

Regulations Governing Loaning of Funds and Endorsements / Guarantees

1. Goal:

In order to let the operation of fund lending and endorsements/guarantees have rules to adhere to, the Company formulated the Regulations.

2. Scope:

The Company's fund lending and endorsements/guarantees shall all be conducted in accordance with the Regulations.

3. References:

3.1 Article 15 of the Company Act

3.2 The document of Jing-Shang-Zi No. 09002270580 published by the MOEA on Jan. 7, 2002.

3.3 The "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" amended and published by the Financial Supervisory Commission (FSC) in Jin-Guan-Zheng-Shen-Zi No. 1080304826 on Mar. 7, 2019 (hereafter, the Regulations)

3.4 The "Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities" published by Taiwan Stock Exchange Corporation

3.5 Regulations Governing the Preparation of Financial Reports by Securities Issuers

4. Definitions:

4.1 The term "endorsements/guarantees" as used in the Regulations refers to the following:

4.1.1 Financing endorsements/guarantees, including:

(1) Bill discount financing.

(2) Endorsement or guarantee made to meet the financing needs of another company.

(3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.

4.1.2 Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.

4.1.3 Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

4.1.4 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 Regulations.

4.2 Subsidiary and the parent company: as defined in the rules of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.3 Net worth: If the Company's financial reports are prepared with IFRS, the so-called net worth in the Regulations is the equity attributable to owners of the parent company in the balance sheet regulated by Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.4 Publishing and reporting: refer to the information entered in to the designated information reporting website designated by the Financial Supervisory Commission.

4.5 “Date of occurrence”: the date of occurrence mentioned in the Regulations refers to the signing date of contract, date of payment, date of board resolutions, or other dates that can confirm the counterparty of the lending or endorsement/guarantee and monetary amount of the transaction, whichever date is earlier.

5. Contents:

5.1 Lending of capital:

5.1.1 Counterparty of lending:

Under Article 15 of the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

- (1) Where an inter-company or inter-firm business transaction calls for a loan arrangement; or
- (2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 20 percent of the lender’s net worth.

The term “short-term” as used in the preceding paragraph means one year. The term “financing amount” means the cumulative balance of the Company’s short-term financing.

When the foreign subsidiaries that are held direct or indirectly with 100% of voting shares by the Company conduct fund lending, they are not restricted by Term 2 of Paragraph 1. The limit of fund lending and the term period are formulated in accordance with the regulations governing the lending of funds of each subsidiary.

If the responsible person violates Provision 1, he or she and the borrower shall take the returning responsibility together; if the company is harmed, he or she shall also take the liability for damages.

5.1.2 Evaluation standards for loaning funds to others:

- (1) Where funds are loaned for reasons of business dealings, whether the amount of a loan is commensurate to the total amount of trading between the Company and its counterparty shall be evaluated.
- (2) Where short-term financing is needed, the reasons for and conditions of providing loans shall be listed.

5.1.3 The aggregate amount of loans and the maximum amount permitted to a single borrower:

The Company’s total amount of lending shall not exceed 40% of the Company’s net worth, which can also be classified into the following two conditions:

- (1) When funds are lent to the Company’s counterparty in business transaction, the total amount of lending shall not exceed 20% of the Company’s net worth; the individual amount lent to the same enterprise shall not exceed 10% of the

Company's net worth and the business transaction amount between the two party during the most recent year. The so-called transaction amount refers to the higher of purchase or sales amount between the two party.

- (2) When funds are lent to a company that has need for short-term financing, the reason and condition of lending shall be listed and total amount of lending shall not exceed 20% of the Company's net worth; the individual amount lent to the same enterprise shall not exceed 10% of the Company's net worth.

5.1.4 Term of loan and way of calculating interests:

- (1) The term of loan each time shall not exceed one year since the date of lending.
- (2) The interests of lending are calculated on a daily basis. The interest amount is calculated as the sum of daily loan balance (i.e., total accumulated value) multiplied by the annual rate, and then divided by 365. Annual rate shall not be lower than the highest rate at which the Company borrows short-term funds from financial institutions.
- (3) The loan interests are paid once monthly, except otherwise regulated. The Company notifies the borrower to timely pay interests one week before the agreed payment date.

5.1.5 Procedures for fund lending:

- (1) Application:
 - a. The borrower shall provide its basic and financial data and fill in the application form, which clearly states the purpose of fund, term of loan and the amount, and then send the form to the Company's Financial Division.
 - b. The Company conducts credit checking and reports to the Board of Directors for resolution after the relevant data and the proposed lending condition are reported to the General Manager.
- (2) Credit checking and risk evaluation:
 - a. After the Company receives the application, the Financial Division will conduct survey and evaluation on the borrower's business, financial condition, solvency and credit, profitability and purpose of borrowing, and prepare relevant reports.
 - b. The credit checking evaluation report prepared by the Financial Division shall list clearly the custody way of the borrowing, proposed lending amount, interest rate, term of loan, scheduled lending date and the repayment plan, etc., which shall be reported and examined level by level.
 - c. If the borrowing is a continual one, in principle, the credit check shall be done when the borrowing is proposed. If the borrowing is an important or emergency event, it can be conducted anytime depending on actual needs.
 - d. If the financial condition of the borrower is good and a CPA has prepared the certification of finance for its annual financial reports, it may continue using the survey report which has been prepared for no longer than one year, and provide

it as the reference for lending along with the CPA's certification and review report.

(3) Reviewing procedures for lending:

The Company's reviewing procedures for lending shall include:

- a. The necessity and reasonableness of fund lending to others;
- b. Attachment of the report on credit checking and risk evaluation of the borrower;
- c. Impacts on the Company's operating risk, financial condition and shareholder's equity;
- d. Whether or not to obtain collateral and the evaluated value of the collateral;
- e. Measuring whether or not the lending amount is necessary with the financial condition of the borrower;
- f. Whether or not the accumulated lending amount is still within the limit.

(4) Case evaluation:

- a. Before lending its fund to others, the Company shall prudentially evaluate whether it satisfies the requirements of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the Regulations. The lending shall not be conducted until it has been submitted to the General Manager for examination and reported to the Board of Directors for resolution, and shall not be decided by others under authorization. Important fund lending shall be agreed by over one half of all members in the Audit Committee, shall be proposed to the Board of Directors for resolution before execution, and shall be conducted in accordance with Provision 5.7.4 ~ 5.7.5.
- b. The fund lending between the Company and its subsidiaries or each subsidiary shall be submitted to the board for resolution, and the Chairman may be authorized to conduct the lending by batches or rearrange the amount in cycle for the same borrower within a specific quota resolved by the board meeting and in a period no longer than one year.
- c. For the quota mentioned in b., except satisfying Paragraph 3 of Provision 5.1.1, the authorized lending quota of the Company or its subsidiaries to a single enterprise shall not exceed 10% of the company's net worth in the most recent financial reports.
- d. When the Company's funds are lent to others, the opinions of each independent director shall be fully considered. The clearly consenting or opposing opinions provided by independent directors shall be stated in the board meeting minutes.

(5) Examination of loans and notification:

- a. For the lending cases that are decided not to be approved under the board's resolution, the handling personnel of Financial Division shall reply the reasons of rejection to the borrower as soon as possible.

- b. For the lending cases that are approved by the Board of Directors, the handling personnel of Financial Division shall notify the borrower by correspondence as soon as possible, clearly illustrating the Company's conditions of lending, which include the quota, term of loan, interest rate and guarantor, etc., and asking the borrower to complete the signing procedures within a given period.
- (6) Contracts signing and identity verification:
- a. After approved by the board's resolution, the handling personnel of Financial Division shall prepare contract provisions for the lending cases. After they have been examined by the supervisor and sent to the legal affair unit for certification, the signing procedures are then conducted.
 - b. The content of contract shall be consistent with the approved lending conditions. After the borrower and the association guarantor have signed on the contract, the procedures of identity verification are then completed by the handling personnel of Financial Division.
- (7) Insurance:
- a. Except for land and securities, all collateral shall be provided with fire insurance and other relevant insurance. The insured amount in principle shall not be lower than the pledged amount of the collateral. In the insurance document, the Company shall be noted as the beneficiary. The name of the target, amount, place of storage, insurance conditions and endorsements listed on the insurance document shall be consistent with the Company's original lending conditions.
 - b. The handling personnel shall notify the borrower to renew insurance before the insurance period ends.
- (8) Evaluation on collateral value and right setting:
- a. When the Company deals with fund lending affairs, except for subsidiaries it shall obtain the collateral note with equivalent amount. When the borrower provides collateral, it shall complete the procedures for pledge setting. The Company shall also evaluate on collateral value to ensure the Company's claim.
 - b. If the borrower provides individuals or companies as guarantors with equivalent capital and credit to replace the collateral provider for the above secured claim, the Board of Directors may refer to the credit checking report of Financial Division to handle the claim. For those who provide companies as guarantors, they shall notice whether their Articles of Incorporation have formulated terms about guarantees.
- (9) Fund appropriation:
- After the lending conditions have been approved and the borrower has signed the contract, completed the registration of setting pledge for collateral value, and all of the procedures have been double-checked and no errors remain, the fund can then be appropriated.

5.1.6 Subsequent control measures after lending:

- (1) After the loan is appropriated, the Financial Division of the Company shall at least quarterly analyze the borrower's financial, business and credit condition and operation performance, and provide them to the decision-making level for reference.
- (2) If the borrower provides collateral, the Company shall take notice of whether its collateral value has any changes. For example, if the collateral value is lower than the lending amount of the asset, the Financial Division shall propose an evaluation report and submit it to the Chairman to decide the way of handling, and shall follow the Chairman's delegation to handle appropriately.

5.1.7 Handling of repayment and debt overdue:

- (1) The Financial Division shall notify the borrower to repay the due principal and interests one month before the loan is due.
 - a. When the borrower repays the loan when it is due, it shall first calculate the payable interests and repay them along with the principal, and then return the debt repaying certifications such as notes, and IUOs, etc. back to the lender.
 - b. If the borrower applies for canceling the pledge, the Company shall first check whether it has loan balance before deciding to approve the cancellation.
- (2) When the loan is due, the borrower shall immediately repay the principal and interests.
- (3) If the borrower does not follow the plan to pay interests or repay the loan, the Financial Division shall report to the decision-making level and notify the legal affair unit in writing whenever necessary. The borrower will then be punished and asked for debt recovery in accordance with laws based on the collateral or guarantor it provides.

5.1.8 Internal control:

- (1) When the Company conducts fund lending, the Financial Division shall establish a reference book, which lists with details the counterparty of the lending, amount, the date on which the lending is passed by the board, the date on which the lending is conducted and matters that shall be evaluated prudentially in accordance with the Regulations.
- (2) The handling personnel of the Financial Division shall, for the case that he/she is responsible of, arrange and organize the contract, debt certifications such as notes, and collateral documents, insurance documents, and the documents of transaction, and then put them into the custody bag after the loan is appropriated. He/she shall also note on the bag the content of custody and the name of customer, and submit it to the supervisor of Financial Division for examination. After the bag has been inspected without any errors, it will then be sealed. The two parties then sign or

stamp on the custody registration book and send it to the supervisor for custody.

- (3) The internal audit personnel of the Company shall at least audit on Operation 5.1 and its status of execution every quarter, and prepare paper record. If any significant violations are found, he/she shall immediately notify the Audit Committee in writing.
- (4) When there are changes made which make the borrower not satisfy the requirements of the Regulations or the loan balance exceed the limit, the Financial Divisions of the Company shall form formulate improvement plans, send them to the Audit Committee, and follow the schedule to complete the improvement.

5.2 Provide endorsements or guarantees to others:

5.2.1 Counterparties that may be provided with endorsements or guarantees:

The Company may provide endorsements or guarantees to the following companies:

- (1) Where an inter-company or inter-firm business transaction calls for a loan arrangement; or
- (2) Those of more than 50% of voting shares that are directly or indirectly held by the Company;
- (3) Those that directly or indirectly hold more than 50% of the Company's voting shares;

The percentage of the voting shares held direct or indirectly mentioned above shall be calculated with the Company's percentage of directly-held shareholding and the shareholding of the same invested company held by other companies with which the invested shareholding exceeds 50%. The so-called "other companies" above include the other companies themselves and the other one company held with more than 50% of invested shareholding calculated with the above method, and so on for the remaining.

The companies directly or indirectly held by the Company with more than 90% of voting shares may provide endorsements/guarantees for each other, and the amount shall not exceed 10% of the Company's net worth. However, the endorsements/guarantees made between the companies directly or indirectly held by the Company with 100% of voting shares are not limited here.

If the Company takes mutual insurance according to the contractual requirements based on the need of construction project, or the endorsement of the invested company by the all investing shareholders based on their shareholding ratio due to the mutual investment relationship, or the inter-industry association guarantee for fulfilling the obligation of pre-sales house contract according to the Consumer Protection Law, it is not subject to the restrictions set forth in the preceding paragraph and may provide endorsement.

The so-called investing in the previous paragraph refers to when the Company directly invests or invests via a company that is held with 100% of voting shares.

5.2.2 Limit of endorsement/guarantee and the maximum amount permitted to a single borrower

- (1) The total amount of the Company's endorsements/guarantees to other companies and the total amount of endorsements/guarantees the Company and its subsidiaries provide to other companies shall not exceed 25% of the Company's net worth respectively.
- (2) The amount limit of the Company's endorsements to the same company and the amount limit of endorsements the Company and its subsidiaries provide to the same company shall not exceed 10% of the Company's net worth respectively.
- (3) The amount the Company provides endorsements/guarantees to the same enterprise due to business relationship and the amount the Company and its subsidiaries provide endorsements/guarantees to the same enterprise due to business relationship shall not exceed 50% of the Company's net worth respectively or its business transaction amount with the Company in the most recent year. The so-called transaction amount refers to the higher of purchase or sales amount between the two parties.
- (4) If the total amount of endorsements/guarantees that the Company and its subsidiaries have formulated reaches 5% of the Company's net worth, the Company shall illustrate its necessity and reasonableness on the shareholders' meeting.

5.2.3 Procedures for endorsements/guarantees

(1) Application

When the Company conducts endorsements/guarantees, the company that is provided with endorsements/guarantees shall fill in the application form, provide its basic information and financial data, and apply to the Company's Financial Division. The Financial Division shall refer to Provision 5.1.5(2)a and 5.2.3(2) when conducting credit checking and risk evaluation.

After the handling personnel of the Financial Division has summarized the relevant information above and the results of evaluation, he/she shall send them to the General Manager for preliminary examination and then execute in accordance with the decision-making and authorization level mentioned in Provision 5.2.3(3).

(2) Procedures of reviewing:

The Company's procedures of reviewing endorsements/guarantees shall include:

- a. The necessity and reasonableness of the endorsements/guarantees;
- b. The credit checking and risk evaluation on the counterparty of the endorsements/guarantees;
- c. Impacts on the Company's operating risk, financial condition and shareholder's equity;
- d. Whether or not to obtain collateral and the value evaluation of the collateral;
- e. Measuring whether or not the amount of endorsements/guarantees is necessary

with the financial condition of the companies that are provided with the endorsements/guarantees; and

f. Whether or not the accumulated endorsements/guarantees amount is still within the limit.

(3) Decision making and hierarchy of authorization:

The matters of endorsements/guarantees made by the Company shall not be conducted until they have been passed and resolved by the Board of Directors. However, to satisfy the need of timeliness, the Chairman may be authorized by the Board of Directors to resolve in advance in accordance with relevant rules of the Regulations within the limit of NT\$ 50,000,000 for a single deal. Then, the deal will be reported to the next board meeting for recognition. Important endorsements/guarantees shall be agreed by over one half of all members in the Audit Committee, shall be proposed to the Board of Directors for resolution before execution, and shall be conducted in accordance with Provision 5.7.4 ~ 5.7.5.

Before the subsidiaries directly or indirectly held by the Company with more than 90% of voting shares provide endorsements/guarantees in accordance with Paragraph 3 of Provision 5.2.1, they shall report to the Company's Board of Directors for resolution. However, the endorsements/guarantees made between the companies directly or indirectly held by the Company with 100% of voting shares are not limited here.

When the Company provides endorsements/guarantees to others, the opinions of each independent director shall be fully considered. The clearly consenting or opposing opinions provided by independent directors shall be stated in the board meeting minutes.

5.2.4 Usage of stamps and custody procedures

(1) The Company shall set the stamp that is registered to the MOEA as the exclusive stamp for endorsements/guarantees. The stamp shall be kept in custody by a dedicated personnel agreed by the Board of Directors, and the same applies when changes are made. When conducting endorsements/guarantees, the personnel shall use the stamp or sign on notes in accordance with the "Procedures for Bank Deposit Withdrawal and Stamps Management (9-A8-06)" and "Procedures for Handling Cash Expenditure Operation (0-8A-103)".

(2) If the Company provides endorsements/guarantees for foreign companies, the letter of guarantee provided by the Company shall be signed by the Board of Directors.

5.2.5 Subsequent control measures after lending

Cancellation of endorsements/guarantees:

(1) If there is any need to cancel the certificates or notes related to endorsements/guarantees due to debt liquidation or renewal, the company that is provided with the endorsement/guarantee shall prepare formal documents and letters and send the

certificates related to the endorsement/guarantee to the Company's Financial Division to have the word, "cancellation," stamped on them before being returned back. The application forms and letters are then kept for reference.

- (2) The Financial Division shall list the status of cancellation of endorsements/guarantees into the reference book anytime.

5.2.6 Operation conducted when exceeding the limit of endorsement/guarantee

If the Company has the need to have the amount exceeding the quota regulated by the Regulations and satisfies the conditions regulated by the Regulations, it shall be approved by the Board of Directors and over half of the directors shall provide registered association guarantee on the loss that may be derived from the Company's exceeding amount. The Regulations shall also be amended and reported to the shareholders' meeting for recognition. If the shareholders' meeting does not approve, a plan shall be formulated to cancel the exceeding amount within a given period.

When the Board of Directors participates in the discussion defined in the previous paragraph, the opinions of each independent director shall be fully considered. The clearly consenting or opposing opinions provided by independent directors shall be stated in the board meeting minutes.

5.2.7 Operation conducted when the counterparty of the endorsement/guarantee does not satisfy the regulations or when the amount exceeds the limit:

When there are changes made which make the counterparty of the endorsement/guarantee not satisfy the regulations or the amount exceed the limit, the Financial Divisions of the Company shall form formulate improvement plans, send them to the Audit Committee, and follow the schedule to complete the improvement.

5.2.8 Internal control:

- (1) Reference book of endorsement/guarantee:

The Financial Division shall establish the reference book for the endorsement/guarantee, which lists with details the counterparty, amount, the date on which it has passed by the Board of Directors or resolved by the Chairman, the date of endorsement/guarantee, matters that shall be prudentially evaluated in accordance with Provision 5.2.3(2), the content of collateral and its evaluated value, and the condition and date of terminating the responsibility of endorsement/guarantee, etc.

- (2) The internal audit personnel of the Company shall at least audit on Operation 5.2 and its status of execution every quarter, and prepare paper record. If any significant violations are found, he/she shall immediately notify the Audit Committee in writing.

5.3 Information disclosure

5.3.1 Procedures for publishing and reporting

- (1) The Company shall enter the fund lending balance of the Company and its subsidiaries in the previous month into the MOPS before the tenth of each month.

- (2) If the Company's fund lending satisfies any of the following standards, it shall enter the information into the MOPS within two days after the date of occurrence:
 - a. The fund lending balance of the Company and its subsidiaries reaches more than 20% of the Company's net worth in the most recent financial report.
 - b. The fund lending balance of the Company and its subsidiaries to a single enterprise reaches more than 10% of the Company's net worth in the most recent financial report.
 - c. The increased fund lending balance of the Company and its subsidiaries reaches more than NT\$ 10,000,000 and 2% of the Company's net worth in the most recent financial report.
- (3) If the Company's subsidiaries are not domestically publicly listed companies and have matters that shall be published and reported according to Provision 5.3.1(2) c, they shall be done by the Company.

5.3.2 The time limit, contents and standards that shall be published and reported:

- (1) The Company shall report the endorsement/guarantee balance of the Company and its subsidiaries in the previous month and enter it into the MOPS before the tenth of each month.
- (2) If the Company's endorsements/guarantees satisfy any of the following standards, it shall enter the information into the MOPS within two days after the date of occurrence.
 - a. The endorsement/guarantee balance of the Company and its subsidiaries reaches more than 50% of the Company's net worth in the most recent financial report.
 - b. The endorsement/guarantee balance of the Company and its subsidiaries to a single enterprise reaches more than 20% of the Company's net worth in the most recent financial report.
 - c. The amount the Company and its subsidiaries provide endorsement/ guarantee to a single enterprise reaches more than NT\$ 10 million, and the total amount of the book value of investment of endorsement/guarantee and the Equity Method and the balance of the fund lending reaches more than 30% of the net worth in the Company's most recent financial report.
 - d. The increased endorsement/guarantee balance of the Company and its subsidiaries reaches more than NT\$ 30,000,000 and 5% of the Company's net worth in the most recent financial report.
- (3) If the Company's subsidiaries are not domestically publicly listed companies and have matters that shall be entered into the MOPS according to Provision 5.3.2(2)d, they shall be done by the Company.

5.4 Supervision and management on subsidiaries:

5.4.1 Controlling procedures for fund lending:

- (1) The fund lending of the Company's subsidiaries shall be conducted in accordance with the following regulations.
 - a. Except for the other subsidiaries of the Company, the subsidiary shall not lend funds to others.
 - b. If the subsidiary lends to other subsidiaries of the Company, it shall conduct the lending in accordance with the company's "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees".
- (2) If the subsidiary lends to other subsidiaries of the Company, it shall prepare a detail table of fund lending to other companies of the previous month before the 5th (but not on) of every month and send it to the Company's Financial Division.
- (3) When the Company's audit personnel conduct audit at the subsidiary according to the annual audit plan, they shall also audit on the subsidiary's operating procedures of fund lending and the status of execution. If any mistakes are found, they shall continue tracing its improvements, prepare a tracing report, and submit it to the Chairman.

5.4.2 Controlling procedures for conducting endorsements/guarantees:

- (1) In principle, the Company's subsidiaries shall not conduct endorsements/guarantees except for the company's customs duty. However, if there is special need for endorsements/guarantees, the Regulations and the subsidiaries' "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" shall be amended and shall be passed by the Boards of Directors of the Company and the subsidiaries respectively.
- (2) If the subsidiaries have endorsements/guarantees, they shall prepare a detail table of endorsements/guarantees to other companies of the previous month before the 10th (but not on) of every month and send it to the Company's Financial Division.
- (3) If the counterparty of the endorsement/guarantee is a subsidiary with net worth lower than one half of paid-in capital, the counterparty shall propose an "improvement plan" and submit it to the Company's Chairman for approval. For subsequent retrospection, the Financial Division shall at least quarterly analyze the borrower's financial, business and credit condition and operation performance, and provide them as the reference for decision making
- (4) When the Company's audit personnel conduct audit at the subsidiary according to the annual audit plan, they shall also audit on the subsidiary's operating procedures of endorsements/guarantees and the status of execution. If any mistakes are found, they shall continue tracing its improvements, prepare a "tracing report," and submit it to the Chairman.

If the stock of the subsidiary has no face value or the face value per share is not NT\$ 10, the paid-in capital calculated according to Provision 5.4.2(3) shall be

calculated with capital stock plus capital surplus - additional paid-In capital.

5.5 Others

5.5.1 Recognition of allowance for doubtful account:

The Company shall evaluate the status of fund lending, recognize adequate allowance for doubtful account, appropriately disclose relevant information in financial reports, and provide relevant data for CPA to execute necessary auditing process.

5.5.2 Information disclosure:

The Financial Division shall evaluate or recognize the contingent loss of endorsements/guarantees, appropriately disclose relevant information of endorsements/guarantees in financial reports, and provide relevant data for CPA to execute necessary auditing process.

5.6 Penalty

If the manager or related personnel conducting fund lending or endorsements/guarantees violates the Standards and the Regulations, they shall be reported to be examined in accordance with the Company's personnel management rules and the Handbook for Employees, and shall be penalized according to the severity of the matter.

5.7 Implementation and amendment:

5.7.1 The formulation or amendment to the Regulations shall be conducted in accordance with Provision 5.7.3, and shall be sent to the Audit Committee and proposed to the shareholders' meeting for approval. If there are any directors rendering disputes and the disputes are recorded or made into written statements, the Company shall send the data of disputes to the Audit Committee and propose to the shareholders' meeting for discussion.

5.7.2 When the Company proposes a discussion about the Regulations on the board meeting, the opinions of each independent director shall be fully considered. If there are any opposing or retention opinions provided by independent directors, they shall be stated clearly in the board meeting minutes.

5.7.3 When there are formulations or amendments to the Regulations, they shall be agreed by over one-half of all members of the Audit Committee, and shall be proposed to the Board of Directors for resolution.

5.7.4 If the regulations have not been agreed by over one-half of all members in the Audit Committee, they may be conducted under the approval of over two thirds of all directors, and the resolutions of the Audit Committee shall be clearly stated in the board meeting minutes.

5.7.5 The so-called all members in the Audit Committee and all directors in Provision 5.7.4 are counted based on those who are still in office. If there are matters not completed in the Regulations, they shall be conducted in accordance with relevant laws and regulations.

5.8 The Regulations were formulated on June 8, 1996.

The first amendment was made on Jun. 13, 2008.

The second amendment was made on Jun. 12, 2009.

The third amendment was made on Jun. 9, 2010.

The fourth amendment was made on Jun. 11, 2013.

The fifth amendment was made on June 11, 2015.

The sixth amendment was made on May 30, 2019.