day of this month and declared on the information reporting website designated by the Financial Supervisory Commission. II. In addition to noticing and declaring the loaning of funds and making of endorsement/guarantee balance monthly, when the loaning of funds and making of endorsement/guarantee by the Company and its subsidiaries meets one of the following criteria, the Finance Office should submit relevant information for announcement and declaration within 2 days from the Event Date and declared on the information reporting website designated by Financial Supervisory Commission: (I) For the endorsement/guarantee balance of the Company and its subsidiaries amounted to 50% or more of the company’s net worth on the most recent financial statements; and the loaning of fund balance by the Company and its subsidiaries amounted to 20% or more of the company’s net worth on the most recent financial statements. (II) For the endorsement/guarantee balance of the Company and its subsidiaries to one single enterprise amounted to 20% or more of the company’s net worth on the most recent financial statements and the loaning of fund balance by the Company and its subsidiaries to one single enterprise amounted to 10% or more of the	Article 13 The “Procedures for Announcing and Declaring the Company’s Loaning of Funds and Making of Endorsements/Guarantees” is as follows: I. The Finance Office is to have the loaning of funds and making of endorsements/guarantees by the Company and its subsidiaries of the prior month along with the sales report announced before the 10th day of this month and declared on the information reporting website designated by the Financial Supervisory Commission. II. In addition to noticing and declaring the loaning of funds and making of endorsement/guarantee balance monthly, when the loaning of funds and making of endorsement/guarantee by the Company and its subsidiaries meets one of the following criteria, the Finance Office should submit relevant information for announcement and declaration within 2 days from the Event Date and declared on the information reporting website designated by Financial Supervisory Commission: (I) For the endorsement/guarantee balance of the Company and its subsidiaries amounted to 50% or more of the company’s net worth on the most recent financial statements; and the loaning of fund balance by the Company and its subsidiaries amounted to 20% or more of the company’s net worth on the most recent financial statements. (II) For the endorsement/guarantee balance of the Company and its subsidiaries to one single enterprise amounted to 20% or more of the company’s net worth on the most recent financial statements and the loaning of fund balance by the Company and its subsidiaries to one single enterprise amounted to 10% or more of the company’s net worth on the most recent financial statements. (III) For the endorsement/guarantee balance of the Company and its subsidiaries to one single enterprise amounted to NT\$10 million or more and endorsement/guarantee, <u>the book value of the investment determined by the equity method</u>, and loaning of fund balance to one

company's net worth on the most recent financial statements. (III) For the endorsement/guarantee balance of the Company and its subsidiaries to one single enterprise amounted to NT\$10 million or more and endorsement/guarantee, <u>long-term investment</u>, and loaning of fund balance to one single enterprise amounted to 30% or more of the company's net worth on the most recent financial statements. (IV) For the cumulative loaning of fund and endorsement/guarantee amount exceeding the total business transaction amount conducted with the company within the year due to the consideration of business operations. (V) For the new endorsement/guarantee of the Company and its subsidiaries amounted to NT\$30 million or more and 5% or more of the company's net worth on the most recent financial statements. (VI) For the new loaning of funds of the Company and its subsidiaries amounted to NT\$10 million or more and 2% or more of the company's net worth on the most recent financial statements. If the subsidiary is not a public company in Taiwan and is with the notice and declaration to be made as stated in Paragraph 5 or Paragraph 6, it should be handled by the parent company instead.	single enterprise amounted to 30% or more of the company's net worth on the most recent financial statements. (IV) For the cumulative loaning of fund and endorsement/guarantee amount exceeding the total business transaction amount conducted with the company within the year due to the consideration of business operations. (V) For the new endorsement/guarantee of the Company and its subsidiaries amounted to NT\$30 million or more and 5% or more of the company's net worth on the most recent financial statements. (VI) For the new loaning of funds of the Company and its subsidiaries amounted to NT\$10 million or more and 2% or more of the company's net worth on the most recent financial statements. If the subsidiary is not a public company in Taiwan and is with the notice and declaration to be made as stated in Paragraph 5 or Paragraph 6, it should be handled by the parent company instead.
Article 17 The "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" must be done with the consent of the Audit Committee, resolution of the Board of Directors, and approved in the shareholders' meeting before implementation, so is the amendment	Article 17 The "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" must be done with the consent of the Audit Committee, resolution of the Board of Directors, and approved in the shareholders' meeting before implementation, so is the amendment <u>before submitted to the board of directors for approval, it has to be approved by the auditing committee</u> <u>If it is not approved by the auditing committee with a majority vote, it can be done with the approval of the board of directors with two thirds of the members present. However, the minutes of the board of the directors have to specify the decision of the auditing committee. The whole members of the aforementioned auditing committee and the board of the directors are</u>

	those still active. This operation procedures stipulates what must be approved by the board of the directors, for those to be decided by the board of the directors may follow the rule of Item <u>2.</u>
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YIEH PHUI ENTERPRISE CO., LTD.

Operation Procedures for Loans to Others and Endorsement

modified on June 20, 2019

- Article 1: The “Procedures for Loaning of Funds and Making of Endorsements/Guarantees” are stipulated to substantiate the Company’s loaning of funds and making of endorsements/guarantees in order to reduce operating risks.
- Article 2: The “Procedures for Loaning of Funds and Making of Endorsements/Guarantees” are stipulated in accordance with the “Procedures for Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of the Financial Supervisory Commission.
- Article 3: The Company’s loaning of funds and making endorsements/guarantees should be processed in accordance with the “Procedures for Loaning of Funds and Making of Endorsements/Guarantees,” unless otherwise provided by other related financial regulations and regulations that shall prevail.
- Article 4: In terms of the objects for the loaning of funds by the Company, according to Article 15 of the Company Law, the Company’s funds may not be loaned to the shareholders or any other except for in the following circumstances:
- I. The companies or firms that have business deals conducted with the Company.
 - II. The companies or firms that are with the need of short-term financing. The foreign companies with 100% voting shares held by the Company directly or indirectly;
The so-called “short-term” in the preceding paragraph meant for one year; however, if the Company’s operating cycle is longer than one year, it is subject to the business cycle.
The financing period of the foreign companies with 100% voting shares held by the Company directly or indirectly or foreign companies directly and indirectly owned by Yieh Phui with 100% voting rights, is subject to the requirements of Article 6. The loaning of funds for the business transactions conducted between the Company and other companies or firms should be processed in accordance with Article 5 Paragraph 1 Clause 2. The loaning of funds for short-term financing is limited to the following circumstances:
 - (I) The short-term financing needed for business operation of the company with over 20% shares held by the Company.
 - (II) The short-term financing needed for raw material procurement or working capital of other companies or firms.
- Article 5: Total loaning of funds and individual loan limit
The Company’s total loaning of funds is limited to 40% of the Company’s net worth, in which, the limit of loaning of funds to each company is subject to the following criteria:
- I. The total and individual loaning of funds to the subsidiaries of the Company is limited to 40% of the Company’s net worth.
 - II. The total loaning of funds to the company or firm conducting business with the Company is limited to 40% of the Company’s net worth. The loaning of

funds to each individual company is limited to the total business transaction amount between the two companies within the year. The so-called “business transaction amount” meant for the higher of the purchase amount or sales amount between the two companies.

- III. The loaning of funds to the companies or firms in need is limited to 40% of the Company’s net worth. The loaning of fund to individual company or firm is limited to 5% of the Company’s net worth.
- IV. The loaning of funds to foreign companies with 100% voting shares held by the Company directly or indirectly or foreign companies directly and indirectly owned by Yieh Phui with 100% voting rights is limited to 40% of the Company’s net worth.

The borrowers referred to in the preceding paragraph must provide sufficient collateral for the loaning of funds from the Company; however, the Company’s subsidiaries are exempted from the requirement of providing collateral for loaning of funds.

Article 6: Financing period and interest-bearing methods

- I. Period: The financing period of each loaning of funds may not exceed 1 year from the date of the loan granted. However, the financing period for the foreign companies with 100% voting shares held by the Company directly or indirectly or foreign companies directly and indirectly owned by Yieh Phui with 100% voting rights, may not exceed 10 years in response to the need of business operation.
- II. Interest rate: Interest rate is determined depending on the financial market interest rate at the time; however, it may not be less than the maximum interest rate of short-term borrowings from financial institutions. The Company has loan interest accrued monthly and it may be adjusted depending on the actual practice under a special circumstance with the approval of the Board of Directors.

Article 7: The endorsements/guarantees referred to in this “Procedures for Loaning of Funds and Making of Endorsements/Guarantees” include:

- I. Financing endorsements/guarantees:
 - (I) Checks discount financing.
 - (II) The making of endorsements/guarantees for the financing of other companies.
 - (III) The checks issued to non-financial businesses as collateral for the financing of the Company.
- II. Tariff endorsements/guarantees: The making of endorsements/guarantees for the tariff matters of the Company or other companies.
- III. Other endorsements/guarantees: The other endorsements/guarantees are other than those that are classified into the two categories in the preceding paragraphs. The Company offers properties or real properties to be mortgaged or pledged as collateral for the loans of other companies that is to be processed in accordance with the “Procedures for Loaning of Funds and Making of Endorsements/Guarantees.”

Article 8: The Company’s endorsement/guarantee is limited to the following objects:

- I. The companies that conduct business transactions with the Company.
- II. The companies that are with over 50% voting shares held by the Company directly or indirectly.
- III. The companies that own over 50% voting shares of the Company directly or indirectly.
- IV. The companies that are with 100% voting shares held by the Company directly or indirectly.

The Company may make endorsements/guarantees for the companies that are with over 90% voting shares held by the Company directly or indirectly and it is for an amount limited to 10% of the invested company's net worth. However, the endorsements/guarantees made for the companies that are with 100% voting shares held by the Company directly or indirectly are not subject to this restriction.

The mutual guarantees between the industry or co-builder for the need of undertaking engineering projects according to the contract signed, or, the endorsement/guarantee made for the invested company by the shareholders proportionally to their shareholding ratio due to a joint investment, or, joint performance bond for the pre-sale house contract by the industry in accordance with the Consumer Protection Law are not subject to the restrictions in the preceding paragraphs. Therefore, making of endorsements/guarantees is permitted. The so-called "investment" in the preceding paragraph meant for the funding made by the companies directly or through the invested company with 100% voting shares held by the public companies.

Article 9: The Company's total making of endorsements/guarantees amount may not exceed the Company's net worth; in addition, the making of endorsements/guarantees amount for one single subsidiary may not exceed the subsidiary's net worth depending on the actual business operation of the subsidiary. The total making of endorsements/guarantees amount by the Company and its subsidiaries as a whole shall not exceed twice of the net worth of the Company, for a single enterprise shall not exceed one-third of the Company's net worth. The making of endorsements/guarantees due to business operation shall not exceed the total transaction amount with the Company within the year (the higher of the sales or purchase amount between the two companies). The so-called "net worth" is based on the most recent financial statements audited or reviewed by the CPAs.

Article 10: The so-called "subsidiary" and "parent company" in the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" should be recognized in accordance with the definition given in the "Regulations Governing the Preparation of Financial Reports by Securities Firms."

The financial reports of public companies are prepared in accordance with the International Financial Reporting Standards (IFRSs), in which, the so-called "net worth" means the "Shareholders' Equity of Parent Company" in the balance sheet that is prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms."

The so-called "notice and declaration" in the "Regulations Governing the Preparation of Financial Reports by Securities Firms" means to have information posted on the information reporting website designated by the Financial Supervisory Commission.

The so-called "Event Date" in the "Regulations Governing the Preparation of Financial Reports by Securities Firms" means the deal signing date, payment date, board resolution date, or other date that are sufficient to determine the amount of loans or the endorsed, whichever is sooner (earlier).

Article 11: The Company's "Procedures for Loaning of Funds"

1. Resolution of the Board of Directors

The loaning of fund quota granted to one single enterprise should be with the consent of the Board of Directors. Carefully assess whether the loaning of funds is in compliance with the "Procedures for Loaning of Funds" before granting the loans and it should be approved by the auditing committee and then implemented with the approval of the board of directors for resolutions along with the evaluation of the Finance Office; moreover, the decision-making process cannot be reassigned to any other person. However,

major loans have to be approved by the auditing committee and to be decided by the board of directors.

The loaning of funds between the Company and its subsidiaries or among the subsidiaries should be presented to the Board of Directors for resolutions in accordance with the provisions in the preceding paragraph. In addition, the Chairman may be authorized to grant certain loans amount to one borrower that is resolved in the board meeting distributed in installments or revolving use within one year.

The so-called “certain loan amount” in the preceding paragraph, unless otherwise in compliance with Article 5 Paragraph 1 Clause 4, means that the Company or its subsidiaries are authorized to grant loans to one enterprise for an amount limited to 10% of the enterprise’s net worth in the most recent financial statements.

2. Detailed review procedures

- (I) The borrowing enterprise or firm when requesting loans should have the Letter of Declaration delivered to the Company.
- (II) To ensure the borrowing company or firm having the loan amount repaid before deadline, the Company depending on the need may request the borrowing company or firm to issue a 1-year promissory note for the loan amount with the maturity date in blank and the Company as the payee, and protest exemption, which will be returned to the borrowing company or firm once the loan is fully repaid.
- (III) The application form should be reviewed by the highest supervisor of the Finance Office in advance as follows:
 - 1. The necessity and reasonableness of the loaning of funds.
 - 2. The credit and risk evaluation on the borrowers.
 - 3. Assessing the impact on the Company operational risk, financial status, and shareholders’ equity.
 - 4. Whether or not to obtain collateral and assess the value of the collateral.
- (IV) The application form reviewed by the Finance Officer along with the evaluation result of the Finance Officer is to be presented to the Board of Directors for discussion.
- (V) After the resolution reached by the Board of Directors, the Finance Officer issues and submits the voucher for the issuance of a check to the Chairman for approval.
- (VI) Upon the approval of the Chairman, the Finance Officer is to have a check issued and processed in accordance with the following requirements:
 - 1. The check must be stamped and crossed to prohibit endorsement and transfer; also, it is made payable to “limit deposit ×× bank account no. ×× company account;” so is the repayment.
 - 2. The contents of the “Borrowing Companies or Firms Registry” include the borrowers, amount, the Board approval date, the funds distribution date, and the matters stated in Clause (3) to be carefully assessed for controlling the loan amount; so is the repayment.
 - 3. Interest is accrued at the end of each month.

4. Prepare the Borrowing Companies or Firms Statement at the end of each month for notice and declaration accordingly.
3. Subsequent control of the loan amount and procedures for non-performing loan
 - (I) Frequently observe the finance, business, and the related letter of credit of the borrower and guarantor after the loan distributed. If there is any collateral collected, observe whether there is any change in the value, in case of major changes in the collateral value, the Chairman should be notified immediately to give instructions for proper handling.
 - (II) If the borrower has the loan repaid on or before the due date, the interest payable should be calculated for payment along with the principals. The promissory note for the loan can be returned or mortgage can be cancelled only when the loan is repaid in full.
4. Finance Officer should assess the situation of loaning of funds and appropriate adequate allowance for bad debts; also, disclose the information of loaning of funds and provide the related information to the CPAs for implementing necessary auditing procedures.
5. If the change of circumstances causes the Company's borrowers to no longer comply with the requirements or the loan balance exceeding the quota, the Company should have a corrective plan formed and then delivered to each supervisor, deliver the related corrective action to the Audit Committee, and complete the corrective action in accordance with the project schedule.

Article 12: The Company's "Procedures for Making of Endorsements/Guarantees"

- I. The Company's decision-making unit and levels of authority for handling the making of endorsements/guarantees:
 - (I) The Company shall have the endorsements/guarantees approval handled in accordance with Paragraph 2 of this Article after the resolution reached by the Board of Directors. However, to meet the need for adequate timing, for a total loan amount of NT\$1 billion and a loan amount to one single enterprise for NT\$500 million, the Chairman is authorized by the Board of Directors to make a decision first and report it in the latest Board meeting for ratification.
 - (II) The Company before making endorsements/guarantees for the companies that are with over 90% voting shares held by the Company directly or indirectly in accordance with Article 8 Paragraph 2 should have it reported to the Board of Directors for resolutions. However, the endorsements/guarantees made for the companies that are with 100% voting shares held by the Company directly or indirectly are not subject to this restriction.
 - (III) If the company has to endorse over the limit designated on Item 9, it has to be done by the approval of the auditing committee and the board of directors with more than half of the directors to guarantee the likely losses, modify the operating procedures herein, to be ratified by the stockholder's meeting and devise a plan to clear the upper bound within a set deadline.
- II. The Company's "Procedures for Making of Endorsements/Guarantees" is as follows:
 - (I) For the process of endorsements/guarantees, the Finance Officer should examine the itemized review of qualifications, ensure the loan quota complying with the requirements of the "Procedures for Making of

Endorsements/Guarantees,” determine whether there are incidents to be noticed and declared mandatorily in accordance with the application filed by each endorsement/guarantee object and analyze the business operations and financial and credit conditions of the endorsement/guarantee object to assess and document the risk of endorsements/guarantees, and shall obtain collateral when necessary. The endorsements/guarantee contents, reasons, and risk assessment result approved by the Chairman should be presented to the Board of Directors for discussion and approval. The endorsements/guarantees within the authorized quota will be reviewed and approved by the Chairman discretionally in accordance with the credit and financial status of the endorsement/guarantee object.

Major endorsement must be approved by the auditing committee and decided by the board of directors.

- (II) The Finance Office shall have the endorsements/guarantees registry prepared. The endorsements/guarantees approved by the Board of Directors or reviewed and approved by the Chairman are to be stamped and sealed in accordance with the prescribed procedures. In addition, the information of the commitments and guarantee matters, the name of the guaranteed enterprise, the risk assessment result, endorsement/guarantee amount, obtained collateral, and the conditions of cancelling endorsement/guarantee and date should be detailed in the registry for records. Moreover, the related notes, agreements, etc. should be photocopied for safekeeping.
 - (III) The Finance Office shall prepare the monthly statement for the guarantee matters occurred and cancelled for control, trace, notice, and declaration. The contingent loss of endorsement/guarantee should be assessed and recognized quarterly. Also, disclose the information of endorsement/guarantee in the financial statements and provide the related information to the CPAs for implementing necessary auditing procedures.
 - (IV) The Finance Officer before the endorsement/guarantee expiry date should take the initiative to inform the guaranteed enterprise to collect the promissory note from the bank or creditor institution and have the endorsement/guarantee related deed and document destroyed.
- III. The Company’s endorsement/guarantee special specimen seals safekeeping and the procedures for the use of specimen seals:
- (I) The Company shall designate the corporate specimen seals that were filed with the Ministry of Economic Affairs for business registration as the specific specimen seals for endorsement/guarantee; also, the said specimen seals are placed under the custody of the Chairman’s secretary with the consent of the Board of Directors. The change of the specimen seals custodian must be reported to the Board of Directors for approval and the custody of the specimen seals will be transferred thereafter.
 - (II) After the endorsement/guarantee resolved by the Board of Directors or approved by the Chairman, the Finance Office is to fill out the “Impression Application Form” to have the seal affixed on the document along with the record of approval and endorsement/guarantee agreement or guaranteed notes at the seal custodian’s with the approval of the Chairman.
 - (III) The specimen seals custodian should check whether the approved record

is enclosed, whether the “Impression Application Form” approved by the Chairman, and whether the document applied for impression is correct before affixing the specimen seals on the documents. The “Impression Application Form” should be marked for identification upon the completion of affixing specimen seals on the documents.

(IV) For the guarantees made for foreign companies, the Letter of Guarantee is to be signed by the Chairman or the President with the authorization of the Board of Directors.

IV. If the change of circumstances causes the Company’s endorsement/guarantee object to no longer complying with the requirements or the loan balance exceeding the quota, the Company should have a corrective plan formed and then delivered to the Audit Committee, and complete the corrective action in accordance with the project schedule.

Article 13: The “Procedures for Announcing and Declaring the Company’s Loaning of Funds and Making of Endorsements/Guarantees” is as follows:

- I. The Finance Office is to have the loaning of funds and making of endorsements/guarantees by the Company and its subsidiaries of the prior month along with the sales report announced before the 10th day of this month and declared on the information reporting website designated by the Financial Supervisory Commission.
- II. In addition to noticing and declaring the loaning of funds and making of endorsement/guarantee balance monthly, when the loaning of funds and making of endorsement/guarantee by the Company and its subsidiaries meets one of the following criteria, the Finance Office should submit relevant information for announcement and declaration within 2 days from the Event Date and declared on the information reporting website designated by Financial Supervisory Commission:
 - (I) For the endorsement/guarantee balance of the Company and its subsidiaries amounted to 50% or more of the company’s net worth on the most recent financial statements; and the loaning of fund balance by the Company and its subsidiaries amounted to 20% or more of the company’s net worth on the most recent financial statements.
 - (II) For the endorsement/guarantee balance of the Company and its subsidiaries to one single enterprise amounted to 20% or more of the company’s net worth on the most recent financial statements and the loaning of fund balance by the Company and its subsidiaries to one single enterprise amounted to 10% or more of the company’s net worth on the most recent financial statements.
 - (III) For the endorsement/guarantee balance of the Company and its subsidiaries to one single enterprise amounted to NT\$10 million or more and endorsement/guarantee, the book value of the investment determined by the equity method, and loaning of fund balance to one single enterprise amounted to 30% or more of the company’s net worth on the most recent financial statements.
 - (IV) For the cumulative loaning of fund and endorsement/guarantee amount exceeding the total business transaction amount conducted with the company within the year due to the consideration of business operations.
 - (V) For the new endorsement/guarantee of the Company and its subsidiaries amounted to NT\$30 million or more and 5% or more of the company’s

net worth on the most recent financial statements.

(VI) For the new loaning of funds of the Company and its subsidiaries amounted to NT\$10 million or more and 2% or more of the company's net worth on the most recent financial statements.

If the subsidiary is not a public company in Taiwan and is with the notice and declaration to be made as stated in Paragraph 5 or Paragraph 6, it should be handled by the parent company instead.

Article 14: Other matters to be handled

- I. If the Company's subsidiary intends to arrange loaning of funds, the company should command the subsidiary to have the "Procedures for Loaning of Funds" stipulated in accordance with the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees by Public Companies;" also, it should be handled in accordance with the prescribed operating procedures.
- II. The subsidiary's "Procedures for Making of Endorsements/Guarantees" is stipulated and handled in accordance with the Company's. The subsidiaries are to have the endorsement/guarantee amount, object, and deadline reported to the Company before the 5th day of each month; however, it should be reported to the Company immediately for notice and declaration process when meeting the standards set in Article 13 Paragraph 1 Clause 2.
- III. Internal auditors should have the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" and its implementation audited at least quarterly with a written record prepared. The Audit Committee should be informed in writing immediately for any major nonconformity identified.

Article 15: Managers and organizers who have violated the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" of the Financial Supervisory Commission and the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" will be punished in accordance with the "Disciplinary Act" of the Company.

Article 16: If the endorsement/guarantee object is the subsidiary with a net worth less than 50% of paid-in capital, the relevant subsequent control measures should be specified.

If the stock shares of the subsidiary has no face value or the face value is not for NT\$10, the paid-in capital calculated in accordance with the provisions in the preceding paragraph should be the total of the capital stock plus additional paid-in capital – premium.

Article 16.1: The foreign companies defined in Article 165.1 of the Securities and Exchange Act (hereinafter referred to as the "foreign company") may have the loaning of funds and making of endorsements/guarantees handled in accordance with the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."

Foreign companies without the use of specimen seals are not subject to the requirements of Article 12 Paragraph 3.

The net worth that is calculated by foreign company in accordance with the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" meant for the "Shareholders' Equity of Parent Company" in the balance sheet.

Article 17: The "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" must be done with the consent of the Audit Committee, resolution of the Board of Directors, and approved in the shareholders' meeting before implementation, so is

the amendment before submitted to the board of directors for approval, it has to be approved by the auditing committee

If it is not approved by the auditing committee with a majority vote, it can be done with the approval of the board of directors with two thirds of the members present. However, the minutes of the board of the directors have to specify the decision of the auditing committee. The whole members of the aforementioned auditing committee and the board of the directors are those still active. This operation procedures stipulates what must be approved by the board of the directors, for those to be decided by the board of the directors may follow the rule of Item 2.

YIEH PHUI ENTERPRISE CO., LTD
Comparison Table for the “Corporate Charter”
Before and After Revision

BEFORE THE REVISION	AFTER THE REVISION
Chapter 1 The Company was organized pursuant to the limited corporation provisions of the Company Act and named as “Yieh Phui Enterprise Co., Ltd.”	Chapter1 The Company was organized pursuant to the limited corporation provisions of the Company Act and the <u>English</u> named as “Yieh Phui Enterprise Co., Ltd.”
Article 27: The company has a general managers <u>and several vice general managers</u> . Their commission, decommission and remuneration all follow Item 29 of the Corporation Law.	Article 27: <u>The</u> company has a general managers. Their commission, decommission and remuneration all follow Item 29 of the Corporation Law.
Article 31: The Company’s final accounts of each year are distributed as follows: 1.Dividend policy The industry the Company is engaged in is in a mature stage of its life cycle. The dividend policy is in support of the current and future development plans, taking into consideration the investment environment, capital requirements, domestic and international competition, and the interests of the shareholders. An amount not less than 20% of the distributable earnings is appropriated annually as the shareholder dividend and bonus. However, the accumulated distributable earnings that are less than 20% of the paid-in capital may not be distributed. 2. Distribution conditions and timing: The Company’s final accounts of each year, after paying tax and making up prior losses and the net of the 10% legal reserve, and with the special reserve appropriated or reserved according to the operational needs or ordinances, plus the cumulative total unallocated surplus are available for distribution. The earnings distribution is proposed by the Board of Directors and resolved in the shareholders meeting. 3. Types of dividends: Assess capital needs in accordance with the	Article 31: The Company’s final accounts of each year are distributed as follows: 1.Dividend policy The industry the Company is engaged in is in a mature stage of its life cycle. The dividend policy is in support of the current and future development plans, taking into consideration the investment environment, capital requirements, domestic and international competition, and the interests of the shareholders. An amount not less than 20% of the distributable earnings is appropriated annually as the shareholder dividend and bonus. However, the accumulated distributable earnings that are less than 20% of the paid-in capital may not be distributed. 2. Distribution conditions and timing: The Company’s final accounts of each year, after paying tax and making up prior losses and the net of the 10% legal reserve, and with the special reserve appropriated or reserved according to the operational needs or ordinances, plus the cumulative total unallocated surplus are available for distribution. <u>when the board of the directors decides to distribute retained earnings,if it is to be</u>

expansion planning and profitability. In general, stock dividend is distributed in order to retain the necessary funds. Cash dividend, depending on the profitability, amounts to 20-100% of the total dividends distributed while stock dividend amounts to 0-80%. 4. Dividend distribution, depending on the profitability, is proposed by the Board of Directors in accordance with the provisions stated in the preceding paragraph in the general shareholders meeting for resolutions.	<u>done by issuing new shares, it has to be approved by the stockholders' meeting. Based on the Corporation Law Article 240 Item 5, the board of the directors may distribute dividends and bonuses in whole or in part in cash after a resolution has been adopted by a majority vote with two thirds of the members present; such a decision should report to the shareholders' meeting.</u> 3. Types of dividends: Assess capital needs in accordance with the expansion planning and profitability. In general, stock dividend is distributed in order to retain the necessary funds. Cash dividend, depending on the profitability, amounts to 20-100% of the total dividends distributed while stock dividend amounts to 0-80%. 4. Dividend distribution, depending on the profitability, is proposed by the Board of Directors in accordance with the provisions stated in the preceding paragraph in the general shareholders meeting for resolutions.
Article 31-1: Apended article	Article 31-1: <u>Based on Article 241 of the Corporation Law, if Yieh Phui is to distribute the whole or part of its legal reserve and capital reserve, by issuing new shares or cash prorata to the holdings of the stockholders. The following is to be observed. If cash dividend is issued, the board of the directors may do so with two thirds of members present with a majority vote and report to the stockholders' meeting. If that is done by issuing new shares, the distribution has to be done with the approval of the stockholders' meeting</u>

YIEH PHUI ENTERPRISE CO., LTD.
Corporate Charter

Chapter 1 General Rules

Article 1: The Company was organized pursuant to the limited corporation provisions of the Company Act and the English named as “Yieh Phui Enterprise Co., Ltd.”

Article 2: The Company’s business services are as follows:

1. A102080 Horticulture
2. C801010 Basic Industrial Chemical Manufacturing
3. C901990 Other Non-metallic Mineral Products Manufacturing
4. CA01010 Iron and Steel Refining
5. CA01020 Iron and Steel Rolls over Extends and Crowding
6. CA01030 Iron and Steel Casting
7. CA01050 Iron and Steel Rolling, Drawing, and Extruding
8. CA01060 Steel Wires and Cables Manufacturing
9. CA02010 Metal Architectural Components Manufacturing
10. CA02090 Metal line Products Manufacturing
11. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified
12. CA04010 Metal Surface Treating
13. CB01010 Machinery and Equipment Manufacturing
14. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
15. CC01080 Electronic Parts and Components Manufacturing
16. CD01030 Automobiles and Parts Manufacturing
17. CD01040 Motor Vehicles and Parts Manufacturing
18. F101100 Wholesale of Flowers
19. F106010 Wholesale of Ironware
20. F111090 Wholesale of Building Materials
21. F113010 Wholesale of Machinery
22. F114030 Wholesale of Motor Vehicle Parts and Supplies
23. F199990 Other Wholesale Trade
24. F201070 Retail sale of Flowers
25. F206010 Retail Sale of Ironware
26. F211010 Retail Sale of Building Materials
27. F213080 Retail Sale of Machinery and Equipment
28. F214030 Retail Sale of Motor Vehicle Parts and Supplies
29. F299990 Retail Sale of Other Retail Trade Not Elsewhere Classified
30. F401010 International Trade
31. E103011 Steel Construction
32. H701010 Residence and Buildings Lease Construction and Development
33. H701040 Specialized Field Construction and Development

- 34. H701060 New County and Community Construction and Investment
- 35. H703090 Real Estate Commerce
- 36. H703100 Real Estate Rental and Leasing
- 37. JE01010 Rental and Leasing Business
- 38. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company was established in Kaohsiung City. When necessary, branches will be setup domestically and internationally with the resolutions of the Board of Directors.

Article 4: The total transfer investment amount of the Company is not subject to the limitation of 40% of total paid-in capital threshold defined in Article 13 of the Company Act.

Chapter 2 Stock shares

Article 5: The Company's total authorized capital amounted to NT\$20 billion with 2 billion shares issued at NT\$10 per share in installments.

Article 5.1: The Company has stock shares transferred to employees at an average price lower than the actual repurchase price, has stock option certificates issued to employees at a price below the market price (net share value) that is resolved with the attendance of the shareholders representing a majority of the total outstanding shares and the consent of the attending shareholders representing two thirds of the voting rights.

Article 6: The Company issues only order shares with the signatures or seals of three directors affixed and numbered. In addition, the shares cannot be issued without the certification of the competent authorities or the registration agency authorized by the competent authorities. Also, the Company's order shares can be issued without stock printout; however, should contact the Securities Central Depository Institution for registration.

Article 7: Shareholders should have their name/title and domicile/residence reported to the Company, fill out the signature card and then send it to the Company for filing. The loss or destruction of the seal or for other reasons the seal specimen needed to be replaced should be processed in accordance with the Regulations Governing the Handling of Stock Affairs by Public Companies.

Article 8: The transferor and the transferee shall fill out an "Application for Transfer of Shares" together with the transferred shares submitted to the Company to apply for stock transfer that cannot be used against the Company until it is post to the shareholder registry.

Article 9: The lost or damaged stocks, if any, are to be processed in accordance with the Company Act and general law and regulations.

Article 10: (Deleted)

Article 11: The stock cut-off date is 60 days prior to the general shareholders meeting, 30

days prior to the extraordinary shareholders meeting, or 5 days prior to the baseline date announced by the Company for the distribution of dividends, bonuses, and other benefits.

Chapter 3 Shareholders meeting

Article 12: Shareholders meetings include general shareholders meetings and extraordinary shareholders meetings. General shareholders meetings are held once a year and they are to be convened within 6 months after the fiscal year. The Board of Directors will notify all shareholders 30 days in advance. In addition, an extraordinary shareholders meeting will be convened if necessary.

Article 13: Shareholders who are unable to attend a shareholders meeting for valid reasons may issue a proxy provided by the Company with the scope of authorization specified to have the representative attended the meeting on their behalf. Attending shareholders meeting by proxy is to be handled in accordance with Article 25.1 of the Securities and Exchange Act.

Article 14: The Chairman of the Board of Directors is to chair the shareholders meeting. If the Chairman is on leave or unable to exercise powers, the meeting is to be chaired by the individual designated by the Chairman. If there is not an individual designated, one director shall be elected among the directors to chair the meeting.

Article 15: Shareholders of the Company are entitled to one voting right per share except for those without voting right listed in Article 179 of the Company Act.

Article 16: The resolution reached in the shareholders meeting is deemed passed that are with the attendance of the shareholders representing a majority of the total outstanding shares and the consent of the attending shareholders representing a majority of the voting right, unless otherwise provided by the Company Act.

Article 17: The resolutions reached in the shareholders meeting must be documented in the minutes of meeting, which must be signed or sealed by the Chairman and then distributed to all shareholders within 20 days after the meeting. The Company may have the minutes of meeting in the preceding paragraph distributed by announcement. The minutes of meeting should be prepared in accordance with the year, month, date, place, the Chairman's name, resolution methods, and the gist and result of the proceeding; also, the minutes of meeting should be kept for records at the Company's along with the shareholder's attendance registry and proxies.

Chapter 4 Directors

Article 18: The Company is with 7 directors appointed by a nomination system. They are elected among the competent shareholders in the shareholders meeting in accordance with Article 198 of the Company Act. Directors and supervisors are appointed for a term of 3-year and can be appointed for the 2nd term. Also, the minimum shareholding ratio of the directors shall comply with the requirements of the securities competent authorities.

A majority of the Company's directors should not be in any of the following relationships:

1.Spouse

2.Secondary relatives

Article 18.1: For the number of directors stated in the preceding paragraph, there must be at least two independent directors, which may not be less than one fifth of the total number of directors. The professional qualifications of the independent directors, shareholdings, part-time job constraints, the nomination and election methods, and other binding matters should be handled in accordance with the relevant requirements of the securities competent authorities.

Article 19: Directors at the expiry of their terms of office, due to delays in re-election, shall continue to perform duties until the newly elected directors are ready to take over the office. However, the competent authorities may command the Company to complete the re-election before the deadline. If the re-election is not completed after the deadline, the current directors and supervisors will be discharged automatically after the expiry date.

Article 20: The Board of Directors is organized by the directors with the attendance of two thirds of the directors and the consent of the directors representing a majority of the attending directors to elect the Chairman and the Vice Chairman, if necessary. The Chairman is to execute all business matters resolved in accordance with law and regulations, Articles of Association, shareholders meeting, and Board meeting.

Article 21: When the vacancy of directors is one third, there has to be a by-election to make up for the missing directors, whose term is limited to that of the current board members.

Article 22: The board meeting is convened quarterly at least. The reasons for convening the board meeting should be stated in the notice to directors seven days in advance. An extraordinary board meeting can be convened due to an urgent matter. The notice of a board meeting as stated in the preceding paragraph should be processed in writing or by fax or e-mail. If the Chairman deems it necessary or when requested by two or more directors to have an extraordinary board meeting convened, the Chairman of the Board of Directors is to chair the board meeting. If the Chairman is unable to exercise powers, the meeting is to be chaired by the individual designated by the Chairman. If there is not an individual designated, one director shall be elected among the directors to chair the meeting.

Article 23: The resolution reached in the board meeting is deemed as passed that is with the attendance of a majority of the directors and the consent of a majority of the attending directors, unless otherwise provided by the Company Act. Directors who are unable to attend the meeting for reasons may issue a proxy with the scope of authorization specified to have other director attended the meeting on their behalf; however, it is limited to one person, one proxy.

Article 24: The motions resolved in the board meeting must be documented in the minutes of meeting, which must be signed and sealed by the Chairman and then distributed to all directors within 20 days after the meeting. The gist and result of the proceeding should be documented in the minutes of meeting; also, the

minutes of meeting should be kept for records at the Company's along with the shareholder's attendance registry and proxies.

Article 25: Based on Article 14.4 of the Securities and Exchange Act, Yieh-Phui sets up an auditing committee. The committee or its members are to execute the Company Act, Securities and Exchange Act and other regulations that are under the purview of the supervisors.

The board of directors may set up other functionaries and their charters are to be set by the board.

Article 26: The traveling expenses of the directors, the remuneration of the independent directors, and the salaries of the Chairman and Vice Chairman are determined by the Board of Directors in accordance with the relevant standards of the industry and the listed companies. Chairman and Vice Chairman may, based on the Company's payroll provisions, collect other compensations. The Company may purchase liability insurance for all directors.

Chapter 5 Managerial personnel and employees

Article 27: The company has a general managers. Their commission, decommission and remuneration all follow Item 29 of the Corporation Law.

Article 28: The Company by the resolutions of the Board of Directors may hire consultants or important staff.

Article 29: The appointment and dismissal of the Company's other employees is to be handled in accordance with the Company's Management Regulations.

Chapter 6 Final accounts

Article 30: At the end of the accounting year, the board of directors has to get the following statements ready to be approved by the auditing committee and the board of directors, then to be ratified by the stockholder's meeting.

1. Operation Statement
2. Financial Statement
3. Dividend declaration or Statements of deficit compensated

Article 30.1: An appropriate amount equivalent to 0.2% of the annual earnings (the so-called earnings refer to the net income before tax and refer to the profit before deducting remuneration to employees, directors, if any, as remuneration to employees and 0.1% or less as remuneration to directors. However, an amount equivalent to the accumulated losses, if any, should be reserved in advance to make up such losses.

Article 31: The Company's final accounts of each year are distributed as follows:

6. Dividend policy

The industry the Company is engaged in is in a mature stage of its life cycle. The dividend policy is in support of the current and future development plans, taking into consideration the investment environment, capital requirements, domestic and international competition, and the interests of the shareholders. An amount not less than 20% of the distributable earnings is appropriated

annually as the shareholder dividend and bonus. However, the accumulated distributable earnings that are less than 20% of the paid-in capital may not be distributed.

7. Distribution conditions and timing:

The Company's final accounts of each year, after paying tax and making up prior losses and the net of the 10% legal reserve, and with the special reserve appropriated or reserved according to the operational needs or ordinances, plus the cumulative total unallocated surplus are available for distribution. when the board of the directors decides to distribute retained earnings, if it is to be done by issuing new shares, it has to be approved by the stockholders' meeting.

Based on the Corporation Law Article 240 Item 5, the board of the directors may distribute dividends and bonuses in whole or in part in cash after a resolution has been adopted by a majority vote with two thirds of the members present; such a decision should report to the shareholders' meeting.

Types of dividends:

Assess capital needs in accordance with the expansion planning and profitability. In general, stock dividend is distributed in order to retain the necessary funds. Cash dividend, depending on the profitability, amounts to 20-100% of the total dividends distributed while stock dividend amounts to 0-80%.

8. Dividend distribution, depending on the profitability, is proposed by the Board of Directors in accordance with the provisions stated in the preceding paragraph in the general shareholders meeting for resolutions.

Article 31-1: Based on Article 241 of the Corporation Law, if Yieh Phui is to distribute the whole or part of its legal reserve and capital reserve, by issuing new shares or cash prorata to the holdings of the stockholders, The following is to be observed. If cash dividend is issued, the board of the directors may do so with two thirds of members present with a majority vote and report to the stockholders' meeting. If that is done by issuing new shares, the distribution has to be done with the approval of the stockholders' meeting

Chapter 7 Bylaw

Article 32: The Company may conduct external guarantee business.

Article 33: The Company's organizational procedures and work rules are to be regulated separately by the Board of Directors.

Article 34: The matters that are not addressed in the Articles of Incorporation should be processed in accordance with the Company Law and other laws and regulations.

Article 35: The Articles of Incorporation after the resolution reached in the shareholders meeting is to be submitted to the competent authorities for approval before implementation; so is the amendment.

Article 36: The Forty-two amendment was made on June 20, 2019

Annex 7

YIEH PHUI ENTERPRISE CO., LTD.

Position Statements of Release the Prohibition on Directors from Participation in Competitive Business

Name	The Position of the Company and the Name of the Company	
Lin I-Shou	Chairman	Yieh United Steel Corp. Ltd.
	Director	Yieh Hsing Enterprise Co., Ltd. Yieh Mau Corp.. Yieh Hong Enterprise Co., Ltd.
Wu Lin-Maw	Chairman	Yieh Hsing Enterprise Co., Ltd Asiazon Co., Ltd. Pt. Genba Mvlti Mineral Pt. Genba Indo Resources
	Director	E United Japan Co., Ltd. Pt. Yieh Ferro Indonesia Lian So(H.K)Co., Ltd.
Liang Pyng - Yeong	Director	Yieh United Steel Corp. Ltd. Tangeng Iron Works Co., Ltd.
Huang Ching-Tsung	Director	Yieh Mau Corp Yeou Yih Steel Co., Ltd. Yieh Hong Enterprise Co., Ltd. Tangeng Iron Works Co., Ltd.
Sun Chin-Su	Independent Director	Yieh Hsing Enterprise Co., Ltd.
Yang Der-Yuan	Independent Director	Yieh Hsing Enterprise Co., Ltd.
Chang Wen-Yi	Independent Director	Yieh Hsing Enterprise Co., Ltd.

YIEH PHUI ENTERPRISE CO., LTD.
Corporate Charter

Chapter 1 General Rules

Article 1: The Company was organized pursuant to the limited corporation provisions of the Company Act and named as “Yieh Phui Enterprise Co., Ltd.”

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39. A102080 Horticulture
40. C801010 Basic Industrial Chemical Manufacturing
41. C901990 Other Non-metallic Mineral Products Manufacturing
42. CA01010 Iron and Steel Refining
43. CA01020 Iron and Steel Rolls over Extends and Crowding
44. CA01030 Iron and Steel Casting
45. CA01050 Iron and Steel Rolling, Drawing, and Extruding
46. CA01060 Steel Wires and Cables Manufacturing
47. CA02010 Metal Architectural Components Manufacturing
48. CA02090 Metal line Products Manufacturing
49. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified
50. CA04010 Metal Surface Treating
51. CB01010 Machinery and Equipment Manufacturing
52. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
53. CC01080 Electronic Parts and Components Manufacturing
54. CD01030 Automobiles and Parts Manufacturing
55. CD01040 Motor Vehicles and Parts Manufacturing
56. F101100 Wholesale of Flowers
57. F106010 Wholesale of Ironware
58. F111090 Wholesale of Building Materials
59. F113010 Wholesale of Machinery
60. F114030 Wholesale of Motor Vehicle Parts and Supplies
61. F199990 Other Wholesale Trade
62. F201070 Retail sale of Flowers
63. F206010 Retail Sale of Ironware
64. F211010 Retail Sale of Building Materials
65. F213080 Retail Sale of Machinery and Equipment
66. F214030 Retail Sale of Motor Vehicle Parts and Supplies
67. F299990 Retail Sale of Other Retail Trade Not Elsewhere Classified
68. F401010 International Trade
69. E103011 Steel Construction
70. H701010 Residence and Buildings Lease Construction and Development
71. H701040 Specialized Field Construction and Development
72. H701060 New County and Community Construction and Investment
73. H703090 Real Estate Commerce

74. H703100 Real Estate Rental and Leasing

75. JE01010 Rental and Leasing Business

76. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company was established in Kaohsiung City. When necessary, branches will be setup domestically and internationally with the resolutions of the Board of Directors.

Article 4: The total transfer investment amount of the Company is not subject to the limitation of 40% of total paid-in capital threshold defined in Article 13 of the Company Act.

Chapter 2 Stock shares

Article 5: The Company's total authorized capital amounted to NT\$20 billion with 2 billion shares issued at NT\$10 per share in installments.

Article 5.1: The Company has stock shares transferred to employees at an average price lower than the actual repurchase price, has stock option certificates issued to employees at a price below the market price (net share value) that is resolved with the attendance of the shareholders representing a majority of the total outstanding shares and the consent of the attending shareholders representing two thirds of the voting rights.

Article 6: The Company issues only order shares with the signatures or seals of three directors affixed and numbered. In addition, the shares cannot be issued without the certification of the competent authorities or the registration agency authorized by the competent authorities. Also, the Company's order shares can be issued without stock printout; however, should contact the Securities Central Depository Institution for registration.

Article 7: Shareholders should have their name/title and domicile/residence reported to the Company, fill out the signature card and then send it to the Company for filing. The loss or destruction of the seal or for other reasons the seal specimen needed to be replaced should be processed in accordance with the Regulations Governing the Handling of Stock Affairs by Public Companies.

Article 8: The transferor and the transferee shall fill out an "Application for Transfer of Shares" together with the transferred shares submitted to the Company to apply for stock transfer that cannot be used against the Company until it is post to the shareholder registry.

Article 9: The lost or damaged stocks, if any, are to be processed in accordance with the Company Act and general law and regulations.

Article 10: (Deleted)

Article 11: The stock cut-off date is 60 days prior to the general shareholders meeting, 30 days prior to the extraordinary shareholders meeting, or 5 days prior to the baseline date announced by the Company for the distribution of dividends,

bonuses, and other benefits.

Chapter 3 Shareholders meeting

Article 12: Shareholders meetings include general shareholders meetings and extraordinary shareholders meetings. General shareholders meetings are held once a year and they are to be convened within 6 months after the fiscal year. The Board of Directors will notify all shareholders 30 days in advance. In addition, an extraordinary shareholders meeting will be convened if necessary.

Article 13: Shareholders who are unable to attend a shareholders meeting for valid reasons may issue a proxy provided by the Company with the scope of authorization specified to have the representative attended the meeting on their behalf. Attending shareholders meeting by proxy is to be handled in accordance with Article 25.1 of the Securities and Exchange Act.

Article 14: The Chairman of the Board of Directors is to chair the shareholders meeting. If the Chairman is on leave or unable to exercise powers, the meeting is to be chaired by the individual designated by the Chairman. If there is not an individual designated, one director shall be elected among the directors to chair the meeting.

Article 15: Shareholders of the Company are entitled to one voting right per share except for those without voting right listed in Article 179 of the Company Act.

Article 16: The resolution reached in the shareholders meeting is deemed passed that are with the attendance of the shareholders representing a majority of the total outstanding shares and the consent of the attending shareholders representing a majority of the voting right, unless otherwise provided by the Company Act.

Article 17: The resolutions reached in the shareholders meeting must be documented in the minutes of meeting, which must be signed or sealed by the Chairman and then distributed to all shareholders within 20 days after the meeting. The Company may have the minutes of meeting in the preceding paragraph distributed by announcement. The minutes of meeting should be prepared in accordance with the year, month, date, place, the Chairman's name, resolution methods, and the gist and result of the proceeding; also, the minutes of meeting should be kept for records at the Company's along with the shareholder's attendance registry and proxies.

Chapter 4 Directors

Article 18: The Company is with 7 directors appointed by a nomination system. They are elected among the competent shareholders in the shareholders meeting in accordance with Article 198 of the Company Act. Directors and supervisors are appointed for a term of 3-year and can be appointed for the 2nd term. Also, the minimum shareholding ratio of the directors shall comply with the requirements of the securities competent authorities. A majority of the Company's directors should not be in any of the following relationships:

1.Spouse

2.Secondary relatives

- Article 18.1: For the number of directors stated in the preceding paragraph, there must be at least two independent directors, which may not be less than one fifth of the total number of directors. The professional qualifications of the independent directors, shareholdings, part-time job constraints, the nomination and election methods, and other binding matters should be handled in accordance with the relevant requirements of the securities competent authorities.
- Article 19: Directors at the expiry of their terms of office, due to delays in re-election, shall continue to perform duties until the newly elected directors are ready to take over the office. However, the competent authorities may command the Company to complete the re-election before the deadline. If the re-election is not completed after the deadline, the current directors and supervisors will be discharged automatically after the expiry date.
- Article 20: The Board of Directors is organized by the directors with the attendance of two thirds of the directors and the consent of the directors representing a majority of the attending directors to elect the Chairman and the Vice Chairman, if necessary. The Chairman is to execute all business matters resolved in accordance with law and regulations, Articles of Association, shareholders meeting, and Board meeting.
- Article 21: When the vacancy of directors is one third, there has to be a by-election to make up for the missing directors, whose term is limited to that of the current board members.
- Article 22: The board meeting is convened quarterly at least. The reasons for convening the board meeting should be stated in the notice to directors seven days in advance. An extraordinary board meeting can be convened due to an urgent matter. The notice of a board meeting as stated in the preceding paragraph should be processed in writing or by fax or e-mail. If the Chairman deems it necessary or when requested by two or more directors to have an extraordinary board meeting convened, the Chairman of the Board of Directors is to chair the board meeting. If the Chairman is unable to exercise powers, the meeting is to be chaired by the individual designated by the Chairman. If there is not an individual designated, one director shall be elected among the directors to chair the meeting.
- Article 23: The resolution reached in the board meeting is deemed as passed that is with the attendance of a majority of the directors and the consent of a majority of the attending directors, unless otherwise provided by the Company Act. Directors who are unable to attend the meeting for reasons may issue a proxy with the scope of authorization specified to have other director attended the meeting on their behalf; however, it is limited to one person, one proxy.
- Article 24: The motions resolved in the board meeting must be documented in the minutes of meeting, which must be signed and sealed by the Chairman and then distributed to all directors within 15 days after the meeting. The gist and result of the proceeding should be documented in the minutes of meeting; also, the minutes of meeting should be kept for records at the Company's along with the shareholder's attendance registry and proxies.

Article 25: Based on Article 14.4 of the Securities and Exchange Act, Yieh-Phui sets up an auditing committee. The committee or its members are to execute the Company Act, Securities and Exchange Act and other regulations that are under the purview of the supervisors.

The board of directors may set up other functionaries and their charters are to be set by the board.

Article 26: The traveling expenses of the directors, the remuneration of the independent directors, and the salaries of the Chairman and Vice Chairman are determined by the Board of Directors in accordance with the relevant standards of the industry and the listed companies. Chairman and Vice Chairman may, based on the Company's payroll provisions, collect other compensations. The Company may purchase liability insurance for all directors.

Chapter 5 Managers and employees

Article 27: The company has a general managers and several vice general managers. Their commission, decommission and remuneration all follow Item 29 of the Corporation Law.

Article 28: The Company by the resolutions of the Board of Directors may hire consultants or important staff.

Article 29: The appointment and dismissal of the Company's other employees is to be handled in accordance with the Company's Management Regulations.

Chapter 6 Final accounts

Article 30: At the end of the accounting year, the board of directors has to get the following statements ready to be approved by the auditing committee and the board of directors, then to be ratified by the stockholder's meeting.

1. Operation Statement
2. Financial Statement
3. Dividend declaration or Statements of deficit compensated

Article 30.1: An appropriate amount equivalent to 0.2% of the annual earnings (the so-called earnings refer to the net income before tax and refer to the profit before deducting remuneration to employees, directors), if any, as remuneration to employees and 0.1% or less as remuneration to directors. However, an amount equivalent to the accumulated losses, if any, should be reserved in advance to make up such losses.

Article 31: The Company's final accounts of each year are distributed as follows:

1. Dividend policy

The industry the Company is engaged in is in a mature stage of its life cycle. The dividend policy is in support of the current and future development plans, taking into consideration the investment environment, capital requirements, domestic and international competition, and the interests of the shareholders. An amount not less than 20% of the distributable earnings is appropriated annually as the shareholder dividend and bonus. However, the accumulated

distributable earnings that are less than 20% of the paid-in capital may not be distributed.

2. Distribution conditions and timing:

The Company's final accounts of each year, after paying tax and making up prior losses and the net of the 10% legal reserve, and with the special reserve appropriated or reserved according to the operational needs or ordinances, plus the cumulative total unallocated surplus are available for distribution.

The earnings distribution is proposed by the Board of Directors and resolved in the shareholders meeting.

3. Types of dividends:

Assess capital needs in accordance with the expansion planning and profitability. In general, stock dividend is distributed in order to retain the necessary funds. Cash dividend, depending on the profitability, amounts to 20-100% of the total dividends distributed while stock dividend amounts to 0-80%.

4. Dividend distribution, depending on the profitability, is proposed by the Board of Directors in accordance with the provisions stated in the preceding paragraph in the general shareholders meeting for resolutions.

Chapter 7 Bylaw

Article 32: The Company may conduct external guarantee business.

Article 33: The Company's organizational procedures and work rules are to be regulated separately by the Board of Directors.

Article 34: The matters that are not addressed in the Articles of Incorporation should be processed in accordance with the Company Law and other laws and regulations.

Article 35: The Articles of Incorporation after the resolution reached in the shareholders meeting is to be submitted to the competent authorities for approval before implementation; so is the amendment.

Article 36: The Forty-one amendment was made on June 21, 2018

YIEH PHUI ENTERPRISE CO., LTD.

Rule for the Election of Directors

- Article 1: The Regulations Governing the Election of Directors and Supervisors are enacted in accordance with the Company Act and the Company's Articles of Incorporation. The election of the Company's directors and supervisors is to be processed in accordance with the Regulations Governing the Election of Directors and Supervisors.
- Article 2: The election of the Company's directors and supervisors is to be held in the shareholders meeting.
- Article 3: The election of the Company's directors is handled in accordance with the open ballot method. In terms of the elector's open ballot method, the name of the elector is indicated by the attendance card number printed on the ballot. The elector's equity stated in the shareholders registry shall prevail. Each stock share contains the number of voting rights equivalent to the number of directors and supervisors to be elected; also, the voting rights can be cast for one or more candidates.
- Article 4: For the number of the Company's directors and supervisors to be elected according to the Company's Articles of Incorporation, the candidates are elected as independent directors, directors, or supervisors in that order depending on the votes received from the electronic voting platform and vote statistics. If two or more candidates received the same votes that made the number of elected exceeding the quota, it will be resolved by a draw. Also, the Chairman is to take a draw on behalf of those who did not appear to take a draw.
- The candidate who has been elected as a director and supervisor at the same time in the preceding paragraph should decide to act as a director or supervisor, or, the candidate who has been elected as a director or supervisors and then is disqualified due to inconsistent personal data or the governing laws and regulations will be replaced by the candidate who had received the highest votes in the original election that is to be announced in the shareholders meeting.
- Article 5: The representatives of the government agency or legal person that is a shareholder can be elected as the director or supervisor. If there is more than one representative delegated, each representative can be elected separately but may not be elected at the same time as the director and supervisor.
- Article 6: The Board of Directors should have ballots printed with the Company's seal affixed.

In addition, the attendance card number and voting rights should be printed on the ballots. Ballots will not be printed for those votes casted electronically.

Article 7: The Chairman is to have several scrutineers and counting personnel appointed at the beginning of the election to execute the relevant missions.

Article 8: The Board of Directors is to prepare the ballot boxes and the scrutineers are to have them opened for inspection before voting.

Article 9: Electors must indicate the name and account number or I.D. Card Number of the candidates on each ballot. If the candidate is a government agency or legal person, the name of the government agency or legal person and their representatives must be filled in the “candidate” column of each ballot.

Article 10: The director’s ballots casted for the election of directors and independent directors should be counted and elected separately.

Article 11: The ballots with any of the following conditions are considered as invalid votes.

- (1) The ballots prepared by the Board of Directors which are not used.
- (2) Blank ballots are cast into the ballot box.
- (3) Ballots which are torn, damaged, or stained and the name of the candidate elected on the ballot is beyond recognition. Ballots are illegible or obliterated; however, writing corrections or additions and deletions are not subject to such restrictions.
- (4) The name or title and account number of the candidate elected on the ballot who is a shareholder is different from the information in the shareholder registry.
- (5) The name of the candidate on the ballot is same as other shareholders, but lack of the shareholders account number or I.D. Card number detailed for identification.
- (6) In addition to the candidate’s name, shareholder’s account number, I.D. Card number, corporate I.D. number, and the number of distribution rights, the ballot is filled with other written text.
- (7) Failure to have the attendance card submitted to complete the check-in procedure.
- (8) The name of two or more than two candidates is filled in on the ballot.
- (9) The candidate stated on the ballot is a non-shareholder natural person whose name is different from the identification document.
- (10) The independent directors or non-independent directors stated on the ballot are not on the candidate list of independent directors or non-independent directors.
- (11) The candidate stated on the ballot is a legal person or the representative of the institutional shareholder; also, the name of the legal person or institution

shareholders and account number on the ballot are different from the information in the shareholder registry.

- Article 12: The votes are to be counted in public at the end of the voting. The Chairman is to announce the voting results. The Company's Board of Directors will issue a notice to each elected director.
- Article 13: The elected directors and supervisors who do not comply with Article 26.3 Paragraph 3 Clause 4 of the Securities and Exchange Act will be disqualified.
- Article 14: The matters that are not addressed in the Regulations Governing the Election of Directors and Supervisors will be governed in accordance with the Company Act and the Company's Articles of Incorporation
- Article 15: The Regulations Governing the Election of Directors and Supervisors is implemented after it is resolved in the shareholders meeting; so is the amendment.

YIEH PHUI ENTERPRISE CO., LTD.

Rule of Stockholders' Meeting

Amended on 6.22.2016

- Article 1 The Company's shareholder meeting is subject to the Rules of Procedure for Shareholder Meetings, unless otherwise provided by the applicable laws and regulations and the Company's Articles of Incorporation.
- Article 2 (Convening shareholder meeting and meeting notice)
The Company's shareholders meeting shall be convened by the Board of Directors, unless otherwise provided by law and regulation.
The Company shall have the cause of action and descriptive information for each motion, including the shareholders meeting notice, proxy, case for acknowledgement and discussion, election or dismissal of directors made into an electronic file and posted on the Market Observation Post System (MOPS) thirty days prior to the general shareholders meeting or fifteen days prior to the extraordinary shareholders meeting. It shall also have the shareholders meeting agenda handbook and supplemental information made into an electronic file and posted on the MOPS twenty-one days prior to the general shareholders meeting or fifteen days prior to the extraordinary shareholders meeting. The shareholders meeting agenda handbook and supplemental information should be made available fifteen days prior to the shareholders meeting and available to shareholders at any time upon request and on display at the Company and the Shareholder Service Office. In addition, it should be distributed to the shareholders at the meeting. The meeting notice and announcement should be prepared with the reasons for convening the meeting stated. The meeting notice and announcement can be prepared in an electronic form with the consent of the counterparties. The election or dismissal of directors, change in the Articles of Incorporation, the company's dissolution, merger, segmentation, or the matters stated in Article 185 Paragraph 1 of the Company Act, Article 26.1 and Article 43.6 of the Securities and Exchange Act, and Article 56.1 and Article 60.2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be illustrated in the reasons for convening the meeting not in the motion. Shareholders who have held more than 1% of the total outstanding shares may propose motions in writing to the Company's shareholders meeting. However, they are limited to one motion and the remaining proposed motions will not be included for discussion. In addition, the Board of Directors may not have the motions proposed by shareholders that are subject to Article 172.1 Paragraph 4 of the Company Law included for discussion. The Company is to have the accepting shareholder's proposal, the acceptance place, and acceptance time announced prior to the stock cut-off date before convening the

shareholders meeting. In addition, the acceptance period shall not be less than ten days.

The motion proposed by shareholders is limited to 300 words and the remaining text of the motions will not be included for discussion. The motion-proposing shareholders shall attend the general shareholders meeting in person or by proxy; also, shall get involved in the discussion of the motion.

The Company shall have the motion proposing shareholders informed with the handling results prior to the shareholders meeting notice date. In addition, the motion complies with the requirements of this Article are listed in the meeting notice. The Board of Directors shall give reasons for the proposed motions that are not included for discussion in the shareholders meeting.

Article 3 Shareholders may attend the meeting by the representative each time with the scope of authorization stated in the proxy provided by the Company.

Each shareholder is entitled to have one proxy issue for one representative designated only. In addition, the proxy must be delivered to the Company five days before the shareholders meeting. For the proxy issued in duplication, the first delivery shall prevail, unless the first delivered proxy is revoked by declarations. If the shareholders after the delivery of proxy to the Company decide to attend the shareholders meeting in person or to exercise voting rights in writing or by electronic means, shall have the Company notified in writing to have the proxy revoked two days prior to the shareholders meeting. For any delay in revoking the proxy, the voting right of the representative by proxy shall prevail.

Article 4 (The principle of convening shareholders meeting place and time)

Shareholders meetings shall be convened at the Company's premise or at the location that is convenient and suitable for shareholders' attending; also, the meeting shall not be started before 9:00am or after 3:00pm. The opinions of the independent directors, if any, should be fully considered in determining the meeting place and time.

Article 5 (placement of attendance registry)

The Company shall have the reporting time, place, and other considerations stated in the shareholders meeting notice.

The shareholders meeting reporting time referred to in the preceding paragraph shall be 30 minutes prior to the meeting started. There should be clear signs at the reporting place with adequate staff assigned to handle the process.

Shareholders or shareholders' representatives (hereinafter referred to as "shareholders") shall attend the meeting with the attendance certificate, attendance registry card, or other documents presented. The Company shall not arbitrarily demand shareholders to produce additional identification documents for attending the shareholders meeting. The proxy solicitors shall have their identity documents ready for verification.

The Company should have the attendance registry ready for the signature of the attending shareholders, or the attending shareholders shall submit the attendance registry card instead.

The Company shall have the agenda handbook, annual reports, attendance certificate, statement slip, votes, and other conference materials delivered to the attending

shareholders. In addition, for the election of directors, if any, the electoral ballots should be enclosed.

The government agency or legal person that is a shareholder may have more than one representative assigned to attend the shareholders meeting. The legal person that is delegated to attend the shareholders may have only one representative assigned to attend the meeting.

Article 6 (Shareholders meeting presiding chairman and attending staff)

The Chairman of the Board of Directors shall chair the shareholders meeting when the Board of Directors convenes it. If the Chairman is on leave or unable to exercise powers; the meeting is to be chaired by the Vice Chairman. If there is no Vice Chairman appointed, the Vice Chairman is also on leave, or unable to exercise powers, the Chairman is to have one general director designated to exercise powers. If there is not any general director appointed, one director shall be designated to chair the meeting. If the Chairman does not have a representative designated to exercise power, the representative is to be elected among the general directors or directors.

The power of the Chairman referred to in the preceding paragraph exercised by the general directors or directors that must be someone who has served for more than six months and understands the Company's financial condition and business operation. The same applies for the Chairman who is the representative of the director that is a legal person.

The shareholders meeting convened by the Board of Directors should be chaired by the Chairman in person and attended in person by a majority of the board directors and at least one supervisor and one delegate from each functional committee; also, the attendance should be documented in the minutes of the meeting.

For the shareholders meeting convened by other than the Board of Directors, the convener shall chair the meeting. If there are more than two conveners, one of the conveners should be elected to chair the meeting.

The Company may appoint the contracted attorney, CPA, or the related personnel to attend the shareholders meeting.

Article 7 (Shareholders meeting audio or video recording as evidence)

The Company shall have the process of accepting shareholders' reporting to the meeting, the meeting in progress, and vote counting recorded in audio and video uninterruptedly.

The audio and video data stated in the preceding paragraph shall be kept for at least one year. However, the relevant video or audio data must be reserved until the end of the legal proceedings that is filed in accordance with Article 189 of the Company Law.

Article 8 The attendance at the shareholders meeting shall be based on the ownership of stock shares. The attending shares are based on the signatures on the attendance registry or the attendance registry card submitted, and the number of shares used to exercise voting rights in writing or electronically.

The Chairman shall call the meeting to order at the meeting time; however, the Chairman may announce to have the meeting postponed if there is without the attendance of the shareholders representing a majority of the outstanding stock

shares, which is limited to two postpones and for a total time of less than one hour. If there remains insufficient attendance of the shareholders representing one third of the outstanding stock shares after two postponements, the Chairman may have the shareholders meeting reconvened. If there remains insufficient attendance of the shareholders but with more than one third of the outstanding stock shares after two postpones, a pseudo-resolution can be reached in accordance with Article 175 Paragraph 1 of the Company Law; also, the pseudo-resolution should be forwarded to shareholders with a meeting to be convened within one month. If the attending shareholders represent a majority of the outstanding stock shares before the end of the meeting, the Chairman may have the pseudo-resolution proposed to be resolved in the shareholders meeting in accordance with Article 174 of the Company Law.

Article 9 (Motion discussion)

The Chairman of the Board of Directors shall determine the agenda of the shareholders meeting convened by the Board of Directors. The shareholders meeting should be conducted in accordance with the scheduled agenda and may not be changed without a resolution reached in the shareholders meeting. For the shareholders meeting convened by other than the Board of Directors, the provisions of the preceding paragraph shall apply mutatis mutandis. The Chairman may not have the meeting adjourned discretionally before the meeting agenda in the preceding two paragraphs completed with all motions discussed. For the violation of the Chairman against the Rules of Procedure for Shareholder Meetings by having the meeting adjourned discretionally, the other board directors shall promptly assist the attending shareholders to elect a Chairman to continue the meeting in accordance with the legal procedures and with the consent of the attending shareholders representing a majority of the voting rights. The Chairman should give the amendments and motions proposed by shareholders an opportunity for full explanation and discussion; also, the Chairman who believes that the motion in discussion is ready for voting may announce to stop discussion and start voting.

Article 10(Shareholders' statement)

Shareholders who wish to speak in the meeting shall fill out the statement slip with the gist of the statement, shareholders account number (or attendance certificate number), and account name detailed in advance for the Chairman to determine the sequence of speakers.

Shareholders who have submitted statement slips but do not speak in the meeting are considered as having made no statement. For any discrepancy found between the opinions given in the meeting and the statement slip submitted, the opinions given in the meeting shall prevail.

Shareholders may not comment twice on the same motion without the consent of the Chairman and may not be for more than five minutes each time. However, The Chairman may instruct shareholders to stop speaking if they have spoken outside the scope of the motion.

The other shareholders unless with the consent of the Chairman and the speaking shareholder may not interrupt the speech of the shareholder. In addition, the Chairman will stop the violators.

If the institutional shareholders have two or more representatives delegated to attend the meeting, only one of the representatives may speak on the same motion.

The Chairman may have the questions raised by the attending shareholders replied personally or by the designated personnel.

Article 11 Calculation of the voting shares and recusal system)

The count of the votes casted in the shareholders meeting shall base on the ownership of stock shares.

For the count of the votes casted in the shareholders meeting, the shares held by the shareholders without voting rights will not be included for the calculation of the total outstanding stock shares.

The shareholders who are the stakeholders of the motion in discussion that are detrimental to the interests of the Company may not join the voting process and may not exercise voting rights on behalf of other shareholders.

The stock shares without voting rights stated in the preceding paragraph may not be included in the number of voting rights of the attending shareholders.

Except for the trust agencies or the stock service agencies authorized by the securities competent authorities, the voting rights by proxy of the representative designated by two or more shareholders may not exceed 3% of the total outstanding stock shares. In addition, the voting rights exceeding the threshold will not be counted.

Article 12 Shareholders are entitled to one voting right per share except for those subject to restrictions or those without voting right listed in Article 179 Paragraph 2 of the Company Law.

The votes can be casted in writing or electronically in the shareholders meeting of the Company (the company to adopt electronic voting according to the proviso in Article 177.1 Paragraph 1 of the Company Law: the company is to have voting rights exercised electronically and in writing in the shareholders meeting). When the voting right is exercised in writing or electronically, the method should be stated in the shareholders meeting notice. Shareholders who have exercised their voting rights in writing or by an electronic mean will be deemed as to attend the shareholders meeting in person. However, in respect of the motion or the amendment to the original motion in the shareholders meeting, it will be considered as a waiver; therefore, the Company should avoid proposing a motion and amendment to the original motion.

For the voting right exercised in writing or electronically in the preceding paragraph, the intention should be expressed to the Company two days prior to the shareholders meeting. For the intention expressed in duplication, the first delivery shall prevail, unless the first delivered intention is revoked by declarations.

After exercising their voting rights in writing or by an electronic mean, if the shareholders decide to attend the shareholders meeting in person, they shall have the intension of exercising voting right in writing or in an electronic mean revoked the same way it was expressed two days prior to the shareholders meeting. For any

delay in revoking the intension expressed, the voting right exercised in writing or in an electronic mean shall prevail. If the voting rights are exercised in writing or by electronic means; also, proxy is issued for the representative to attend the shareholders meeting, the voting rights exercised by proxy shall prevail.

The motion voted in the shareholders meeting is deemed as passed with the consent of a majority of the attending shareholders, unless otherwise provided by the Company Law and the Company's Articles of Incorporation. In terms of voting, the Chairman or the designee shall announce the total number of voting rights of the attending shareholders for each motion proposed.

The motion voted in the shareholders meeting is deemed as passed with the attending shareholders consulted by the Chairman and no objection raised, which is with the same effectiveness as a vote. For any objection raised, the respective motion should be resolved by a vote as stated in the preceding paragraph. If all motions are voted by shareholders on a case-by-case basis, the results of shareholder approval, objection, and waiver should be posted on the Market Observation Post System (MOPS) in the shareholders meeting date.

The amendment or substitute of the same motion, if any, is to be merged into the original motion by the Chairman for determining the voting priority. However, if one of the motions is passed, the other motions shall be deemed as vetoed without the need of further voting.

The scrutineers and counting personnel that are needed for voting on a motion are to be designated by the Chairman; however, the said scrutineers must be appointed among the shareholders.

The votes casted in the shareholders meeting or the vote count of an election should be held at the venue open to the attendees. In addition, the vote count result should be announced at the scene, including the number of voting rights and with the records kept.

Article 13 (Election matters)

The election of directors in the shareholders meeting, if any, should be handled in accordance with the election regulations defined by the Company; also, the election result should be announced at the scene, including the list of the elected directors and the respective elected voting rights.

The electoral ballots of the election matters in the preceding paragraph should be sealed and signed by the scrutineers and properly safeguarded for at least one year. However, it must be reserved until the end of the legal proceedings that is filed by shareholders in accordance with Article 189 of the Company Law.

Article 14 The resolutions reached in the shareholders meeting must be documented in the minutes of meeting, which must be signed or sealed by the Chairman and then distributed to all shareholders within 20 days after the meeting. The production and distribution of the minutes of meeting can be handled electronically.

The Company may have the minutes of meeting in the preceding paragraph distributed by posting it on the Marketing Observation Post System (MOPS).

The minutes of meeting should be prepared in accordance with the year, month, date, place, the Chairman's name, resolution methods, and the gist and result of the

proceeding throughout the duration of the Company and should be kept for records permanently.

The resolution methods in the preceding paragraph are for the Chairman to consult the opinions of shareholders; also, for the motions without any objection from the shareholders, it should be documented as “with the attending shareholders consulted by the Chairman and no objection raised.” However, for the motion with any objection from the shareholders, the voting methods, the passing voting rights, and voting right ratio should be detailed and documented.

Article 15 (Public announcement)

The statistic reports of the number of shares solicited by the solicitors and the number of shares by proxy that is prepared in accordance with the specific format should be disclosed at the scene of the meeting.

For the matters resolved in the shareholders meeting that are defined as material information in accordance with the governing law and regulations and stock competent authorities, the Company shall, within the specified time, have the relevant contents posted on the Market Observation Post System (MOPS).

Article 16 (The maintenance and order of meeting venue)

The shareholders meeting staffs shall wear identification card or armbands.

The Chairman may instruct the monitors or security guards to assist maintaining order at the meeting venue. Monitors or security guards at the scene to assist in maintaining order should wear “Monitor” armbands or identification cards.

The Chairman may stop the shareholders who use the loudspeaker equipment that is not provided by the Company from speaking in the meeting.

Shareholders who have violated the Rules, Governing the Conduct of Shareholders Meetings, disobeyed the instruction of the Chairman, and hindered the meeting process without complying with the discipline guidelines, the Chairman may command the picketers or the security guards to have the offenders escorted to leave the meeting venue.

Article 17 (Meeting in recess and in session)

The Chairman may announce the meeting as in recess at his discretion, may have the meeting suspended upon the occurrence of force majeure and may announce the meeting as back in session, depending on the actual practice.

If the meeting venue cannot be used continuously before the end of the meeting with all scheduled motions discussed, a resolution can be reached in the shareholders meeting to find another venue for the meeting to be held continuously.

The shareholders meeting may resolve to have the meeting postponed or continued within 5 days in accordance with Article 182 of the Company Law.

Article 18: The Rules, Governing the Conduct of Shareholders Meetings, are implemented after they are resolved in the shareholders meeting and so is the amendment.

Yieh Phui Enterprise Co., Ltd

The Table of the Stock Holding of the Directors

The Statement for the Minimum Required Holding for All Directors and Those on the Registry

April 30, 2019

Title	The shares required	The shares registere
Directors	45, 019, 471	60, 657, 497

Note:1. According to Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” , for the companies with more than two independent directors, with exception for the independent directors, the shareholding for all the directors and supervisors is down to 80%.

2.Yieh Phui sets up the auditing committee and is thus not applicable to the rule on the shareholding on the supervisors.

1. Statement of the stock holding for directors

April 30, 2019

Identity	Name or Name or Legal Institution	Shares Recorded in Shareholders' Registry
Chairman	Kuo Chiao Investment & Development Co., Ltd. Representative : Lin I-Shou	60, 657, 497
Director	Kuo Chiao Investment & Development Co., Ltd. Representative : Liang Pyng - Yeong	60, 657, 497
Director	Kuo Chiao Investment & Development Co., Ltd. Representative : Wu Lin- Maw	60, 657, 497
Director	Kuo Chiao Investment & Development Co., Ltd. Representative : Huang Ching-Tsung	60, 657, 497
Independent Director	Mr. Sun Chin-Su	0
Independent Director	Mr. Yang Der-Yuan	0
Independent Director	Mr.Chang Wen-Yi	0
Total of All Directors		60, 657, 497

Appendix 5

Yieh Phui Enterprise Co., Ltd

The Table of Increased Capital

Unit : NT\$(000); (000)hares

Date	Amount of Increase			Source of funds	Purpose	Dividend %
	Shares	NT\$ per share	total			
2009.09	42,356	10	423,560	shares from stock dividend	The increased capital with the stockholder's bonuses will be used to pay back loans, future projects of factory expansion, purchase of machinery and equipment, or for the investment for other projects.	30 per thousand
2010.10	72,711	10	727,110	shares from stock dividend	The increased capital with the stockholder's bonuses will be used to pay back loans, future projects of factory expansion, purchase of machinery and equipment, or for the investment for other projects.	50 per thousand
2011.10	76,346	10	763,460	shares from stock dividend	The increased capital with the stockholder's bonuses will be used to pay back loans, future projects of factory expansion, purchase of machinery and equipment, or for the investment for other projects.	50 per thousand
2012.10	32,065	10	320,655	shares from stock dividend	The increased capital with the stockholder's bonuses will be used to pay back loans, future projects of factory expansion, purchase of machinery and equipment, or for the investment for other projects.	20 per thousand

2014.09	32,706	10	327,068	shares from stock dividend	The increased capital with the stockholder's bonuses will be used to pay back loans, future projects of factory expansion, purchase of machinery and equipment, or for the investment for other projects.	20 per thousand
2015.09	50,041	10	500,414	shares from stock dividend	The increased capital with the stockholder's bonuses will be used to pay back loans, future projects of factory expansion, purchase of machinery and equipment, or for the investment for other projects.	30 per thousand
2017.09	103,081	10	1,030,854	shares from stock dividend	The increased capital with the stockholder's bonuses will be used to pay back loans, future projects of factory expansion, purchase of machinery and equipment, or for the investment for other projects.	60 per thousand
2018. 09	54, 633	10	546, 353	shares from stock dividend	The increased capital with the stockholder's bonuses will be used to pay back loans, future projects of factory expansion, purchase of machinery and equipment, or for the investment for other projects.	30 per thousand

Yieh Phui Enterprise Co., Ltd

Dividend Policy

i. The dividend policy of Yieh Phui and its implementation :

1. The dividend policy as stated in the corporate charter :

Article 31 : The distribution policy for the final earnings of each year is as follows :

A. dividend policy

The life cycle of the company's product has reached its maturity. The dividend policy has to consider the current and future development plan, the investment environment, the demand for capital, the domestic/oversea competition and the benefits of the stockholders. Each year the company has to declare 20% of the available earnings as dividends for stockholders. However, if the accumulated available earnings are less than 20% of the accrued capital, the company may choose not to declare dividends.

B. Conditions and timing for dividend declaration :

When finalizing the earnings, the company has to pay all taxes and compensate for the deficit in the past. With all that done, the company has to first deposit 10% as the required earned surplus and based on the operation needs or the law to set up or reverse special reserve, plus all the cumulative retained earnings as available to declare dividends. Then, the board of director will propose the declaration of dividends and to be decided by the stockholder's meeting.

C. The types of dividends :

Based on the expansion plan and the profitability to evaluate the capital demand, the company generally will declare stock dividends to retain the funds needed. Based on the profitability, the cash stock dividends will be 20% to 100%, while that of the stock dividends is 0% to 80%.

D. The declaration of dividends must consider the business operation of the company and to be proposed by the board of directors and then decided by the stockholders' meeting..

2. The dividends to be declared this stockholders' meeting :

The deficit Compensation planned for 2018 is listed as follows:

Yieh Phui Enterprise Co., Ltd		
Earnings Distribution Table		
2018		Unit:NT\$
Item		Amount
Unallocated earnings, beginning of year		1,010,370,734
+ :	Effect of retrospective application	51,160,213
— :	Remeasurements of defined benefit pension plans recognized in retained earnings	(24,806,927)
+ :	Changes in equity of associates and joint ventures under equity method	34,815,962
— :	Difference between consideration and carrying amount of subsidiaries acquired or disposed	(100,927,831)
— :	Changes of ownership interests in subsidiaries	(45,924,249)
+ :	Disposal of equity instruments at fair value through other comprehensive income by associates	719,560
+ :	Net income	308,506,041
— :	Legal reserve	(30,850,604)
+ :	Reversal of special reserve	77,423,277
Distributable earnings		1,280,486,176
— :	Shareholders' dividend	(562,743,389)
Unallocated earnings, end of year		717,742,787

ii. The impact of stock dividend on the operating efficiency of the company, EPS and ROE :

Unit: NT\$(000) except for EPS NT\$

Item \ Year		2019(note) (Estimate)	
Paid-in capital at the beginning of the term		18,758,113	
Dividends and interest distribution of the year	Cash dividends per share	0.1	
	Shares distribution per share for capital increase out of earnings	0.2	
	Shares distribution per share for capital increase out of capital reserve	—	
Changes in business operation	Operating income	Not applicable(Note 2)	
	Ratio increased (decreased) for operating income compared to the same period of last year		
	Net profit after tax		
	Ratio increased (decreased) for net profit after tax compared to the same period of last year		
	Earnings per share		
	Ratio increased (decreased) for earnings per share compared to the same period of last year		
	Annual average return on investment (reciprocal of annual average price earnings ratio)		
Pro forma EPS and P/E ratio	if the dividends were all cashI	Pro forma earnings per share	Not applicable(Note 2)
		Pro forma annual average return on investment	
	if there is no capital surplus transferred to capital	Pro forma earnings per share	
		Pro forma annual average return on investment	
	if there is no capital surplus transferred to capital and the earnings transferred to capital is done by cash dividend	Pro forma earnings per share	
		Pro forma annual average return on investment	

Note 1 : After the decision of 2019 stockholders' meeting

Note 2 : According to the regulation of "Regulations Governing the Publication of Financial Forecasts of Public Companies". Yieh Phui has no need to offer financial guidance for 2019.