

The Procedure of Loans of Funds to Others

Amended by the Shareholders' Meetings on May 30, 2019

Article 1

Loaning funds to others by the Company shall be handled in compliance with the procedure.

Article 2

Any counterparty to be loaned funds by the Company shall be a business-related company or party or other non-business related company or party that has short term financing needs.

Article 3

Loaning funds to business related companies or parties by the Company shall be conducted in compliance with subparagraph 2 of Article 4 hereof. As to loaning funds for non-business related but short-term financing needs, the following companies or parties are qualified:

1. Affiliated enterprises, which are in need of short term financing to meet their business requirements.
2. Other companies or parties, which need short-term or business financing for purchase of materials or business operation.

Article 4

Limitation on the total outstanding amount of loans to all borrowers and to each borrower:

1. The aggregate amount of loaning funds to other companies or parties shall not exceed 50% of net value of the Company. Moreover, the aggregate amount of loaning funds to other non-business related companies or parties, which need short-term financing shall not exceed 40% of net value of the Company.
2. The total outstanding amount of loans to each company/firm, which has a business relationship with the Company, shall not exceed the total transaction amount between the two parties. The foresaid "total

transaction amount” shall be the total purchasing or selling amount over the latest year, whichever is higher and shall not exceed 10% of the net worth of the Company.

3. The total outstanding amount of loans to each company/firm in need of short term financing, which is an affiliate of the Company, shall not exceed 10% of the net worth of the Company; as to the other borrowers, the total outstanding amount of loans to each of them shall not exceed 5% of the net worth of the Company.
4. The authorized amount of loaning funds to a single enterprise, conducted in compliance with Article 7, shall not exceed 10% of net value of the Company.

Article 5

When the Company intends to loan funds to a borrower who applies to borrow funds from the Company, the Company shall do an investigation and assessment of the following aspects: the purposes and terms of the guarantee for the borrowing, and the impact towards the Company’s business operations, financial condition, and shareholders' equity. Based on these findings the amount of loaning or the limitation on the amount of loaning, duration and interest payment terms shall be determined and submitted to the Board of Directors of the Company for approval. The loan shall be advanced according to the approval of the Board of Directors of the Company.

The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting.

When the Company making major loans to others, it requires approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If the approval by more than half of all Audit Committee members is not obtained, the aforesaid matter 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.

Article 6

The duration of the funding shall not be longer than one year. The interest rates of the loans shall not be lower than the current lowest lending interest rate disclosed by the general financial institutions.

Article 7

Loaning funds to parent or subsidiaries companies or parties, or loaning in-between subsidiaries, should be conducted in compliance with Article 5, submitted to the Board of Directors of the Company for approval, and should be authorized to the chairman for loaning in installments or revolving drawing to the same counterparty within the certain amount and the duration not longer than one year approved by the Board of Directors of the Company.

Article 8

The Company shall establish and maintain a reference book to record all its fund-loaning information, including counterparty of loaning, amount, the date on which the loaning was approved by the Board of Directors, dates to advance the amount of the loan and related information regarding the assessment in accordance with the relevant regulations of the Procedures.

Article 9

The internal auditors shall audit the execution of the fund loaning operation no less frequently than quarterly and prepare written records accordingly. During the auditing, any violation(s), if applicable, shall be corrected. If any serious violation is found, the responsible personnel shall be penalized in accordance with the related rules of the Company. They shall promptly notify the Audit Committee in writing of any material violation found.

Article 10

If the borrower no longer meets the requirements of the Procedures, or

the aggregate loaning amount exceeds the loaning limit approved by the board of directors due to changes of situation, the Company shall submit the improvement plan to the Audit Committee of the Company for its approval. In addition, the improvement plan needs to be submitted to the Board of Directors of the Company for a resolution. The aforesaid improvement plan shall be accomplished according to the planned schedule thereof.

Article 11

The controlling procedures of the Company for loaning funds by the subsidiaries of the Company:

1. When the subsidiaries of the Company intend to lend funds to other parties, the Company shall require its subsidiaries to promulgate the Procedures of Loans of Funds to Others when the subsidiaries intend to loaning funds to other companies or parties in accordance with the requirements of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Company” and to comply with such procedures.
2. The subsidiaries shall submit the list for loaning funds of the previous month to the Company for review by the fifth day of the current month.
3. If the internal auditors of the subsidiaries find any violation, they shall notice the Company by written statement and the Company shall follow the conditions of the handling and improvement.

Article 12

The public announcement and reporting of the related information of loaning funds shall be in compliance with the following requirements:

1. The Company and subsidiaries shall publicly announce and report the information of endorsements/guarantees in accordance with the relevant laws, rules and regulations.

2. 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. The percentage of the balance of loans over the Company's net worth for a subsidiary shall be calculated by the ratio of the subsidiary's balance of loans to the Company's net worth.
3. The Company shall evaluate the status of its lending funds and reserve appropriate allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide its certified public accountants with relevant information for implementation of necessary auditing procedures.

Article 13

The procedure approved by the Board of Directors shall be submitted them for approval by the Shareholders' Meeting. The same shall apply to any amendments to the Procedures. The independent Directors' opinions specifically expressing dissent or reservations shall be included in the minutes of the Board of Directors' meeting.

The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall first be approved by more than half of all Audit Committee members. If the approval by more than half of all Audit Committee members is not obtained, the aforesaid matter 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.