

Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees

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To complete management of loaning of funds and making of endorsements/guarantees, reduce management risks, and safeguard shareholders' rights, these Procedures are enacted.

Chapter I General Principles

Article I Regulatory Basis

These Procedures are enacted in accordance with Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the Act).

Article II The company shall follow these Procedures when loaning of funds and making of endorsements/guarantees, unless so prescribed in other laws or regulations.

Article III In accordance with Article 15 of the Company Act, unless otherwise under any of the following circumstances, the capital of a company shall not be lent to any shareholder of the company or any other person:

- I. Where an inter-company or inter-firm business transaction calls for such lending arrangement; or
- II. Where an inter-company or inter-firm short-term financing facility is necessary provided that the amount of such financing facility shall not exceed 40% of the amount of the net worth of the lending enterprise.

The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year, one operating cycle.

The term "financing amount" as used in paragraph 1, sub-paragraph 2 of this Article means the cumulative balance of the Company's short-term financing.

The restriction in paragraph 1, subparagraph 2 shall not apply to loans of fund to the Company by any overseas company in which the Company holds,

directly or indirectly, 100% of the voting shares.

When there is a need for the Company to provide short-term loans of fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares, the aggregate amount of loans of fund shall not exceed 50% of the amount of the net worth of the Company; the amount of individual loans shall not exceed 40% of the amount of the net worth of the Company. Each loan of funds shall not be longer than one year or one operating cycle (whichever is longer).

Article IV Application Scope of Loaning of Funds and Making of Endorsements/ Guarantees

Loaning of funds and making of endorsements/guarantees prescribed in these Procedures refers to the following:

- I. Loaning of funds and making of endorsements/guarantees includes:
 - (I) Bill discount financing.
 - (II) Endorsement or guarantee made to meet the financing needs of another company.
 - (III) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
- II. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
- III. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Procedures.

Article V Entities for which the Company may make endorsement or guarantees

- I. The Company may make endorsements/guarantees for the following companies:
 - (I) A company with which it does business.
 - (II) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
 - (III) A company that directly and indirectly holds more than 50% of the voting shares in the Company.Companies in which the Company holds, directly or indirectly, 90% or

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

- II. Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

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

Article VI "Subsidiary" and "parent company" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article VII The term "announce and report" as used in these Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

"Date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier.

Chapter II Formulation of Operation Procedures

Section I Loaning Funds to Others

Article VIII Operational Procedures for Loaning Funds to Others in compliance with these Procedures shall be approved and passage by the Board of Directors, submit the Procedures to each supervisor and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained

in the minutes or a written statement, the Company shall submit the dissenting opinion to each supervisor and for discussion by the shareholders' meeting. The same procedure shall also apply to an amendment. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the Board of Directors.

Article IX Operation Procedures for Loaning Funds to Others

I. Entities to which the company may loan funds

- (I) A company or entity with which it does business.
- (II) Where an inter-company or inter-firm short-term financing facility is necessary. The term "short-term" means one year or one operating cycle (whichever is longer).

II. Evaluation Standards for Loaning Funds to Others

Loaning of funds provided by the Company to a company or entity with which it does business shall be governed by Subparagraph 2 of Paragraph 3; when it is necessary to provide short-term loaning of funds, the following shall be abided by:

- (I) Loaning of funds provides to a company which the Company owns more than 50% shares and has the need for short-term loaning of funds.
- (II) Loaning of short-term funds provides to a company or entity due to material purchase or operational need.
- (III) Other loaning of funds has been approved by the Board of Directors of the Company.

III. Aggregate amount of loaning of funds and limits to individual borrower

- (I) The aggregate amount of loaning of funds lent by the Company shall not exceed 5% of its net worth and when there is a need to lend short-term funds to a company and entity, the aggregate amount shall not exceed 2% of the net worth of the Company.
- (II) When lending loans to companies or entities which do business with the Company, the individual loan and amount shall not be higher than the amount of purchase or sales between two sides.
- (III) When a loan is lent to a company or entity with the need of short-term funds, the amount of individual loan shall not exceed 1% of net worth of the Company.

The said "net worth" shall be based on financial statement certified or reviewed by a CPA in recent fiscal year.

IV. Terms of Loaning of Funds and Interest Calculation

- (I) When loaning of funds is provided to a company which the Company is doing business with, the term shall not exceed six months; for a company or an entity that the Company deems necessary to provide short-term loan, the term shall not exceed one year. Special term extension shall only be given after the approval of the Board of Directors Meeting.
- (II) Loan interest shall not be lower than that charged by financial institutions for loans borrowed by the Company and interest shall be calculated on daily basis. Interest of loans provided by the Company shall be paid at a lump sum monthly. Special adjustments can only be made after the approval of the Board of Directors Meeting.

V. Handling Procedure of Loaning of Funds

Resolutions adopted by the Board of Directors Meeting shall be followed when loaning of funds to others and no authorization shall be given to others to make relevant decisions.

Relevant operations of loaning of funds to others shall be the responsibility of the Finance Department. If necessary, General Manager shall designate other personnel to assist the implementation.

VI. Review Procedure

(I) Application

When a borrower applies loaning of funds made by the Company, it shall submit the application form to the Finance Department with detail information of borrowing amount, term, and usage.

(II) Credit Check

1. For a first time borrower, it shall provide the Finance Department basic information and financial information for credit check operations.
2. For repeated borrowers, credit check shall be conducted annually. If the application is regarded as a significant one, according to actual situation, credit check shall be conducted every half year.
3. If the borrower has good financial status and its annual financial statement are certified by a CPA for lending purpose, loaning of funds can be approved according to CPA's certified reports.

(III) Review Evaluation

For loaning of funds within the limit amount regulated in Article 9, the borrower shall fill in the application form for the responsible unit to compile a concrete review evaluation report including the following

items:

1. The necessity of and reasonableness of extending loans to others.
2. Borrower credit status and risk assessment.
3. Impact on the company's business operations, financial condition, and shareholders' equity.
4. Whether collateral must be obtained and appraisal of the value thereof.

(IV) Approval of Loan

1. After credit check and review, if the borrower is evaluated with bad credit or improper loan use and is rejected, the director of the Finance Department shall submit reasons of disapproval for approval and reply the borrower timely.
2. After credit check or review, if the borrower is evaluated with good credit check records and proper loan use, the director of the Finance Department shall submit credit check report and opinion with loan conditions firstly to the Chairman and then to the Board of Directors for final approval.

VII. Announcement and Report Procedure

- (I) The Company shall announce and report the total and balance of loans made by itself and its subsidiaries in the previous month before 10th of each month.
- (II) When the balance of loans meets one of the following standards, announcement and report shall be made two days within its occurrence:
 1. The balance of loans for others reaches more than 20% of the net worth of the Company listed in financial statement in its latest financial statement or after announcement and report made according to this paragraph, the increase of balance exceeds 2% of the net worth of the Company listed in financial statement in its latest financial statement.
 2. The balance of loan made to a single borrower reaches more than 10% of the net worth of the Company listed in its latest financial statement or after announcement and declaration made according to this paragraph, the increase of balance exceeds 2% of the net worth of the Company listed in its latest financial statement.
 3. For loans lent to a company with the Company doing business with, its loan and balance exceed the total transaction amount in

the past accounting year or after announcement and declaration made according to this paragraph, the increase of balance exceeds 2% of the net worth of the Company listed in its latest financial statement.

(III) Obligations to Report and Announce on Behalf of Subsidiaries

If any subsidiary of the Company is not a public company in Taiwan, its loaning involves in any item prescribed above, the Company shall make announcement and report on its behalf.

Calculation of the loan amount and balance of the said subsidiary shall be based on the proportion of net worth of the Company.

VIII. Continuous Control and Management Measures for Loans Made and the Amount and Handling Procedures of Outstanding Payments

(I) After a loan is made, pay attention to financial status, sales, and credit status of borrower and guarantor. Any change of collateral if provided shall be noticed. Before the loan matures, the borrower shall be notified for interest payment or loan term extension. The person in charge shall compile loans and other details between the Company and others and submit to responsible directors.

(II) After a loan becomes mature, if the borrower has not paid back or applied for extension, the Company shall take security measures to execute its rights after giving necessary a notice.

IX. Penalties

If any manager and person in charge of any operation of loans of funds to others violates the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” or “Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees” of the Company, an audit will be sent according human resources management rules and work rules of the Company and penalties will be given based on the violation.

X. Procedures for Controlling and Managing Loans of Funds to Others by Subsidiaries

(I) Where a subsidiary of the Company intends to make loans to others, the Company shall instruct it to formulate its own Procedures for Loaning Funds to Others in compliance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of the Financial Supervisory Commission and submit the Procedures for the approval of the Board of Directors before sending to the Shareholders’ Meeting. The same

procedure shall also apply to an amendment.

- (II) Where a subsidiary of the Company intends to make loans to others, it shall inform the Company and obtain approval before making any loan; personnel designated by the Finance Department and General Manager shall concretely evaluate necessity, rationality, and risk of any loan made to others as well as impacts on operational risk and financial status of the Company and shareholders' rights before submitting to General Management and Chairman for approval.
- (III) The Finance Department shall collect details of balance of loans made to others by each subsidiary at the beginning of each month.
- (IV) The Finance Department of the Company shall periodically review appropriateness of continuous control and management measures as well as handling procedures of overdue loans of subsidiaries after a loan has been made by a subsidiary.
- (V) An internal audit report shall be compiled periodically to include compliance of each subsidiary with its own Procedures for Loaning Funds to Others; findings and suggestions of the audit report shall be sent to subsidiaries audited for improvement. Periodical follow-up reports shall also be submitted to ensure the timely adoption of any appropriate improvement measure.

XI. Others

- (I) For loans made before the implementation of these Procedures, the Board of Directors of the Company shall request the Finance Department to investigate and evaluate before submitting to the Board of Directors for ratification. If there is any loan exceeding approved and ceiling amount, the Finance Department shall inform the borrower to pay off the excessive amount within six months after the date when these Procedures are implemented.
- (II) If, as a result of a change in circumstances, the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee.
- (III) The Company shall comply with the Generally Accepted Accounting Principle (GAAP) to evaluate loans made and allocate proper reserve for doubtful account. Such information shall be disclosed in financial statement and provided to CPA for conducting necessary audit procedures.

Others in compliance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and it shall comply with the Procedures when loaning funds.

Section II Procedures for Making of Endorsements/Guarantees for Others

Article XI When the Company intends to make endorsement/guarantees for others, it shall comply with formulate its operational procedures for making of endorsement/guarantees for others and after approved by the Audit Committee and Board of Directors, the Procedures shall be sent to Shareholders’ Meeting for approval. If any Director voices disapproval and presents recorded or documented statement, the Company shall the statement to the Audit Committee and Shareholders’ Meeting for discussion. The same procedure shall also apply to an amendment.

Article XII Operational Procedures for Making of Endorsements/Guarantees

I. Entities for which the Company may make endorsement or guarantees

(I) The Company may provide endorsements/guarantees to the entities as follows:

1. A company with which it does business.
2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the Company.

(II) If due to the construction need, counterparts shall provide joint endorsements/guarantees according to agreements signed or because of joint investment accounts, shareholders need to provide endorsements/guarantees according to respective investment proposition, then restrictions in the previous paragraph shall not be applied for these endorsements/guarantees.

The terms of a subsidiary and a mother company are defined pursuant to #5 and #7 of the International Accounting Standards announced by the Accounting Research and Development Foundation.

II. Assessment Standards

(I) Before making an endorsement/guarantee for another party, the request of approvals should be sent by the responsible agency with explanations of the reason and circumstances for eligibility, and the maximum amount, term, and conditions of the endorsement/

guarantee. The assessment report shall also be submitted together to the General Manager and the General Manager for resolution proposal in the Shareholders Meeting. But when due to business needs, the Chairman shall have the right to make an endorsement/guarantee within the ceiling amount of these Procedures before reporting to a recent Board of Directors' Meeting for ratification and implementation and related items shall be reported to the Shareholders' Meeting.

(II) Risks should be assessed by the responsible unit making endorsements/guarantees and when necessary, collaterals should be obtained for the Company to make an endorsement/guarantee.

III. Amounts and Assessment Standards for Endorsements/Guarantees Made for Others.

The aggregate amount the Company is permitted to make in endorsements/guarantees and the maximum amount of endorsements/guarantees for any single entity:

(I) The aggregate amount of endorsements/guarantees shall not exceed 20% of the Company's net worth.

(II) The aggregate amount of endorsements/guarantees made to any single entity shall not exceed 5% of the Company's net worth.

The aggregate amount of endorsements/guarantees and the maximum amount permitted to a single entity by the Company and its subsidiaries:

(I) The aggregate amount of endorsements/guarantees made to any external party shall not exceed 30% of the Company's net worth.

(II) The aggregate amount of endorsements/guarantees made to any single entity shall not exceed 10% of the Company's net worth.

"Net worth" is determined on the basis stated in its latest financial statement of the Company certified or audited by the CPA.

If the prescribed ceiling amount is calculated in a different currency of actual endorsement/guarantee made, exchange rate with the approval of the Board of Director shall be based on the selling rate of the Taipei Foreign Exchange Trading Center on the day.

IV. Handling Procedures for Endorsements/Guarantees

Operations for Endorsements/Guarantees is the responsibility of the Finance Department and when necessary, General Manager shall appoint other designated personnel to provide assistance.

V. Review Procedure

When the Company is making an endorsement/guarantee, the responsible unit shall compile detailed audit reports including information

as follows:

1. Necessity and rationality of an endorsement/guarantee.
 2. Credit check and risk assessment of the entity being endorsed and guaranteed.
 3. Impact on the company's business operations, financial condition, and shareholders' equity.
 4. Whether collateral must be obtained and appraisal of the value thereof.
- VI. Procedures for Controlling and Managing Endorsements/Guarantees for Others by Subsidiaries
- (I) Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own Procedures for Making Endorsements/Guarantees for others in compliance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of the Financial Supervisory Committee and submit the Procedures for the approval of the Board of Directors before sending to the Shareholders’ Meeting for resolution. The same procedure shall also apply to an amendment.
 - (II) Where a subsidiary of the Company intends to make endorsements/guarantees for others, it shall inform the Company and obtain approval before making any loan; personnel designated by the Finance Department and General Manager shall concretely evaluate necessity, rationality, and risk of any loan made to others as well as impacts on operational risk and financial status of mother company and subsidiaries and shareholders’ rights before submitting for the approval of General Manager and Chairman.
 - (III) The Finance Department shall obtain the table of endorsement/guarantee balance change made by each subsidiary in the beginning of each month.
 - (IV) Internal auditors of the Company should periodically audit the compliance of each subsidiary with the Procedures and compile audit reports; findings and suggestions of the audit report shall be sent to subsidiaries audited for improvement. Periodical follow-up reports shall also be submitted to ensure the timely adoption of any appropriate improvement measure.
- VII. Procedures for Use and Control and Management of Corporate Chops for Endorsements and Guarantees
- The Company seal applied by the Company to the Ministry of Economic

Affairs is a special seal for endorsement guarantee. The seal shall be printed or issued in accordance with the operational procedures prescribed in the rules governing management of corporate chops.

If an endorsement/guarantee is made for a foreign company, the issued letter of endorsement/guaranteed shall be authorized by the Board of Directors and signed by the Chairman.

VIII. Decision Making and Authorizing Hierarchy

- (I) The Company's handling of endorsement/guarantee matters shall abide by the approval procedures prescribed in Article 12 of these Procedures and be approved by the resolution of the Board of Directors or the Chairman may be authorized to make an endorsement/guarantee within the limit amount in accordance with Subparagraph 1, Paragraph 2 of the Procedures and then report to the Shareholders' Meeting for ratification.
- (II) Where the Company needs to exceed the limits set out in the Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees to satisfy its business needs, and where the conditions set out in the Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the Shareholders' Meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.
- (III) When issues related to endorsements/guarantees in Paragraph 1 and 2 are discussed, opinions of each Independent Director shall be put into full consideration and clearly record approval or disapproval opinions and reasons in the minutes of the Board of Directors Meeting.
- (IV) The amount of an endorsement/guarantee made for others authorized by the Chairman shall not exceed 10% of the Company's net worth.

IX. Announcing and Reporting Procedures

- (I) The Company shall monthly announce and report the previous

month's balance of endorsements/guarantee and when the aggregate amount of endorsements/guarantees meet one of the following standards, additional announcement and report shall be made and information shall be made available on the Market Observation Post System.

- (II) When an endorsement/guarantee made for others by the Company meets one of the following levels, it shall announce and report such event within two days commencing immediately from the date of occurrence:
1. The Company endorsed guarantees that the balance reaches more than 50% of the Company's most recent net worth of financial statement or after announcement is made according to this subparagraph, the newly added endorsement guarantee amount of the Company amounts to more than 5% of the Company's net worth in the Company's most recent financial statement.
 2. The Company endorsed a single company with a guarantee balance of more than 20% of the Company's net worth or after announcement according to this subparagraph, the newly added endorsement guarantee amount of the Company amounts to more than 5% of the Company's net worth in the Company's most recent financial statement.
 3. The Company endorsed a single company with a guarantee balance of more than the amount of NT\$10 million or endorsed/guaranteed, invested in long term, loaned with the balance more than 30% of the Company's net worth or after announcement according to this subparagraph, the newly added endorsement guarantee amount of the Company amounts to more than 5% of the Company's net worth in the Company's most recent financial statement.
 4. If an endorsement/guarantee is made for an entity due to business relationship and its balance exceeds the aggregate amount of transactions in the recent accounting year or after the Company announced and reported according to this subparagraph, the newly added endorsement guarantee amount of the Company amounts to more than 5% of the Company's net worth in the latest financial statement.
- (III) The Company shall announce and report on behalf of any subsidiary thereof that is not the listed company in the Republic of China any matters that such subsidiary is required to announce and report

pursuant to of the preceding paragraph.

- (IV) Balance amount of the prescribed endorsement/guarantee made by a subsidiary shall be calculated according to the percentage accounting for the Company's net worth.

X. Penalties

If any manager and person in charge of any operation of endorsements/guarantees made for others violates the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" or "Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees" of the Company, an audit will be sent periodically according human resources management rules and work rules of the Company and penalties will be given based on the violation.

- XI. The Company shall not endorse/guarantee for an entity with net worth less than half of its paid-in capital.

XII. Others

- (I) If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made no longer meets the requirements of the operational procedures, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.
- (II) The Company shall comply with #9 of the International Financial Reporting Standards to evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for the implementation of necessary audit procedures.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 11 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

- Article XIII Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own Procedures for Making Endorsements/Guarantees for Others in compliance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and submit the Procedures for the approval of the Board of Directors before sending to the Shareholders'

Meeting.

Chapter III Case Evaluation

Section I Loaning Funds to Others

Article XIV When the Company intends to make a loan to others, it shall carefully assess its compliance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the “Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees” enacted by the Company and the assessment result required in Paragraph 6 of Article 9 shall be submitted to the Board of Directors for resolution and the decision making shall not be delegated to others.

Loan lending between the Company and its mother company or subsidiary shall be resolved according to the previous paragraph by the Board of Directors and the Chairman may be authorized to make loan to a same borrower within limited amount at the term less than one year or allocate the loan in several times or for circular uses.

The limited amount prescribed in the prior paragraph shall meet requirements in Paragraph 4 of Article 3 and the aggregate amount of loan and endorsement/guarantee made to a single entity shall not exceed 10% of the Company’s net worth in the latest financial statement.

Article XV The Company should prepare a memorandum book for its loan lending and related items including information of loan borrowers, amounts, dates approved by the Board of Directors, loan provision date, and issues assessed according to Paragraph 1 of the previous article for reference.

The Company's internal auditors shall at least quarterly audit these Procedures and the implementation thereof and prepare written records accordingly. They shall promptly notify the independent directors the audit committee in writing of any material violation found.

Article XVI If, as a result of a change in circumstances, the borrower becomes ineligible according to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” or balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee. Improvement shall be made according to schedules planned.

Section II Endorsements/Guarantees for Others

Article XVII Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own “Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees” for others in compliance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” with evaluation result in accordance with Paragraph 5 of Article 12 and submit the Procedures for the approval of the Board of Directors for resolution or the Board of Directors authorizes the Chairman in accordance with Paragraph 8 of Article 12 to endorse/guarantee within a certain limit amount and report to the latest Shareholders’ Meeting for ratification.

Before endorsing/guaranteeing for a subsidiary which the Company directly and indirectly has more than 90% voting rights, the endorsement/guarantee shall be reported to the Board of Directors for resolution according to rules set up in Paragraph 2 of Article 5. This, however, does not apply to endorsements/guarantees made for a subsidiary which the Company holds 100% voting rights.

When endorsing/guaranteeing for others, opinions of Independent Directors shall be fully put into consideration and the Independent Directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting.

Article XVIII The Company should prepare a memorandum book for its endorsements/guarantees and related items including information of entities that the Company endorsed/guaranteed, amounts, dates approved by the Board of Directors, loan provision date, and issues assessed according to Paragraph 1 of the previous article for reference.

The Company's internal auditors shall at least quarterly audit these Procedures and the implementation thereof and prepare written records accordingly. They shall promptly notify the independent directors the audit committee in writing of any material violation found.

Article XIX Where the Company needs to exceed the limits set out in the “Operational Procedures for Endorsements/Guarantees” to satisfy its business requirements, and where the conditions set out in the “Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees” are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the “Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees”

accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.

Article XX If, as a result of a change in circumstances, any entity fails to meet the requirement of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” or exceed the ceiling amount, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee and schedules of the rectification should be met.

Chapter IV Information Disclosure

Section I Loaning Funds to Others

Article XXI The Company shall announce and report the total and balance of loans made by itself and its subsidiaries in the previous month before 10th of each month.

Article XXII When loans of funds of the Company reaches one of the following levels, it shall announce and report such event within two days commencing immediately from the date of occurrence:

- I. The aggregate balance of loans to others by the Company and its subsidiaries reaches 20% or more of the public company's net worth as stated in its latest financial statement.
- II. The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.
- III. The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph 3 of the preceding paragraph.

Article XXIII The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

Section II Procedures for Making of Endorsements/Guarantees for Others

Article XXIV The Company shall announce and report balance amount of endorsements/guarantees of previous month made by itself and its subsidiaries before the 10th of the next month.

Article XXV When an endorsement/guarantee made for others by the Company meets one of the following levels, it shall announce and report such event within two days commencing immediately from the date of occurrence:

- I. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement.
- II. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement.
- III. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, carrying value of equity method investment in long-term nature and balance of loans to such enterprise reaches 30% or more of the Company's net worth as stated in its latest financial statement.
- IV. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph 4 of the preceding paragraph.

Article XXVI The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Chapter V Supplementary Provisions

Article XXVII Dates of Amendment

These Procedures were approved by the Annual General Meeting (AGM) on May 29, 2003.

The first amendment of these Procedures was approved by the AGM on June 12, 2006.

The second amendment of these Procedures was approved by the AGM on June 16, 2009.

The third amendment of these Procedures was approved by the AGM on June 25, 2010.

The fourth amendment of these Procedures was approved by the AGM on June 25, 2013.

The fifth amendment of these Procedures was approved by the AGM on June 20, 2017.