

Procedures for Lending Funds to Other Parties Walsin Lihwa Corporation

Amended and passed by regular shareholders' meeting on May 24, 2019

General Principles

Article 1 Objective

The Procedures for Lending Funds to Other Parties (the Procedures) set forth herein serve as the guidelines for Walsin Lihwa (the Company) to lend funds to other parties.

Article 2 Applicability

The Company

Article 3 Definition

1. "Subsidiary" herein referred to shall be determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. "Net worth" herein referred to means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. "A foreign company in which the parent company directly and indirectly holds 100% of the voting shares" herein referred to shall be determined by referring to the Q&A for the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

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Article 1 Entities entitled to funds lent by the Company

1. Subsidiaries of the Company
2. Where short-term financing facility is necessary to a re-investment company approved by Board of Directors.

Article 2 Total amount of Loaning and limits

1. When the board of the Company decides there is a need for loaning, the regulations of the total amount of loaning and the individual limits of loaning are as follows:
 - a) Total amount
The total amount of loaning shall not exceed 40% of the Company's net worth based on the Company's most current consolidated financial statements.
 - b) Individual limits
 - i) One-time loaning: The amount shall not exceed 40 % of the Company's net worth in the Company's most current consolidated financial statements.
 - ii) Revolving loaning: The amount shall not exceed 10 % of the Company's net worth in the Company's most current consolidated financial statements.
2. For foreign companies in which the Company holds directly or indirectly 100% of the voting shares or between the Company and any of those foreign companies, the total amount and individual limits of loaning (including one-time loaning and revolving loaning) shall not exceed 40 % of the

Company's net worth.

Article 3 Loan term and interest calculation

1. The loan term is generally one year. In the event that the Company's operating cycle exceeds one year, it is based on the operating cycle.
For the loan to any overseas subsidiary 100% owned directly or indirectly by the Company or between the Company and any of those foreign companies, the term is not limited to one year but shall not exceed 5 years.
 2. The interest rate shall not be lower than the cost of equity capital of the Company, and the interest of the loan shall be negotiated and decided by both the lender and debtor.
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Article 4 Review process

1. Application
The business unit in charge shall submit application, stating the entity entitled to the loan, reasons of the loan, the loan amount and term (with each of installment appropriations listed if installment appropriations are provided), the repayment method, the loan purpose, collaterals for the loan or other means of guarantee among others that are necessary.
 2. Credit
The business unit in charge shall assess the necessity and reasonableness of loaning; whether the accumulated loan amount is within the limit; the effect on Company's operational risk, financial status, and shareholders' equity; the assessed value of collaterals and/or the joint guarantor's debt-paying ability.
 3. Loan review and approval
Any loan application after credit review shall be approved by the Audit Committee and then board meeting resolution. The board shall give full consideration to the opinions of independent directors and record their agreements or disagreements in the board meeting minutes.
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Article 5 Loan appropriation

1. After approval by the board meeting resolution, the business unit in charge shall submit the following documents for loan appropriation application :
 - a) Board meeting resolution minute.
 - b) Loan contract.
 - c) Collateral- and pledge-related documents (if collaterals are required).
 - d) Other required documents.
 2. The business unit in charge shall properly keep relevant documents for inspection by competent authorities.
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Article 6 Control and management

1. Protection of creditor's rights
 - a) After a loan is extended, the Finance Division shall regularly evaluate the business and financial status as well as credit of the borrower and guarantor. If any collateral is provided, the Finance Division shall also pay attention to any collateral value change and immediately report any major change to the chairman of the board in order to take adequate action to

protect the Company's interest.

- b) When a borrower has repaid all loans from the Company and the Finance Division has confirmed the repayment, the division shall issue a repayment certificate to the borrower and return the loan receipt, promissory note, and collateral-related documents provided by the borrower.
 - c) In the event that a loan is overdue and not repaid, the Company may, in accordance with relevant laws and regulations, dispose the collateral provided by the borrower without the borrower's consent and seek repayment from the borrower and guarantor.
2. The Accounting Division of the Company shall prepare detailed memoranda on borrower names, loan amounts, dates of passage by the board as well as loan issuance, and loan review requirements.
 3. Internal auditors of the Company shall regularly audit the implementation of the Procedures and prepare written records accordingly. They shall promptly inform the Audit Committee of the Company in writing of any violation found in addition to following due procedures for violation reporting.
 4. The managers and other personnel in charge of loaning shall be subject to disciplinary action -- in accordance with the reward and punishment policy of the Company and in proportion to the extent of violation -- for any grave violation of the Procedures.
 5. Should the prescribed loan balance limits are exceeded due to any unexpected change, the Finance Division shall propose amelioration submit the same to the Audit Committee and complete amelioration on schedule.
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Article 7 Disclosure

1. Subsidiaries of the Company and affiliated companies in which the Company has equity investment shall report their previous month's lending status in writing to the finance division of the Company by the 3rd day of each month.
 2. The Finance Division shall, by the 10th day of each month, submit the detailed loan balance in the previous month to the director of the division for review and approval prior to monthly disclosure of the loan balance in the previous month.
 3. In addition to the aforementioned monthly disclosure requirements, the Finance Division shall disclose any loan extended to others reaching the value required to be disclosed as set forth in Article 22 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and Paragraph 23, Article 4, Chapter II of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.
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Article 8 Others

1. Where a subsidiary of the Company intends to make loans to others, the Company shall instruct it to formulate its own Operational Procedures for Loaning Funds to Others in compliance with the Regulations Governing Loaning of Funds and Making Endorsements/Guarantees by Public Companies, and it shall abide by its own procedures when loaning funds.

2. The Company shall apply the international Financial Reporting Guidelines to evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures and audit reports.
 3. Any matter not set forth in the Procedures shall be processed in accordance with relevant laws and regulations and/or the Company's relevant rules and regulations.
 4. The Procedures and any amendment to the Procedures shall be approved by the Audit Committee as well as board meeting resolution and submitted to the shareholders' meeting for approval. Any objection expressed by any director of the board that is minuted or provided in writing shall be submitted to the shareholders' meeting for discussion.
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