

Stock Code: 2395

ADVANTECH

Enabling an Intelligent Planet

Advantech Co.,Ltd.

Annual General Shareholders Meeting for 2019

Meeting Handbook

May 28 , 2019

Advantech Co., Ltd.

Procedure for the 2019 General Shareholders' Meeting

1. Call the Meeting to Order
2. Chairperson Remarks
3. Report Items
4. Acknowledgement Items
5. Discussion Items
6. Other Business and Special Motions
7. Adjournment

I. Agenda of Annual Meeting

Advantech Co., Ltd. Agenda of 2019 General Shareholders' Meeting

Time: 9:00 a.m. on May 28 (Tuesday), 2019

Place: (Neihu Headquarters) B1, No. 1, Line 20, Lane 26, Rueiguang Road, Neihu District, Taipei City

1. Call the Meeting to Order

2. Chairperson Remarks

3. Report Items

(1) The 2018 Business Report

(2) The Audit Committee's Review Report on the 2018 Financial Statements

(3) Report of Employees' compensation and Directors' compensation of 2018

(4) The Status of Endorsement and Guarantee in 2018

4. Acknowledgement Items

(1) Adoption of the 2018 Business Report and Financial Statements

(2) Adoption of the Proposal for Distribution of 2018 Earnings

5. Discussion Items

(1) Amendment to the "Articles of Incorporation".

(2) Amendment to the "Procedures for Lending Funds to Other Parties".

(3) Amendment to the "Procedures For Acquisition or Disposal of Assets".

(4) Amendment to the "Procedures for Financial Derivatives Transactions".

6. Other Business and Special Motions

7. Adjournment

1. Report Items

Report No. 1

Cause of action : The 2018 Business Reports.

Explanation : The 2018 Business Report is attached as Attachment I.

Report No. 2

Cause of action : The Audit Committee's Review Report on the 2018 Financial Statements.

Explanation : The 2018 Audit Committee's Review Report is attached as Attachment II.

Report No. 3

Cause of action : Report of Employees' compensation and Directors' compensation of 2018.

Explanation : Pursuant to Article 20 of the company's Articles of Incorporation, in consideration of the company's overall business operations and the payment standard of the industry, it is recommended to appropriate an amount of NT\$452,355,000 as bonus to employees (If it includes a performance achievement bonuses, the total amount will be NTD 931,000,000) and NT\$10,600,000 as remuneration to directors paid in cash from the net income of 2018.

1. There is no difference between the amount approved by the Board of Directors and the amount recognized as an expense in 2018.

2. The proposal has passed in the Remuneration Committee meeting.

Report No. 4

Cause of action : The Status of Endorsement and Guarantee in 2018.

Explanation : 1. In compliance with the company's "Procedure for Making of Endorsements and Guarantees".

2. The company issued a letter of guarantee to endorse and guarantee the subsidiaries' purchase of materials and short-term bank loan in response to the subsidiary's business operation. The balance of endorsement and guarantee amounted to NT\$2,065,491 thousand as of December 31, 2018, representing 29.56% of the company's paid-in capital.

3. Please review the statement of endorsement and guaranteed amount enclosed.

Guarantor (Company)	Subsidiary of the guaranteed company	Category	Amount (original currency ___K)	NTD (NTD___K)	Remarks
Advantech (ACL)	Advantech Corporation.	short-term bank loan	USD30,000	\$921,450	Under the limit (Note2)
Advantech (ACL)	B+B SmartWorx Inc.	short-term bank loan	USD9,950	305,614	Under the limit (Note2)
Advantech (ACL)	Advantech B+B SmartWorx Inc.	short-term bank loan	USD50	1,536	Under the limit (Note2)
Advantech (ACL)	Kostec (AKST)	short-term bank loan	USD4,000	122,860	Under the limit (Note2)
Advantech (ACL)	Advantech Technology Vietnam Co.(AVN)	short-term bank loan	USD1,000	30,715	Under the limit (Note2)
Advantech (ACL)	Cermate Technologies Inc. (Cermate)	short-term bank loan	USD1,000	30,715	Under the limit (Note2)
Advantech (ACL)	Shenzhen Cermate Technologies Inc.	short-term bank loan	USD550	16,893	Under the limit (Note2)
Advantech (ACL)	AdvaniX Corp.	short-term bank loan	USD1,600	49,144	Under the limit (Note2)
Advantech (ACL)	Advantech Technology (China)Company Ltd. (AKMC)	short-term bank loan	USD6,000	184,290	Under the limit (Note2)
Advantech (ACL)	Advantech Intelligent Service.	short-term bank loan	USD150	4,607	Under the limit (Note2)
Advantech (ACL)	AdvantechPOS Technology Co.,Ltd.	short-term bank loan	USD1,000	30,715	Under the limit (Note2)
Advantech (ACL)	Advantech KR Co., Ltd	short-term bank loan	USD50	1,536	Under the limit (Note2)
Advantech (ACL)	Advantech Australia Pty Limited.	short-term bank loan	USD200	6,143	Under the limit (Note2)
Advantech (ACL)	DLOG Gesellschaft für elektronische Datentechnik mbH	short-term bank loan	EUR1,000	35,200	Under the limit (Note2)
Advantech (ACL)	Advantech Brasil Ltda	short-term bank loan	USD1,500	46,073	Under the limit (Note2)
Advantech (ACL)	OMRON Nohgata Co.,Ltd.	short-term bank loan	JPY1,000,000	278,000	Under the limit (Note2)
Total				\$2,065,491	Under the limit (Note1)

Note: The amount of limit is calculated in accordance with the company's Rules for Making of Endorsements and Guarantees:

- (1) Maximum endorsement and guarantee amounted to NT\$8,790,810 thousand.
- (2) Maximum endorsement and guarantee for one single enterprise amounted to NT\$ 2,930,270thousand.
- (3) The amount of limit referred to above is calculated in accordance with the net value NT\$29,302,703 thousand stated in the 2018 audited financial statements.

2. Acknowledgement Items

Acknowledgement 1:

(Proposed by the Board of Directors)

Cause of action : Adoption of the 2018 Business Report and Financial Statements.

Explanation : 1. The 2018 business report and standalone financial statements. (including consolidated financial statements) were composed by the Board of Directors. The company's financial statements were audited by independent auditors, Jr-Shian Ke and M.J. Chiou, of Deloitte & Touche and were reviewed by the supervisor along with the business report with a written audit report issued.
2. The Business Report, independent auditor's report, and Financial Statements are enclosed as Attachment I and Attachment III.
3. Please acknowledge.

Resolution :

Acknowledgement 2:

(Proposed by the Board of Directors)

Cause of action : Adoption of the Proposal for Distribution of 2018 Earnings.

Explanation : 1. Please refer to the 2018 profit distribution table in Attachment IV.
2. The net income of the company amounted to NT\$6,294,657,374 for 2018. Added the beginning unappropriated earnings of NT\$3,797,379,616 and deducted effect of retrospective application and retrospective restatement NT\$34,001,578, adjustment of retained earnings due to investments accounted for using the equity method NT\$14,715,950, remeasurements of the defined benefit recognized in retained earnings NT\$15,687,150, cumulative profit or loss of disposals of investments in equity instruments designated as at fair value through other comprehensive income directly transferred to retained earnings NT\$11,736,286, the legal reserve of NT\$629,465,737 and special reserve of NT\$429,108,736, the distributable earnings for 2018 amounted to NT\$8,957,321,553 resulted to be distributed as follows:
(1) The amounts of NT\$4,751,129,468 out of the 2018 earnings are appropriated for distribution as cash dividends, respectively.
There were 698,695,510 shares of common stock outstanding on December 31, 2018 that are entitled to the distribution of shareholder's dividend at NT\$6.8 per share.
(2) The distribution of cash dividend is calculated to the dollar (round up to the dollar). The total amount of the odd shares with a distribution of less than NT\$1 will be booked as the other income or other expense of the company.
(3) The current distribution of earnings is scheduled before the dividend benchmark date. If there is any change in the yield rate as a result of any change in the company's outstanding shares, a request is to be made in the shareholders' meeting having the Chairman authorized to handle matters related to the changes.
(4) Upon the approval of the Annual General Shareholder's Meeting, it is proposed that the Chairman is authorized to resolve the ex-dividend date and other relevant issues.

Resolution :

3. Discussion Items

Discussion 1

(Proposed by the Board of Directors)

Cause of action : Amendment to the “ Articles of Incorporation ”. Please proceed to discuss.

Explanation : 1. In order to comply with the laws and relevant regulations and to conform to the needs of commercial practice, the company hereby proposes to amend the Articles of Incorporation. Please refer to Attachment V.
2. Please proceed to discuss.

Resolution :

Discussion: 2

(Proposed by the Board of Directors)

Cause of action : Amendment to the “Procedures for Lending Funds to Other Parties”. Please proceed to discuss.

Explanation : 1. In order to comply with the law and relevant regulations and to conform to the needs of commercial practice, the Company hereby proposes to amend the Procedures for Lending Funds to Other Parties . Please refer to Attachment VI.
2. Please proceed to discuss.

Resolution

Discussion: 3

(Proposed by the Board of Directors)

Cause of action : Amendment to the “Procedures For Acquisition or Disposal of Assets”. Please proceed to discuss.

Explanation : 1. The proposal is handled according to Financial Supervisory Commission Order Gin-Guan-Zheng-Fa-Zi No. 1070338553 dated November 26, 2018.
2. In order to comply with the law and relevant regulations and to conform to the needs of commercial practice, the Company hereby proposes to amend the Procedures For Acquisition or Disposal of Assets . Please refer to Attachment VII.

Resolution :

Discussion: 4

(Proposed by the Board of Directors)

Cause of action : Amendment to the “ Procedures for Financial Derivatives Transactions”. Please proceed to discuss.

Explanation : 1. The proposal is handled according to Financial Supervisory Commission Order Gin-Guan-Zheng-Fa-Zi No. 1070338553 dated November 26, 2018.
2. In order to comply with the law and relevant regulations and to conform to the needs of commercial practice, the Company hereby proposes to amend the Procedures For Acquisition or Derivatives Transactions. Please refer to Attachment VIII.

Resolution

4. Other Business and Special Motions

5. Adjournment

ATTACHMENTS

II. Attachments

<Attachment I>

Business Report

Dear shareholders:

2018 Summary of Results

In 2018, Advantech reported consolidated revenues of NT\$ 48.8 billion, an increase of ten percent over the NT\$44.4 billion of 2017. Net income was NT\$6.31 billion and diluted earnings per share were NT\$9.02. Gross profit margin was 38.2 percent, compared with 39.2 percent in 2017, and operating profit margin was 15.3 percent at the same level as a year earlier. Net profit margin was 12.9 percent, from the previous year's 13.9 percent.

By segment, the three major business groups- Embedded IoT, Industrial IoT and Service IoT- all delivered double digit revenue growth in 2018. In US dollar term, Advantech achieved US\$1.6 billion revenues in 2018, up 11.2% from US\$1.45 billion in 2017. The decrease of gross margin was mainly due to component price increase. Thanks to operating efficiency improvement, Advantech sustained operating margin at 15.3% in 2018.

We maintain our positive view for the future of industrial IoT. After several years' development, the overall industrial IoT benefit has become meaningful to customers, especially for manufacturers. In fiscal 2019, we will continue to build our strengths in industrial IoT computing platforms to achieve our target in both revenues and profit growth.

Our Development for IoT

Looking forward, we believe the overall industrial IoT growth pattern will enter into a new era and the hardware and software integration service providers will benefit the most. The WISE-PaaS software platform is designed for industrial IoT users. Our mission is to collaborate with third party partners to introduce SRPs (Solution Ready Package), the software and hardware combination solutions, to facilitate our platform customers in different vertical markets. When the overall industrial IoT application is getting mature, the final winners will be cloud service providers. Advantech intends to support and enable our partners in this area. Also Advantech might participate in the growth through investments.

Given this belief, Advantech host our first IoT Co-Creation Summit in Suzhou in November 2018. Totally we had over 5000 guests together with Advantech to explore the future outlook of the wave II and wave III growth profile of Industrial IoT application. At same time, Advantech also introduced the latest embedded computing platforms and 34 SRPs at the summit. During 2019 and 2020, Advantech will expand WISE-PaaS global footprints and expect to achieve the target of 1,000 WISE-PaaS VIP memberships by 2021.

Strengthening Corporate Governance and Business Leadership

Advantech markets "Advantech" as an industrial brand since the firm start-up and now Advantech has operations in 23 countries around the world. In 2018, Advantech was awarded as the top 5 Taiwan International Brand, the only B2B company at the top 10 Taiwan International Brands. The "Advantech"

brand valued US\$500mn in 2018. To enhance corporate governance and comply with international trend, Advantech transformed our Board Organization from Supervisory Systems to Independent Directors Systems starting since 2017. Our goal is the pursuit of excellence and sustainable operation and Advantech has established its altruistic spirit at the core of its business culture, along with the pursuit of the best and balanced interests of society, shareholders, customers, and employees.

Advantech Co., Ltd.

Chairman K.C. Liu

President Eric Chen

Miller Chang

Linda Tsai

Chief Financial officer Rorie Kang

Audit Committee's Review Report

The Company's 2018 Financial Statements have been agreed by Audit Committee members of the Company and approved by the by the Board of Directors. The CPA firm of Deloitte & Touche was retained to audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements.

The Board of Directors has prepared the Company's 2018 Business Report and proposal for allocation of profits. The 2018 Business Report and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company.

According with Article 14-4 of the securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Advantech Co., Ltd.

Chairman of the Audit Committee : Benson Liu

March 08, 2019

Advantech Co., Ltd.
2018 Profit Distribution Table

Item	Total
Unappropriated retained earnings - beginning	3,797,379,616
Less: Retrospective application and retrospective restatement	(34,001,578)
Adjusted Unappropriated Retained Earnings – Beginning	3,763,378,038
Less: Adjustment of retained earnings due to investments accounted for using the equity method	(14,715,950)
Less: Remeasurements of the defined benefit recognized in retained	(15,687,150)
Less: cumulative profit or loss of disposals of investments in equity instruments designated as at fair value through other comprehensive income directly transferred to retained earnings	(11,736,286)
Adjusted Unappropriated Retained Earnings	3,721,238,652
Add: Net income	6,294,657,374
Less: 10% legal reserve appropriated	(629,465,737)
Less: Special reserve appropriated	(429,108,736)
Current earnings available for distribution	8,957,321,553
Distributions:	
Common stock cash dividend (Dividends Per Share \$6.6)	(4,751,129,468)
Unappropriated retained earnings - ending	4,206,192,085

Chairman: K.C. Liu

President: Eric Chen
Miller Chang
Linda Tsai

Chief Financial officer: Rorie Kang

Advantech Co., Ltd.

Corporate Charter (Articles of Incorporation) Article Amendments Table

After amendment	Before amendment	Remark
<p>Article 1.1 When conducting its business, every company shall comply with the laws and regulations as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities.</p>	Article 1.1	This article added
<p>Article 5.2 The entitled transferees who receive the shares bought by the Company based on Article 167-1 of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements. The entitled transferees who receive share subscription warrants based on Article 167-2 of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements. The employees who are entitled to subscribe new shares or restricted stock issued by the Company based on Article 267 of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements.</p>	Article 5.2	1.This article added 2.According to the governing law and regulations
<p>Article 6.1 Deleted</p>	<p>Article 6.1 The Company may be requested by Taiwan Depository and Clearing Corp. to issue large denomination stocks.</p>	1.This article added 2.According to the governing law and regulations
<p>Article 7 The Company is exempted from having the stock shares printed out after issuance; however, the Company should contact the securities depository and clearing institution for registration.</p>	<p>Article 7 <u>The Company's stock shares are ordered with the signature or seal of three or more directors affixed and numbered; also, are issued after proper certification.</u> The Company is exempted from having the stock shares printed out after issuance; however, the Company should contact the securities depository and clearing institution for registration.</p>	According to the governing law and regulations
<p>Article 13 The company has seven ~ nine directors.Nominated for a term of three years and they are elected from the capable candidates in the shareholders' meeting; also, they can be re-elected. There must be at least two independent directors (not less than one fifth of the total number of directors) out of the number</p>	<p>Article 13 The company has seven ~ nine directors.Nominated for a term of three years and they are elected from the capable candidates in the shareholders' meeting; also, they can be re-elected. There must be at least two independent directors (not less than one fifth of the total number of directors) out of</p>	wording revise

of directors referred to above. The independent directors are to be elected from the candidates in the shareholders' meeting. The professional qualifications of the independent directors, shareholdings, limitation of part-time job, the nomination and appointment method, and other matters to be complied with must be processed according to the relevant provisions of the competent authorities.	the number of directors referred to above. The independent directors are to be elected from the candidates in the shareholders' meeting. The professional qualifications of the independent directors, shareholdings, limitation of part-time job, the nomination and appointment method, and other matters to be complied with must be processed according to the relevant provisions of the competent authorities.	
Article 13.4 The company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.	Article 13.4 The Company may <u>purchase</u> liability insurance for directors throughout the tenure based on their scope of responsibility.	wording revise
Article 14.1 Meetings of the board of directors shall be convened by the chairman of the board of directors. The majority or more of the directors may, by filing a written proposal setting forth therein the subjects for discussions and the reasons, request the chairman of the board of directors to convene a meeting of the board of directors. If the chairman of the board of directors fails to convene a meeting of board of directors within 15 days after the filing of the request under the preceding paragraph, the proposing directors may convene a meeting of board of directors on their own.	Article 14.1 The Company may at any time in case of emergency convene a board meeting and with the directors informed in writing or by E-mail or fax.	1.This article added 2.According to the governing law and regulations
Article 14.2 The Company may at any time in case of emergency convene a board meeting and with the directors informed in writing or by E-mail or fax.	Article 14.2	The original article of § 14-1 moves to § 14-2
Article 15.1 The resolutions of the board of directors, unless otherwise provided by the Company Law and the Corporate Charter, shall be exercised with the consent of a majority of the attending directors at the board meeting that is attended by a majority of the directors. Directors should attend board meetings in person. The director who is unable to attend board meetings in person may authorize another director in writing to attend the board meetings; however, <u>the above mentioned</u> proxy should be issued each time with the scope of authorization detailed to have one and only deputy delegated.	Article 15.1 The resolutions of the board of directors, unless otherwise provided by the Company Law and the Corporate Charter, shall be exercised with the consent of a majority of the attending directors at the board meeting that is attended by a majority of the directors. Directors should attend board meetings in person. The director who is unable to attend board meetings in person may authorize another director in writing to attend the board meetings; however, <u>a</u> proxy should be issued each time with the scope of authorization detailed to have one and only deputy delegated.	wording revise
Article 20 The Company may, by a resolution adopted by a majority vote at the meeting of the Board of Directors attended by two-thirds of total	Article 20 The company's annual profits, if any, should not be less than 5% appropriated as bonus to employees; also, it is to be	wording revise

<p>members, have the profit value not less than 5% of the total Company's surplus (if any) distributable as employees' compensation distributed in the form of shares or in cash. The entitled transferees who receive the compensation include the employees of parents or subsidiaries of the company meeting certain specific requirements. The remuneration for Directors with the maximum value as 1% of the above-mentioned Company's surplus may be distributable by a resolution adopted by the Board of Directors. The proposed bonus to employees and remuneration to directors should be presented in the shareholders' meeting for a resolution. If the company is with accumulated losses, an amount for making up the losses should be reserved in advance before appropriating bonus to employees and remuneration to directors according to the ratio referred to above.</p>	<p>resolved in the board meeting with stock dividend or cash distributed to employees, including employees of the subsidiaries that meet certain conditions. The Company's Board of Directors may determine to appropriate an amount less than 1% of the profits referred to above as remuneration to directors. The proposed bonus to employees and remuneration to directors should be presented in the shareholders' meeting for a resolution. If the company is with accumulated losses, an amount for making up the losses should be reserved in advance before appropriating bonus to employees and remuneration to directors according to the ratio referred to above.</p>	
<p>Article 20.1 The Company's reinvestment may exceed 40% of the paid-in capital and with the board of directors authorized to execute it.</p>	<p>Article 20.1 The Company's reinvestment may exceed 40% of the paid-in capital and with the board of directors authorized to execute it.</p>	<p>According to the actual practice</p>
<p>Article 20.2 The Company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside 10% of such profits as a legal reserve. However when the legal reserve amount has reached the one of the paid-in capital of the Company, this shall not apply. The balance shall be accounted or reversed to special reserve based on legal regulations, and accumulated to undistributed earnings (if any further balance exists after the accounting or reversal). The Board of Directors shall draft the proposal for surplus distribution. Such surplus is distributable by a resolution adopted by the shareholders' meeting if adopt distribution approach in the form of shares, and a resolution adopted by the Board of Director if adopting the approach in cash. The company's dividend policy is formed under the consideration of its future funding demands and long-term financial planning as well as the interests of shareholders to distribute at least 30% of available profits for revenue allocation as dividends to shareholders annually; and among them, the distribution of cash dividends shall not be less than 20% of the total dividend distribution amount of that particular year.</p>	<p>Article 20.2 The company's annual earnings, if any, are subject to paying taxes, making up losses, appropriating 10% legal reserve thereafter or it can be exempted if the legal reserve amount is equivalent to the company's paid-in capital amount. The remaining balance thereafter should be applied to have the special reserve appropriated or reversed lawfully. The board of directors should present a proposal for the distribution of the remaining amount, if any, plus the accumulated unappropriated earnings as shareholders' dividend and bonus in the shareholders' meeting. The company's dividend policy is formed under the consideration of its future funding demands and long-term financial planning as well as the interests of shareholders to distribute at least 30% of available profits for revenue allocation as dividends to shareholders annually; and among them, the distribution of cash dividends shall not be less than 20% of the total dividend distribution amount of that particular year.</p>	<p>According to the governing law and regulations</p>
<p>Article 22 The Corporate Charter (Article of Incorporation) was established on September 25, 1981 (the first time ~ Twentieth are</p>	<p>Article 22 The Corporate Charter (Article of Incorporation) was established on September 25, 1981 (the first time ~</p>	<p>Update the date of the amendment</p>

Advantech Co., Ltd.

Procedures for Lending Funds to Other Parties

After amendment	Before amendment	Remark
<p>Article 3 Lending Counterparts Lending counterparts in need of short-term financing shall be limited to a subsidiary in which the Company holds 50% of the voting shares or companies with the de facto control having the need of short-term financing due to business needs. The phrase “short-term” mentioned above shall mean within one year or a business cycle (whichever is longer). The company capital of foreign companies whose 100% of voting shares are directly or <u>indirectly held by the Company may be loaned to all third parties and each individual company with the total values not exceed 40% of the net worth of the borrower companies, and in a loan applicable duration not longer than 5 years.</u></p>	<p>Article 3 Lending Counterparts Lending counterparts in need of short-term financing shall be limited to a subsidiary in which the Company holds 50% of the voting shares or companies with the de facto control having the need of short-term financing due to business needs. The phrase “short-term” mentioned above shall mean within one year or a business cycle (whichever is longer). Foreign companies, of which the Company directly or indirectly holds 100% of the voting shares, <u>if engaged in the lending business, will be exempt from the restrictions referred to in the first paragraph of Article 4.</u></p>	According to the actual practice
<p>Article 4 Lending Amount and Financing Limit The total values of Company capital loaned to all third parties shall not exceed 20% of the Company’s net value of the current period, <u>while such value shall not exceed 10% to any individual party receiving the loaned Company capital.</u></p>	<p>Article 4 Lending Amount and Financing Limit The total amount lent to others (loanable funds) shall not exceed 20% of the net value of the Company. <u>The total lending amount of an individual borrower shall not exceed 50% of the total amount of loanable funds.</u></p>	According to the actual practice
<p>Article 6 Term of Loan The term of the loan shall be limited to one year. Loans between the Company and its parent company shall be approved by the Board of Directors and authorization may also be given to the Chairman of the Board, within a certain capital limit for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. If the Company has established independent directors, it shall consider the dissenting opinions from all independent directors fully and list the consenting and objecting opinions and their reasons in the meeting minutes of the Board of Directors.</p>	<p>Article 6 Term of Loan The term of the loan shall be limited to one year; <u>however, due to the actual needs, the term of the loan may be extended once prior to expiration with the approval of the Board of Directors.</u> Loans between the Company and its parent company shall be approved by the Board of Directors and authorization may also be given to the Chairman of the Board, within a certain capital limit for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. If the Company has established independent directors, it shall consider the dissenting opinions from all independent directors fully and list the consenting and objecting opinions and their reasons in the meeting minutes of the Board of Directors.</p>	According to the actual practice
<p>Article 14 Procedures for Managing Funds Lent to</p>	<p>Article 14 Procedures for Managing Funds Lent to</p>	According to

<p>Subsidiaries:</p> <p>1. For a subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares and which is not a public company of the Republic of China, these Operational Procedures shall be followed. The net value shall be calculated based on the Company's net value. The Company shall submit the previous month's balance of its loaned funds to Finance Department by the 5th day of each month.</p> <p>2. Internal auditors of the Company shall perform the audit on the lending of funds of the subsidiaries based on the annual audit plan. In the case that a material violation is found, internal auditors shall continuously follow up the improvements and submit the follow-up report to the Board of Directors and the Audit Committee.</p>	<p>Subsidiaries:</p> <p>1. For a subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares and which is not a public company of the Republic of China, these Operational Procedures shall be followed. The net value shall be calculated based on the Company's net value. The Company shall submit the previous month's balance of its loaned funds to Finance Department by the 5th day of each month.</p> <p>2. Internal auditors of the Company shall perform the audit on the lending of funds of the subsidiaries based on the annual audit plan. In the case that a material violation is found, internal auditors shall continuously follow up the improvements and submit the follow-up report to the Board of Directors and the Audit Committee.</p>	<p>the actual practice</p>
<p>Article 15</p> <p>These Procedures were established on May 3, 1997.</p> <p>The 1st amendment was made on May 30, 2002.</p> <p>The 2nd amendment was made on May 2, 2003.</p> <p>The 3rd amendment was made on May 15, 2009.</p> <p>The 4th amendment was made on May 18, 2010.</p> <p>The 5th amendment was made on June 13, 2013.</p> <p>The 6th amendment was made on May 26, 2017.</p> <p><u>The 7th amendment was made on May 28, 2019.</u></p>	<p>Article 15</p> <p>These Procedures were established on May 3, 1997.</p> <p>The 1st amendment was made on May 30, 2002.</p> <p>The 2nd amendment was made on May 2, 2003.</p> <p>The 3rd amendment was made on May 15, 2009.</p> <p>The 4th amendment was made on May 18, 2010.</p> <p>The 5th amendment was made on June 13, 2013.</p> <p>The 6th amendment was made on May 26, 2017.</p>	<p>Update the date of the amendment</p>

Advantech Co., Ltd.

Procedures for the Acquisition or Disposal of Assets

After amendment	Before amendment	Remark
<p>Article 2 The companies shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where <u>financial</u> laws or regulations provide otherwise, such provisions shall govern.</p>	<p>Article 2 The Company shall handle the acquisition or disposal of assets in compliance with these Procedures; provided, where <u>another</u> law or regulation provides otherwise, such provisions shall govern.</p>	<p>According to the governing law and regulations</p>
<p>Article 3 The term "assets" as used in these Regulations includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. <u>Right-of-use assets.</u> 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. <u>Derivatives.</u> 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 9. <u>Other major assets.</u></p>	<p>Article 3 The term "assets" as used in these Procedures includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, rights to <u>use land</u>, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law 8. Other major assets.</p>	<p>According to the governing law and regulations</p>
<p>Article 4 Terms used in these Regulations are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, <u>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</u></p>	<p>Article 4 Terms used in these Procedures are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, <u>and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other</u></p>	<p>According to the governing law and regulations</p>

<p>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.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in</p>	<p>interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	
--	---	--

<p>accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>9.Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>		
<p>Article 5</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>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,</p>	<p>Article 5</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or <u>underwriter's opinions shall not be a related party of any party to the transaction.</u></p>	<p>According to the governing law and regulations</p>

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

<p>accurate, and that they have complied with applicable laws and regulations</p>		
<p>Article 7 The Limit of Investment in Non-business Real Property and Securities The limit of the above assets acquired by the Company and its subsidiaries is set up respectively as follows: 1. The total amount of non-business real property and short-term securities purchased by the Company shall be no more than 30% of the Company's shareholders' equity and the investment of short-term securities shall be no more than 10% of the Company's shareholders' equity. 2. The total amount of non-business real property and short-term securities purchased by each subsidiary of the Company and the respective investment of <u>right-of-use assets or</u> securities shall be no more than each subsidiary's shareholders' equity. 3. The total amount of long-term securities invested by the Company shall be no more than its capital and the investment in a single company (actual invested funds) shall be no more than 40% of the Company's capital. 4. The total amount of long-term securities invested by each subsidiary of the Company and the respective investment in a single company (actual invested funds) shall be no more than its capital.</p>	<p>Article 7 The Limit of Investment in Non-business Real Property and Securities The limit of the above assets acquired by the Company and its subsidiaries is set up respectively as follows: 1. The total amount of non-business real property and short-term securities purchased by the Company shall be no more than 30% of the Company's shareholders' equity and the investment of short-term securities shall be no more than 10% of the Company's shareholders' equity. 2. The total amount of non-business real property and short-term securities purchased by each subsidiary of the Company and the respective investment of <u>short-term</u> securities shall be no more than each subsidiary's shareholders' equity. 3. The total amount of long-term securities invested by the Company shall be no more than its capital and the investment in a single company (actual invested funds) shall be no more than 40% of the Company's capital. 4. The total amount of long-term securities invested by each subsidiary of the Company and the respective investment in a single company (actual invested funds) shall be no more than its capital.</p>	<p>According to the governing law and regulations</p>
<p>Article 8 The Company's acquisition or disposal of assets shall be approved by the Board of Directors under the Company's procedures or other laws or regulations. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee. When a transaction involving the acquisition or disposal of assets is submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall</p>	<p>Article 8 The Company's acquisition or disposal of assets shall be approved by the Board of Directors under the Company's procedures or other laws or regulations. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee. When a transaction involving the acquisition or disposal of assets is submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each</p>	<p>According to the governing law and regulations</p>

<p>take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Major assets or derivatives transactions shall be approved by more than half of all Audit Committee members and reported to the Board of Directors for resolution.</p> <p>If approval of more than half of all Audit Committee members is not obtained, these 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 meeting. The terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</p>	<p>independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Major assets or derivatives transactions shall be approved by more than half of all Audit Committee members and reported to the Board of Directors for resolution.</p> <p>If approval of more than half of all Audit Committee members is not obtained, these 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 meeting. The terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</p>	
<p>Article 9</p> <p>In acquiring or disposing of real property, equipment, or <u>right-of-use</u> assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or <u>right-of-use</u> assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. 2. Where the transaction amount is 	<p>Article 9</p> <p>In acquiring or disposing of real property or equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers 	<p>According to the governing law and regulations</p>

<p>NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>Article 11 Where the company acquires or disposes of intangible assets or <u>right-of-use assets</u> thereof or <u>memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by</p>	<p>Article 11 Where the Company acquires or disposes of <u>memberships</u> or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20.</p>	<p>According to the governing law and regulations</p>

the ARDF.		
<p><u>Article 12</u> The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Paragraph 2 of Article 30, herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p><u>Article 11.1</u> The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Paragraph 2 of Article 30, herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	According to the governing law and regulations
<p><u>Article 13</u> Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	<p><u>Article 12</u> Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	According to the governing law and regulations
<p><u>Article 14</u> When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of <u>Article 12</u>. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11.1 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	<p><u>Article 13</u> When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of <u>Article 11.1</u>. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11.1 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	According to the governing law and regulations
<p><u>Article 15</u> When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, regardless of the amount, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a</p>	<p><u>Article 14</u> When the Company intends to acquire or dispose of real property from or to a related party, regardless of the amount, or when it intends to acquire or dispose of assets other than real property from or to a related party at the amount reaching 20% of the Company’s paid-in</p>	According to the governing law and regulations

<p>related party at the amount reaching 20% of the Company's paid-in capital, 10% of its total assets or NT\$300 million, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members and the Board of Directors:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction. <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31 and "within the preceding year" as used herein refers to the year preceding the date of</p>	<p>capital, 10% of its total assets or NT\$300 million, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members and the Board of Directors:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction. <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 30 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been announced in accordance with these Procedures need</p>	
--	---	--

<p>occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount. With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, <u>or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the company's board of directors may pursuant to Article 9 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p><u>1.Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p><u>2.Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>When a matter is submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, these 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 meeting. The terms “all Audit Committee members” and “all directors” shall be counted as the actual number of persons currently holding those positions.</p>	<p>not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment between the Company and its parent company or subsidiaries, the Company’s Board of Directors may pursuant to Article 9 delegate the Chairman of the Board to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>When a matter is submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, these 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 meeting. The terms “all Audit Committee members” and “all directors” shall be counted as the actual number of persons currently holding those positions.</p>	
<p><u>Article 16</u> The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party shall evaluate the</p>	<p><u>Article 15</u> The Company that acquires real property from a related party shall evaluate the reasonableness of the</p>	<p>According to the governing law and</p>

<p>reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. <p>A public company that acquires real property <u>or right-of-use assets thereof</u> from a related party and appraises the cost of the real property <u>or right-of-use assets thereof</u> in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where a public company acquires real property <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real 	<p>transaction costs by the following means:</p> <ol style="list-style-type: none"> 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property from a related party and appraises the cost of the real property in accordance with Paragraph 1 and Paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion. Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 14 and the preceding three paragraphs do not apply: <ol style="list-style-type: none"> 1. The related party acquired the real property through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property 	<p>regulations</p>
---	---	--------------------

<p>property <u>or right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>4. <u>The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p>	<p>to the signing date for the current transaction.</p> <p>3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p>	
<p><u>Article 17</u></p> <p>When the results of a public company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article <u>18</u>. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin</p>	<p><u>Article 16</u></p> <p>When the results of the Company's appraisal conducted in accordance with Paragraph 1 and Paragraph 2 of the preceding article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article <u>17</u>. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin</p>	<p>According to the governing law and regulations</p>

<p>for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>2. Where a public company acquiring real property, or obtaining real property <u>right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the <u>right-of-use assets thereof</u>.</p>	<p>for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p><u>(3) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p>	
<p><u>Article 18</u> Where a public company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance</p>	<p><u>Article 17</u> Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 15 and Article</p>	<p>According to the governing law and regulations</p>

<p>with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. The Audit Committee shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.</p> <p>3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When a public company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also</p>	<p>16 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. The Audit Committee shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> <p>Engaging in Derivatives Trading</p>	
---	---	--

<p>comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>		
<p><u>Article 19</u> The Companies engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures: 1. Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts. 2. Risk management measures. 3. Internal audit system. 4. Regular evaluation methods and the handling of irregular circumstances.</p>	<p><u>Article 18</u> The Company engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures: 1. Trading Principles and Policies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts. 2. Risk management measures. 3. Internal audit system. 4. Regular evaluation methods and the handling of irregular circumstances.</p>	<p>According to the governing law and regulations</p>
<p><u>Article 20</u> The Company engaging in derivatives trading shall adopt the following risk management measures: 1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks. 2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement. 3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making. 4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors. 5. Other important risk management measures.</p>	<p><u>Article 19</u> The company engaging in derivatives trading shall adopt the following risk management measures: 1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks. 2. The personnel that deal with the transaction of derivatives, make confirmation of these transactions and make settlements of these transactions shall not be the same. 3. The evaluation, supervision and control of risk-related matters also shall be reported by persons from a different department to the Board of Directors or to the high-level managers who are not responsible for setting policies for transactions or position 4. The position held in the trading of derivatives shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be given to high-level managers authorized by the Board of Directors. 5. Other important risk management measures.</p>	<p>According to the governing law and regulations</p>

<p><u>Article 21</u></p> <p>Where a public company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <ol style="list-style-type: none"> 1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. 2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. <p>Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <ol style="list-style-type: none"> 1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company. 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion. <p>The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	<p><u>Article 20</u></p> <p>Where the Company engaging in derivatives trading, its Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <ol style="list-style-type: none"> 1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. 2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance. <p>Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:</p> <ol style="list-style-type: none"> 1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures and the Procedures for Engaging in Derivatives Transactions formulated by the Company. 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the company has independent directors, an independent director shall be present at the meeting and express an opinion. <p>The Company shall report to the soonest board meeting after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Transactions.</p>	<p>According to the governing law and regulations</p>
<p><u>Article 22</u></p> <p>The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article <u>20</u> and subparagraph 2 of</p>	<p><u>Article 21</u></p> <p>The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors' approval dates, and the matters required to be carefully evaluated under Subparagraph 4 of Article <u>19</u> and Subparagraph 2 of</p>	<p>According to the governing law and regulations</p>

<p>paragraph 1, and subparagraph 1 of paragraph 2, of the preceding article shall be recorded in detail in the log book.</p> <p>A public company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.</p>	<p>Paragraph 1 and Subparagraph 1 of Paragraph 2 of <u>Article 20</u> shall be recorded in detail in the log book.</p> <p>A public company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.</p>	
<p><u>Article 23</u></p> <p>The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p>	<p><u>Article 22</u></p> <p>The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, an opinion rendered by an expert on the reasonableness of a merger with subsidiaries whose 100% of shares issued or total capital are directly or indirectly held by the Company or a merger between subsidiaries whose 100% of shares issued or total capital are directly or indirectly held by the Company may be exempted.</p>	<p>According to the governing law and regulations</p>
<p><u>Article 24</u></p> <p>The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the</p>	<p><u>Article 23</u></p> <p>The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in the first paragraph of the</p>	<p>According to the governing law and regulations</p>

<p>preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p> <p>Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p>	<p>preceding article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p> <p>Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p>	
<p><u>Article 25</u></p> <p>A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers</p>	<p><u>Article 24</u></p> <p>A company participating in a merger, demerger, or acquisition shall convene a board meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>A company participating in a transfer of shares shall call a board meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons</p>	<p>According to the governing law and regulations</p>

<p>(or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>2.Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>3.Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.</p>	<p>involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of <u>paragraphs 3 and 4</u>.</p>	
<p><u>Article 26</u> Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under</p>	<p><u>Article 25</u> Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under</p>	<p>According to the governing law and regulations</p>

<p>the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p>	<p>the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p>	
<p><u>Article 27</u> The Companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <ol style="list-style-type: none"> 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities. 2. An action, such as a disposal of major assets, that affects the company's financial operations. 3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price. 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock. 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares. 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. 	<p><u>Article 26</u> The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <ol style="list-style-type: none"> 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities. 2. An action, such as a disposal of major assets, which affects the company's financial operations. 3. An event, such as a major disaster or major change in technology, which affects shareholder equity or share price. 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock. 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares. 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. 	<p>According to the governing law and regulations</p>
<p><u>Article 28</u> The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</p> <ol style="list-style-type: none"> 1. Handling of breach of contract. 2. Principles for the handling of equity-type securities previously issued 	<p><u>Article 27</u> The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</p> <ol style="list-style-type: none"> 1. Handling of breach of contract. 2. Principles for the handling of equity-type securities previously issued 	<p>According to the governing law and regulations</p>

<p>or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</p> <p>3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.</p> <p>4. The manner of handling changes in the number of participating entities or companies.</p> <p>5. Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p>6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</p>	<p>or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</p> <p>3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.</p> <p>4. The manner of handling changes in the number of participating entities or companies.</p> <p>5. Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p>6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</p>	
<p><u>Article 29</u></p>	<p><u>Article 28</u></p>	<p>According to the governing law and regulations</p>
<p>After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p>	<p>After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p>	
<p><u>Article 30</u></p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s)</p>	<p><u>Article 29</u></p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall</p>	<p>According to the governing law and regulations</p>

<p>shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article <u>25</u>, Article <u>26</u>, and the <u>preceding article</u>.</p>	<p>sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article <u>24</u>, Article <u>25</u>, and Article <u>28</u>.</p>	
<p><u>Article 31</u> Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: <ol style="list-style-type: none"> (1). For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. (2). For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 	<p><u>Article 30</u> Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property from or to a related party, regardless of the amount, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. 4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets one of the following requirements: <ol style="list-style-type: none"> (1) The paid-in capital is less than NT\$10 billion and the transaction amount is more than NT\$500 million. (2) The paid-in capital is more than NT\$10 billion and the transaction amount is more than NT\$1 billion. 5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint 	<p>According to the governing law and regulations</p>

<p>billion or more.</p> <p>5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1). Trading of domestic government bonds.</p> <p>(2). Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3). Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount 	<p>construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> (1) Trading of government bonds. (2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of corporate bonds and general financial bonds not involving no equity in the domestic primary market or securities by a securities firm due to business needs or a securities firm recommended for listed companies at the emerging stock market in accordance with the regulations of Taipei Exchange. (3) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises. <p>The amount of transactions above shall be calculated as follows and “Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the regulations need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals 	
--	--	--

<p>of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>(cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date of knowing of the error or omission.</p> <p>The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	
<p><u>Article 32</u> Where any of the following</p>	<p><u>Article 31</u> Where any of the following</p>	

<p>circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Change, termination, or rescission of a contract signed in regard to the original transaction. 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. 3. Change to the originally publicly announced and reported information. 	<p>circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Change, termination, or rescission of a contract signed in regard to the original transaction. 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. 3. Change to the originally publicly announced and reported information. 	
<p>Article 33 Subsidiaries of the Company shall comply with the following regulations:</p> <ol style="list-style-type: none"> 1. A subsidiary of the Company shall acquire or dispose of assets in accordance with these Procedures. 2. Information required to be publicly announced and reported in accordance with the provisions of these Procedures on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company. 3. The paid-in capital or total assets of the public company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, <u>relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 31, paragraph 1.</u> 	<p>Article 32 Subsidiaries of the Company shall comply with the following regulations:</p> <ol style="list-style-type: none"> 1. A subsidiary of the Company shall acquire or dispose of assets in accordance with these Procedures. 2. Information required to be publicly announced and reported in accordance with the provisions of these Procedures on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company. 3. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph requiring a public announcement and regulatory filing in the event the type of <u>transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.</u> 	
<p>These Procedures were established on May 3, 1997. The 1st amendment was made on November 29, 1999. The 2nd amendment was made on May 30, 2002. The 3rd amendment was made on May 2, 2003. The 4th amendment was made on May 27, 2004. The 5th amendment was made on June</p>	<p>These Procedures were established on May 3, 1997. The 1st amendment was made on November 29, 1999. The 2nd amendment was made on May 30, 2002. The 3rd amendment was made on May 2, 2003. The 4th amendment was made on May 27, 2004. The 5th amendment was made on June 16,</p>	<p>Update the date of the amendment</p>

<p>16, 2006. The 6th amendment was made on June 15, 2007. The 7th amendment was made on June 13, 2012. The 8th amendment was made on June 18, 2014. The 9th amendment was made on May 26, 2017. <u>The 10th amendment was made on May 28, 2019.</u></p>	<p>2006. The 6th amendment was made on June 15, 2007. The 7th amendment was made on June 13, 2012. The 8th amendment was made on June 18, 2014. The 9th amendment was made on May 26, 2017.</p>	
--	---	--

Advantech Co., Ltd.**Procedures For Financial Derivatives Transactions**

After amendment	Before amendment	Remark
<p>Article 4 Risk Management Measures</p> <p>1. Credit risk management: Trading partners shall be limited to banks having business dealings with the Company.</p> <p>2. Market risk management: Markets shall be limited to publicly traded foreign exchange markets and exclude futures markets.</p> <p>3. Liquidity risk management: Products with high liquidity (that can square the position in the market at any time) shall be selected to ensure the trading liquidity. Trading financial institutions must have the sufficient information to trade in any market at any time.</p> <p>4. Cash flow risk management: The source of funds used in derivatives transactions shall be limited to the Company's own funds to ensure the stability of working capital.</p> <p>5. Operational risk management:</p> <p>A. The Company shall comply with its authorized amount and operating procedures, and have them reviewed in the internal audit to avoid operational risks.</p> <p>B. The personnel that deal with the transaction of derivatives, make confirmation of these transactions and make settlements of these transactions shall not be the same.</p> <p>C. The evaluation, supervision and control of risk-related matters also shall be reported by persons from a different department to the Board of Directors or to the high-level managers who are not responsible for setting policies for transactions or position.</p> <p>D. The position held in the trading of derivatives shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be given to high-level managers authorized by the Board of Directors.</p> <p>6. Legal risk management: The Company shall have the documents to be signed with financial institutions reviewed by the dedicated person in charge of foreign exchange and legal affairs or legal consultation prior to the official signing in order to avoid legal risks.</p>	<p>Article 4 Risk Management Measures</p> <p>1. Credit risk management: Trading partners shall be limited to banks having business dealings with the Company.</p> <p>2. Market risk management: Markets shall be limited to publicly traded foreign exchange markets and exclude futures markets.</p> <p>3. Liquidity risk management: Products with high liquidity (that can square the position in the market at any time) shall be selected to ensure the trading liquidity. Trading financial institutions must have the sufficient information to trade in any market at any time.</p> <p>4. Cash flow risk management: The source of funds used in derivatives transactions shall be limited to the Company's own funds to ensure the stability of working capital.</p> <p>5. Operational risk management:</p> <p>A. The Company shall comply with its authorized amount and operating procedures, and have them reviewed in the internal audit to avoid operational risks.</p> <p>B. The personnel that deal with the transaction of derivatives, make confirmation of these transactions and make settlements of these transactions shall not be the same.</p> <p>C. The evaluation, supervision and control of risk-related matters also shall be reported by persons from a different department to the Board of Directors or to the high-level managers who are not responsible for setting policies for transactions or position.</p> <p>D. The position held in the trading of derivatives shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be given to high-level managers authorized by the Board of Directors.</p> <p>6. Legal risk management: The Company shall have the documents to be signed with financial institutions reviewed by the dedicated person in charge of foreign exchange and legal affairs or legal consultation prior to the official signing in order to avoid legal risks.</p>	
Article 6	Article 6	

<p>Method of Periodic Evaluation and Abnormality Handling</p> <p>1. The position held in the trading of derivatives shall be evaluated at least twice a month, and the evaluation reports shall be given to high-level managers authorized by the Board of Directors.</p> <p>2. The Board of Directors shall designate senior management personnel to periodically supervise and evaluate whether the trading performance is consistent with established trading procedures and whether the risk undertaken is within the Company's permitted scope of tolerance. When irregular circumstances are found in the course of supervision and evaluation, appropriate measures shall be taken immediately and a report shall be made to the Board of Directors.</p>	<p>Method of Periodic Evaluation and Abnormality Handling</p> <p>1. The position held in the trading of derivatives shall be evaluated at least twice a month, and the evaluation reports shall be given to high-level managers authorized by the Board of Directors.</p> <p>2. The Board of Directors shall designate senior management personnel to periodically supervise and evaluate whether the trading performance is consistent with established trading procedures and whether the risk undertaken is within the Company's permitted scope of tolerance. When irregular circumstances are found in the course of supervision and evaluation, appropriate measures shall be taken immediately and a report shall be made to the Board of Directors.</p>	
<p>Article 7 Internal Audit System</p> <p>Internal auditors shall check the suitability of internal control of derivatives transactions periodically and inspect monthly the compliance of the trading departments with these Procedures and analyze the trading cycle in order to make the auditing report.</p> <p>The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, <u>the Audit Committee</u> shall be notified in writing.</p>	<p>Article 7 Internal Audit System</p> <p>Internal auditors shall check the suitability of internal control of derivatives transactions periodically and inspect monthly the compliance of the trading departments with these Procedures and analyze the trading cycle in order to make the auditing report. The Company shall file the auditing report and the implementing status of annual auditing plans of internal audits to the Exchange Commission of the Ministry of Finance (SEC) before the end of February of next year and also shall report the improvement situation for any abnormal affairs to the SEC before the end of May of next year.</p>	
<p>Article 9</p> <p>These Procedures were established on May 3, 1997.</p> <p>The 1st amendment was made on April 18, 1998.</p> <p>The 2nd amendment was made on May 2, 2003.</p> <p>The 3rd amendment was made on May 24, 2005.</p> <p>The 4th amendment was made on May 18, 2010.</p> <p>The 5th amendment was made on June 18, 2014.</p> <p>The 6th amendment was made on May 26, 2017.</p> <p>The 7th amendment was made on May 28, 2019.</p>	<p>Article 9</p> <p>These Procedures were established on May 3, 1997.</p> <p>The 1st amendment was made on April 18, 1998.</p> <p>The 2nd amendment was made on May 2, 2003.</p> <p>The 3rd amendment was made on May 24, 2005.</p> <p>The 4th amendment was made on May 18, 2010.</p> <p>The 5th amendment was made on June 18, 2014.</p> <p>The 6th amendment was made on May 26, 2017.</p>	<p>Update the date of the amendment</p>

APPENDICES

III. Appendices

< Appendix I >

Corporate Charter (Articles of Incorporation) (Before Amendment)

- Chapter 1 General Rules**
- Article 1** : The Company was organized in accordance with the provisions of the Company Law and was known as “Advantech Co., Ltd.”
- Article 2** : The Company’s business operation is as follows:
1. CC01060 Wire communications machinery and equipment manufacturing
 2. CC01070 Wireless communications machinery and equipment manufacturing
 3. CC01080 Electronic Components Manufacturing
 4. CC01110 Computer and peripheral equipment manufacturing
 5. CE01010 General equipment manufacturing
 6. E605010 Computer equipment installation industry
 7. EZ05010 Instrument and meters installation engineering
 8. I301010 IT software services industry
 9. I301020 Data processing services
 10. I301030 Electronic information supply services
 11. CC01101 RF controlled telecommunications equipment manufacturing
 12. F401021 RF controlled telecommunications equipment importing
 13. IG03010 Energy and Technical Services
 14. CC01030 Electrical appliances and audio-video electronic products manufacturing
 15. F113020 Electrical appliances wholesale
 16. F213010 Electrical appliances retail
 17. ZZ99999 In addition to the licensed businesses, may conduct other businesses that are not prohibited or restricted.
- Article 2.1** : The Company for business needs may conduct the making of endorsement and guarantee.
- Article 3** : The Company’s headquarters is in Taipei and may setup offshore branches with the resolution of the board of directors.
- Article 4** : The Company may have announcements made in accordance with Article 28 of the Company Law.
- Chapter 1 Shares**
- Article 5** : The Company’s total capital amounted to NT\$8 billion with 800 million shares authorized at NT\$10 par. The board of directors is authorized to have stock shares issue separately. For the total capital referred to above, NT\$500 million is reserved for exercising stock option with warrant or bonds with attached warrants. The Company has stock shares transferred to employees at a price below the average repurchase price; also, the transaction prior to the transfer of shares should be presented in the most recent shareholders’ meeting that is attended by the shareholders with a majority shareholding and approved by the attending shareholders with two thirds of the shareholding.
- Article 5.1** : When the Company issuing employee warrants at a price below the Company’s common stock closing price on the issuing date, the transaction of share issuance should be presented in the shareholders’ meeting that is attended by the shareholders with a majority shareholding and approved by the attending shareholders with two thirds of the shareholding.
- Article 6** : Deleted
- Article 6.1** : The Company may be requested by Taiwan Depository and Clearing Corp. to issue

- large denomination stocks.
- Article 7** : The Company's stock shares are ordered with the signature or seal of three or more directors affixed and numbered; also, are issued after proper certification. The Company is exempted from having the stock shares printed out after issuance; however, the Company should contact the securities depository and clearing institution for registration.
- Article 8** : The registration for any change made to the Shareholder Registry should be ceased 60 days prior to the general shareholders' meeting, 30 days prior to the extraordinary shareholders' meeting, or 5 days prior to the Company's deciding to distribute dividends and bonuses or other benefits.
- Chapter 3 Shareholders' meeting**
- Article 9** : Shareholders' meeting includes general shareholders' meeting and extraordinary shareholders' meeting. General shareholders' meeting is held annually and it is convened by the board of directors lawfully six months after the fiscal year. Extraordinary shareholders' meeting is convened when it is necessary.
- Article 10** : Shareholders who are unable to attend the shareholders' meeting in person may have a representative appointed to attend the meeting by issuing the proxy that is printed by the Company with the scope of authorization specified and then signed or sealed. The proxy referred to above is regulated in accordance with the "Regulations for the Use of Proxies for Shareholders' Meeting of Public Companies."
- Article 11** : It is one voting right per share for the shareholders of the Company, except for those subject to restrictions or those who have no voting right according to the Company Law.
- Article 12** : The resolution reached in the shareholders' meeting, unless otherwise provided by law, can be enforced after being presented in the shareholders' meeting that is attended by a majority of shareholders in person or by proxy and approved by the attending shareholders with a majority shareholding.
- Chapter 4 Directors**
- Article 13** : The company has seven ~ nine directors. Nominated for a term of three years and they are elected from the capable candidates in the shareholders' meeting; also, they can be re-elected. There must be at least two independent directors (not less than one fifth of the total number of directors) out of the number of directors referred to above. The independent directors are to be elected from the candidates in the shareholders' meeting. The professional qualifications of the independent directors, shareholdings, limitation of part-time job, the nomination and appointment method, and other matters to be complied with must be processed according to the relevant provisions of the competent authorities.
- Article 13.1** : The exercise of power by the board of directors is as follows:
1. The elaboration of the Corporate Charter
 2. The elaboration of the Company's business plan
 3. The elaboration of the Company's profit distribution
 4. The elaboration of the Company's capital increase and decrease
 5. The review and approval of the Company's budget and the preparation of the Company's final account
 6. The elaboration of the acquisition and disposal of fixed assets by the Company and the investment in other businesses
 7. The powers endowed in accordance with the law and regulations and in the shareholders' meeting
- Article 13.2** : The exercise of power by the audit committee is as follows:
1. Reviewing the operations and financial condition of the Company
 2. Auditing the accounting books and documents of the Company
 3. Other responsibilities assigned in accordance with the law and regulations

- Article 13.3 : The total shares of the Company held by all directors to be processed in accordance with the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” published by the competent authorities.
- Article 13.4 : The Company may purchase liability insurance for directors throughout the tenure based on their scope of responsibility.
- Article 13.5 : The board of directors is authorized to deliberate and determine the remuneration of all directors according to their participation in and contribution to the Company’s business operation and by referring to the remuneration standard of the domestic industry.
- Article 13.6 : The Company has an Audit Committee setup in accordance with Article 14.4 of the Securities Exchange Act, which is organized by all the independent directors. The exercise of power by the Audit Committee and its members and the related matters are to be processed in accordance with the provisions of the competent authorities.
- Article 14 : The Board of Directors is formed by the directors. The Chairman is elected by a majority of the attending directors at the board meeting that is attended by two thirds of the directors.
- Article 14.1 : The Company may at any time in case of emergency convene a board meeting and with the directors informed in writing or by E-mail or fax.
- Article 15 : When the Chairman is unable to exercise powers due to a leave or for other reasons, the matter regarding the deputy of the Chairman should be handled in accordance with Article 208 of the Company Law.
- Article 15.1 : The resolutions of the board of directors, unless otherwise provided by the Company Law and the Corporate Charter, shall be exercised with the consent of a majority of the attending directors at the board meeting that is attended by a majority of the directors. Directors should attend board meetings in person. The director who is unable to attend board meetings in person may authorize another director in writing to attend the board meetings; however, a proxy should be issued each time with the scope of authorization detailed to have one and only deputy delegated.
- Article 16 : Deleted
- Chapter 5** **Managers**
- Article 17 : The Company may have several managers appointed; also, the appointment, dismissal, and remuneration should be processed in accordance with Article 29 of the Company Law.
- Chapter 6** **Accountant**
- Article 18 : The Company’s board of directors shall at the end of each fiscal year have the following composed (1) Business Report (2) Financial Reports (3) Profit Distribution Proposals for acknowledgement in the shareholders’ meeting.
- Article 19 : Deleted
- Article 19.1 : The Company engages in high-tech computer and Internet-related industries and is in the growth stage of the business life cycle. In response to the overall business environment and industry growth characteristics and the pursuit of the Company’s sustainable development, the long-term interests of shareholders, the stable operating performance goal, and the stable growth of earnings per share in accordance with the Company’s future capital expenditure budget and fund needs, the Company’s stock dividend distribution is limited to 75% of the total dividend planned for distribution.
- Article 20 : The company’s annual profits, if any, should not be less than 5% appropriated as bonus to employees; also, it is to be resolved in the board meeting with stock dividend or cash distributed to employees, including employees of the subsidiaries that meet certain conditions. The Company’s Board of Directors may determine to appropriate an amount less than 1% of the profits referred to above as remuneration to directors. The proposed bonus to employees and remuneration to directors should be presented in the shareholders’ meeting for a resolution. If the company is

with accumulated losses, an amount for making up the losses should be reserved in advance before appropriating bonus to employees and remuneration to directors according to the ratio referred to above.

Article 20.1 : The Company's reinvestment may exceed 40% of the paid-in capital and with the board of directors authorized to execute it.

Article 20.2 The company's annual earnings, if any, are subject to paying taxes, making up losses, appropriating 10% legal reserve thereafter or it can be exempted if the legal reserve amount is equivalent to the company's paid-in capital amount. The remaining balance thereafter should be applied to have the special reserve appropriated or reversed lawfully. The board of directors should present a proposal for the distribution of the remaining amount, if any, plus the accumulated unappropriated earnings as shareholders' dividend and bonus in the shareholders' meeting.

The Company's dividend policy is formed under the consideration of its future funding demands and long-term financial planning as well as the interests of shareholders to distribute at least 30% of available profits for revenue allocation as dividends to shareholders annually; and among them, the distribution of cash dividends shall not be less than 20% of the total dividend distribution amount of that particular year.

Chapter 7 Annexes

Article 21 : The matters that are not addressed in the Corporate Charter should be processed in accordance with the Company Law and the related regulations.

Article 22 The Corporate Charter (Article of Incorporation) was established on September 25, 1981 (the first time ~ Twentieth are omitted).

The 21st amendment of the Corporate Charter (Article of Incorporation) was made on May 2, 2003.

The 22nd amendment of the Corporate Charter (Article of Incorporation) was made on May 27, 2003.

The 23rd amendment of the Corporate Charter (Article of Incorporation) was made on May 24, 2005.

The 24th amendment of the Corporate Charter (Article of Incorporation) was made on November 18, 2005.

The 25th amendment of the Corporate Charter (Article of Incorporation) was made on June 16, 2006.

The 26th amendment of the Corporate Charter (Article of Incorporation) was made on June 15, 2007.

The 27th amendment of the Corporate Charter (Article of Incorporation) was made on June 12, 2008.

The 28th amendment of the Corporate Charter (Article of Incorporation) was made on May 15, 2009.

The 29th amendment of the Corporate Charter (Article of Incorporation) was made on May 18, 2010.

The 30th amendment of the Corporate Charter (Article of Incorporation) was made on May 25, 2011.

The 31st amendment of the Corporate Charter (Article of Incorporation) was made on June 13, 2012

The 32nd amendment of the Corporate Charter (Article of Incorporation) was made on June 18, 2014.

The 33rd amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2015.

The 34th amendment of the Corporate Charter (Article of Incorporation) was made on May 25, 2016.

The 35th amendment of the Corporate Charter (Article of Incorporation) was made on May 26, 2017.

The 36th amendment of the Corporate Charter (Article of Incorporation) was made on May 24, 2018.

Advantech Co., Ltd.
Procedures for Lending Funds to Other Parties
(before Amendment)

- Article 1 :** Purpose
These Operational Procedures are established by the Company to regulate the lending of funds to others for the purpose of maintaining the Company's interests.
Matters not specified in these Procedures shall be handled in accordance with related laws and regulations.
- Article 2 :** Scope of Application
The lending activities of the Company shall be in accordance with these Operational Procedures.
The subsidiaries and parent company referred to in these Operational Procedures shall be recognized according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
The Company's financial statements are prepared based on International Financial Reporting Standards. The net value referred in these Operational Procedure shall refer to the owners' equity on the parent company's balance sheet of the Company's financial statements.
- Article 3 :** Lending Counterparts
Lending counterparts in need of short-term financing shall be limited to a subsidiary in which the Company holds 50% of the voting shares or companies with the de facto control having the need of short-term financing due to business needs.
The phrase "short-term" mentioned above shall mean within one year or a business cycle (whichever is longer).
Foreign companies, of which the Company directly or indirectly holds 100% of the voting shares, if engaged in the lending business, will be exempt from the restrictions referred to in the first paragraph of Article 4.
- Article 4 :** Lending Amount and Financing Limit
The total amount lent to others (loanable funds) shall not exceed 20% of the net value of the Company. The total lending amount of an individual borrower shall not exceed 50% of the total amount of loanable funds.
- Article 5 :** Unit in Charge
Unless otherwise specified, the finance unit shall be in charge of lending funds to others.
- Article 6 :** Term of Loan
The term of the loan shall be limited to one year; however, due to the actual needs, the term of the loan may be extended once prior to expiration with the approval of the Board of Directors.
Loans between the Company and its parent company shall be approved by the Board of Directors and authorization may also be given to the Chairman of the Board, within a certain capital limit for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.
If the Company has established independent directors, it shall consider the dissenting opinions from all independent directors fully and list the consenting and objecting opinions and their reasons in the meeting minutes of the Board of Directors.

Article 7 : Methods of Interest Calculation

1. Daily accrual: The amount of interest is calculated by the sum of the daily loan balance (total cumulative amount) multiplied by the annual interest rate and divided by 365. The annual interest rate shall not be less than Bank of Taiwan's base rate on short-term loan +1% or the Company's cost of funds at that time.
2. Unless otherwise stipulated, the interest on loan shall be deducted from the appropriation of the loan.

Article 8 : Procedures for Fund Lending and Detailed Review

1. Application:
 - A. When applying for a loan with the Company, a borrower shall submit the application form or an official letter specifying the amount, term and purpose of the loan to the Company's Finance Department.
 - B. Where a loan is given due to needs arising from business dealings, the finance unit shall evaluate whether the amount of the loan is commensurate with the amount of transactions and in compliance with these Operational Procedures.
 - C. Where a borrower in need of short-term financing applies for a loan, the Company shall evaluate the necessity of financing and investigate the borrower's credit status.
 - D. The loan, after being verified to be feasible upon analysis, shall be submitted to the Chairman of the Board and the board meeting for approval.
2. Credit Investigation and Risk Assessment
 - A. For a first-time borrower, the borrower shall provide basic information and financial information to facilitate the credit investigation.
 - B. For a subsequent borrower, the credit investigation shall be carried out when the borrower applies for the renewal. In case of a major or urgent event, the credit investigation shall be carried out at any time depending on the actual needs.
 - C. If the borrower is in good financial condition and has had the annual financial statements audited by CPAs, the investigation report made for less than a year and the auditors' report may be adopted as the reference.
 - D. When carrying out the credit investigation, the Company shall make a detailed assessment of the impact of the loan on the Company's business operations, financial conditions, and shareholders' equity.
3. Contract Signing and Identity Verification
 - A. The person in charge of lending funds shall fill in the loan contract based on the approved conditions to proceed with the contract signing.
 - B. After the borrower and the joint guarantor sign the loan contract, the person in charge shall perform the procedures for verifying their identities.
4. Appraisal of Collateral Value and Setting of Rights

When applying for a loan, a borrower, after being verified to provide collateral, shall provide a pledge on equivalent real property or securities or the promissory note, which matures on the expected date of repayment and is signed by the joint guarantor, for the Company as security. When the joint guarantor is a company or a firm, the Company shall examine whether its articles of incorporation and minutes of the board meeting permit the guarantee.
5. Insurance

Except for land and securities, fire insurance and related insurance shall be purchased for other collaterals at the amount not less than the collateral in pledge. The Company shall be specified as the beneficiary in the insurance policy. The name, quantity, place of storage, and insurance conditions and endorsements of the subject specified in the insurance policy shall be consistent with the loan conditions approved by the Company.

The person in charge shall notify the borrower of a renewal before the term of

the insurance expires.

6. Appropriation

The loan will be appropriated after a borrower sign the contract, submit the promissory note, set the mortgage, and purchase the insurance.

7. Account Keeping

When the Company completes the procedures for lending each fund, Finance Department shall make an entry for collateral or credit guarantee obtained.

8. The Company shall establish a log book for its loan activities and record in detail the following information for future reference: the entity to which the loan is given, the amount, the date of passage by the Board of Directors, the date the loan is appropriated, and matters to be evaluated in accordance with Article 7.

9. If, due to changes of circumstances, the party to whom the Company gives a loan no longer satisfies the criteria set forth herein, or the balance of a loan exceeds the limits, a corrective plan shall be provided to the Audit Committee and the proposed corrections shall be implemented within the period specified in the plan.

Article 9 : Control Actions upon the Loans

Upon the release of the funds, the Company shall pay attention to the borrower's and guarantor's financial, business and credit status, etc. In cases involving collateral, the Company shall pay attention to its guarantee value and any change thereto. In case of a major change, the Chairman of the Board shall be notified immediately and appropriate measures shall be taken based on the instructions.

Article 10 : Cancellation of Mortgage

When a borrower applies for the cancellation of mortgage, the Company shall ascertain whether the loan and interest have been paid back in full. The cancellation of mortgage may be handled after the borrower has paid back the loan and interest in full.

Article 11 : Procedures for Disposing of Overdue Debts

A borrower shall pay back the loan and interest within the time limit.

Unless the borrower has put forward a proposal to extend the term of the loan for less than a year with the approval of the Board of Directors, if the borrower fails to pay back the loan and interest within the time limit as scheduled, the Company may dispose of the collateral or lodge a claim with the guarantor in accordance with the law. The above proposal to extend the term of the loan can only be made once.

Article 12 : Procedures for Announcement and Report

1. The Company shall announce and report the balance of loaned funds by the Company and its subsidiaries in the preceding month in Market Observation Post System, before the 10th day of the month. If the loan meets any of the following circumstances stipulated in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it shall be reported in Market Observation Post System within two days upon occurrence of the fact, the date of occurrence to be counted as the first day:

- (1) The balance of the loaned funds by the Company and its subsidiaries exceeds 20% of the net value of the Company, as specified in its latest financial statement.
- (2) The balance of funds lent to any single entity by the Company and its subsidiaries exceeds 10% of the net worth of the Company, as specified in its latest financial statement.
- (3) The increase of new loans by the Company or its subsidiaries reaches NTD10 million or more, or is more than 2% of the net worth of the Company, as specified in its latest financial statement.

“Date of occurrence” in these Operational 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 transaction, whichever date is earlier.

2. The Company shall announce and report on behalf of any of its subsidiaries that are not a domestic public company any matters that such subsidiary is required to announce and report pursuant to the 3rd subparagraph in the preceding paragraph.
3. The Company shall evaluate the status of loans of funds, and shall set aside sufficient allowance for bad debts. It shall also adequately disclose relevant information in its financial reports and provide the certifying CPAs with relevant materials for the performance of necessary audit procedures.

Article 12.1

Penalty for Violation of These Procedures by Managers and Persons-in-charge
In accordance with the Company's personnel management regulations and employee handbook, managers and persons-in-charge who violate these Operational Procedures shall be punished based on the severity of violation.

Article 13

Implementation and Amendment

These Operational Procedures shall be approved by the Board of Directors and then sent to the Audit Committee and proposed at the shareholders' meeting for approval. If any director expresses objection on the record or in a written statement, the Company shall submit the objection to the Audit Committee and the shareholders' meeting for discussion any amendment hereto is subject to the same procedures.

If the Company has established independent directors, when submitting these Operational Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, it shall consider the dissenting opinions from all independent directors fully and list the consenting and objecting opinions and their reasons in the meeting minutes of the Board of Directors.

Article 14

Procedures for Managing Funds Lent to Subsidiaries:

1. For a subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares and which is not a public company of the Republic of China, these Operational Procedures shall be followed. The net value shall be calculated based on the Company's net value. The Company shall submit the previous month's balance of its loaned funds to Finance Department by the 5th day of each month.
2. Internal auditors of the Company shall perform the audit on the lending of funds of the subsidiaries based on the annual audit plan. In the case that a material violation is found, internal auditors shall continuously follow up the improvements and submit the follow-up report to the Board of Directors and the Audit Committee.

Article 15

These Procedures were established on May 3, 1997.

The 1st amendment was made on May 30, 2002.

The 2nd amendment was made on May 2, 2003.

The 3rd amendment was made on May 15, 2009.

The 4th amendment was made on May 18, 2010.

The 5th amendment was made on June 13, 2013.

The 6th amendment was made on May 26, 2017.

Advantech Co., Ltd.
Procedures for the Acquisition or Disposal of Assets
(before Amendment)

- Chapter I** General Principles
- Article 1** : The Company's Procedures for the Acquisition and Disposal of Assets (these Procedures) are established in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the regulations of Financial Supervisory Commission (the FSC).
- Article 2** : The Company shall handle the acquisition or disposal of assets in compliance with these Procedures; provided, where another law or regulation provides otherwise, such provisions shall govern.
- Article 3** : The term "assets" as used in these Procedures includes the following:
1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
 3. Memberships.
 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 6. Derivatives.
 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law
 8. Other major assets.
- Article 4** : Terms used in these Procedures are defined as follows:
1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
 3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.
 5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required,

the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 5 : Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Chapter II Disposition Procedures

Section 1 Establishment of Disposition Procedures

Article 6 : After these Procedures have been approved by more than half of all Audit Committee members and the Board of Directors, they shall be submitted to the shareholders' meeting for approval; the same applies when these Procedures are amended. When these Procedures are reported to the Board of Directors for discussion, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. When these Procedures are adopted or amended, they 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, these 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 meeting. The terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

Article 7 : The Limit of Investment in Non-business Real Property and Securities
The limit of the above assets acquired by the Company and its subsidiaries is set up respectively as follows:

1. The total amount of non-business real property and short-term securities purchased by the Company shall be no more than 30% of the Company's shareholders' equity and the investment of short-term securities shall be no more than 10% of the Company's shareholders' equity.
2. The total amount of non-business real property and short-term securities purchased by each subsidiary of the Company and the respective investment of short-term securities shall be no more than each subsidiary's shareholders' equity.
3. The total amount of long-term securities invested by the Company shall be no more than its capital and the investment in a single company (actual invested funds) shall be no more than 40% of the Company's capital.
4. The total amount of long-term securities invested by each subsidiary of the Company and the respective investment in a single company (actual invested funds) shall be no more than its capital.

Article 8 : The Company's acquisition or disposal of assets shall be approved by the Board of Directors under the Company's procedures or other laws or regulations. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

When a transaction involving the acquisition or disposal of assets is submitted to the Board of Directors for discussion pursuant to the preceding

paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Major assets or derivatives transactions shall be approved by more than half of all Audit Committee members and reported to the Board of Directors for resolution.

If approval of more than half of all Audit Committee members is not obtained, these 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 meeting. The terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

Section 2 Acquisition or Disposal of Assets

Article 9 : In acquiring or disposing of real property or equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 10 : Procedures for Acquisition or Disposal of Securities

1. Evaluation and Operating Procedures

The transaction processes of securities shall be handled in accordance with the operating procedures for investment circulation in the Company's internal control system.

2. Procedures for Determining Trading Terms and Conditions and Authorization Limit

- (1) The trading terms and conditions and authorization limit of securities traded on the Taiwan Stock Exchange (TWSE) or on the

GreTai Securities Market (GTSM) shall be determined by the responsible unit based on the market condition and the Company's authorization limit and handled by the related unit supervisors. The amount of each transaction exceeding NT\$300 million shall be reported to the Board of Directors for approval.

(2) The trading terms and conditions and authorization limit of securities not traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) shall be determined by the Company by obtaining financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the trading price and taking into account the net value per share, profitability, and trend of future development and handled by the related unit supervisors. The amount of each transaction exceeding NT\$300 million shall be reported to the Board of Directors for approval.

(3) The acquisition of money market funds with fixed income shall be approved by the authorized financial officer.

3. Units Responsible for Implementation

After the investment in securities is approved based on the authorization limit of the Company, the finance unit is responsible for implementation.

4. Expert Opinion

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.

(1) Securities acquired through cash contribution in an incorporation by promotion or by public offering.

(2) Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with this Corporation as a sponsor of the issue.

(3) Securities issued by an investee company wholly invested by this Corporation that is carrying out a cash capital increase, with this Corporation as a sponsor of the issue.

(4) Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks.

(5) Government bonds or bonds in repurchase or reverse purchase agreements.

(6) Domestic funds or overseas funds.

(7) TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.

(8) Securities acquired through this Corporation's sponsorship of a cash

capital increase by a public company, when the securities acquired are not privately placed.

(9) Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act and the Financial Supervisory Commission's 1 November 2004 Order No. Financial-Supervisory-Securities-IV-0930005249.

(10) Subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 11 : Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20.

Article 11.1 : The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Paragraph 2 of Article 30, herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 12 : Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Section 3 Related Party Transactions

Article 13 : When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 11.1.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11.1 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 14 : When the Company intends to acquire or dispose of real property from or to a related party, regardless of the amount, or when it intends to acquire or dispose of assets other than real property from or to a related party at the amount reaching 20% of the Company's paid-in capital, 10% of its total assets or NT\$300 million, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members and the Board of Directors:

1. The purpose, necessity and anticipated benefit of the acquisition or

- disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.
 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
 7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 30 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been announced in accordance with these Procedures need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between the Company and its parent company or subsidiaries, the Company’s Board of Directors may pursuant to Article 9 delegate the Chairman of the Board to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

When a matter is submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, these 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 meeting. The terms “all Audit Committee members” and “all directors” shall be counted as the actual number of persons currently holding those positions.

Article 15 : The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. “Necessary interest on funding” is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The Company that acquires real property from a related party and appraises the cost of the real property in accordance with Paragraph 1 and Paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion. Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 14 and the preceding three paragraphs do not apply:

1. The related party acquired the real property through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

Article 16 : When the results of the Company's appraisal conducted in accordance with Paragraph 1 and Paragraph 2 of the preceding article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 17. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - (3) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized

parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

- Article 17** : Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 15 and Article 16 are uniformly lower than the transaction price, the following steps shall be taken:
1. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
 2. The Audit Committee shall comply with Article 218 of the Company Act.
 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
- When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.
- Section IV**
Article 18 : **Engaging in Derivatives Trading**
- The Company engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:
1. Trading Principles and Policies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.
 2. Risk management measures.
 3. Internal audit system.
 4. Regular evaluation methods and the handling of irregular circumstances.
- Article 19** : The company engaging in derivatives trading shall adopt the following risk management measures:
1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.
 2. The personnel that deal with the transaction of derivatives, make confirmation of these transactions and make settlements of these transactions shall not be the same.
 3. The evaluation, supervision and control of risk-related matters also shall be reported by persons from a different department to the Board of Directors or to the high-level managers who are not responsible for setting policies for transactions or position

4. The position held in the trading of derivatives shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be given to high-level managers authorized by the Board of Directors.
5. Other important risk management measures.

Article 20 : Where the Company engaging in derivatives trading, its Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures and the Procedures for Engaging in Derivatives Transactions formulated by the Company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the company has independent directors, an independent director shall be present at the meeting and express an opinion.

The Company shall report to the soonest board meeting after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Transactions.

Article 21 : The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors' approval dates, and the matters required to be carefully evaluated under Subparagraph 4 of Article 19 and Subparagraph 2 of Paragraph 1 and Subparagraph 1 of Paragraph 2 of Article 20 shall be recorded in detail in the log book.

A public company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.

Section V
Article 22 : Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares
The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, an opinion rendered by an expert on the reasonableness of a merger with subsidiaries whose 100% of shares issued or total capital are directly or indirectly held by the Company or a merger between subsidiaries whose 100% of shares issued or total capital are directly or indirectly held by the Company may be exempted.

Article 23 : The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or

acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in the first paragraph of the preceding article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 24 : A company participating in a merger, demerger, or acquisition shall convene a board meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

Article 25 : Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public

disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 26 : The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, which affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 27 : The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 28 : After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 29 : Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to

Chapter III
Article 30 : Public Disclosure of Information

abide by the provisions of Article 24, Article 25, and Article 28.

Public Disclosure of Information

Procedures for Public Disclosure of Information

Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real property from or to a related party, regardless of the amount, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets one of the following requirements:
 - (1) The paid-in capital is less than NT\$10 billion and the transaction amount is more than NT\$500 million.
 - (2) The paid-in capital is more than NT\$10 billion and the transaction amount is more than NT\$1 billion.
5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (1) Trading of government bonds.
 - (2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of corporate bonds and general financial bonds not involving no equity in the domestic primary market or securities by a securities firm due to business needs or a securities firm recommended for listed companies at the emerging stock market in accordance with the regulations of Taipei Exchange.
 - (3) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.

The amount of transactions above shall be calculated as follows and “Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the regulations need not be counted toward the transaction amount.

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

“Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date of knowing of the error or omission.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

Article 31 : Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 32 : Subsidiaries of the Company shall comply with the following regulations:

1. A subsidiary of the Company shall acquire or dispose of assets in accordance with these Procedures.
2. Information required to be publicly announced and reported in accordance with the provisions of these Procedures on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company.
3. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

Article 33 : These Procedures were established on May 3, 1997.
The 1st amendment was made on November 29, 1999.
The 2nd amendment was made on May 30, 2002.

The 3rd amendment was made on May 2, 2003.
The 4th amendment was made on May 27, 2004.
The 5th amendment was made on June 16, 2006.
The 6th amendment was made on June 15, 2007.
The 7th amendment was made on June 13, 2012.
The 8th amendment was made on June 18, 2014.
The 9th amendment was made on May 26, 2017.

Advantech Co., Ltd.
Procedures for Financial Derivatives Transactions
(before Amendment)

Article 1 : Purpose

1. These Procedures are enacted to establish the risk management system for derivative transactions for the purpose of fulfilling information disclosure and protecting investors.
2. These Procedures are enacted in accordance with Article 36.1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. Matters not specified in these Procedures shall be handled in accordance with related laws and regulations.

Article 2 : Trading Principles and Policies

1. Type of transactions: The type of derivatives transactions which the Company engages in is limited to forward contracts and options. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Operational or hedging and strategies: The Company shall engage in derivatives transactions for the purpose of avoiding exchange risks arising from the operations, foreign currency assets and liabilities, and derivative financial transactions.

3. Division of responsibilities:

A. Finance Department: Finance Department is responsible to manage foreign exchange operations, collect market information, determine the market trend and risks, and get familiar with financial products and operational skills. In addition, Finance Department shall manage the position in foreign exchange and avoid foreign exchange risks based on the Company’s policies and authorization.

B. Accounting Department: Accounting Department is responsible to control the Company’s overall position in foreign exchange and settle realized and unrealized exchange gains and losses on a regular basis in order to facilitate the hedging operations engaged by Finance Department. In addition, Accounting Department shall keep account based on settlement vouchers and transaction-related documents.

C. Audit Department: Audit Department is responsible to make a determination of the suitability of internal controls on derivatives, conduct the audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, analyze the trading cycle, and prepare an audit report. If any material violation is discovered, the Board of Directors shall be notified.

4. Performance Evaluation: The Company shall record the detail of derivatives operations (including amount, exchange rate, bank, and due date) in the transaction list on a daily basis to control the profit and loss; in addition, the Company shall settle the exchange gains and losses on a monthly, quarterly, semi-yearly, and yearly basis.

5. Total amount of contracts and the upper limit of loss for all and individual contracts:

Hedging Operation

The total amount of contracts which the Company may engage in is limited to 75% of the balance of cash, accounts receivable and accounts payable in foreign currency plus the net position in foreign currency for the next six months. The upper limit of loss for all and individual contracts is 50% of the amount of contracts.

Transactional Operation

The Company does not engage in transactional operations.

Article 3 : Operational Procedures

1. Level of authorized amount: The level of the authorized amount is set up based on changes in the Company's revenue and accumulated net position:

Level Daily Amount of Transaction Authorized Amount of Internal Approval

1. Chairman		US\$20 million or more
2. President and CFO	US\$10 million or more	US\$20 million (inclusive)
3. Financial Officer	US\$10 million(inclusive)	US\$10 million (inclusive)
4. Financial Manager	US\$ 5 million (inclusive)	-

2. Implemented by: The designated person of Finance Department.

3. Operating procedures are described below:

- A. A trader of Finance Department shall place an order with a bank within the authorized amount. If the value of a transaction exceeds the authorized amount stipulated in Article 3 of these Procedures, the trader shall obtain the prior written approval of decision-making supervisors.
- B. After the transaction is confirmed, the trader shall fill in the Transaction Form based on the deal closed with the bank to ensure the validity of the transaction.
- C. When the confirmation documents regarding foreign exchange transactions are to be sealed, the approved Instruction on Foreign Exchange Transactions shall be attached as well.
- D. When an exchange gain or loss occurs in the settlement of the foreign exchange transaction, the person in charge of the settlement shall collect the payment based on the approved Instruction on Foreign Exchange Transactions, Foreign Exchange Transaction Form and Forward Foreign Exchange Settlement Form, which are used as the basis of account keeping.
- E. Finance Department shall compile the Monthly Report on Foreign Exchange Transactions and submit it to Accounting Department to be used as the basis of accounting evaluation.

Article 4 : Risk Management Measures

1. Credit risk management: Trading partners shall be limited to banks having business dealings with the Company.
2. Market risk management: Markets shall be limited to publicly traded foreign exchange markets and exclude futures markets.
3. Liquidity risk management: Products with high liquidity (that can square the position in the market at any time) shall be selected to ensure the trading liquidity. Trading financial institutions must have the sufficient information to trade in any market at any time.
4. Cash flow risk management: The source of funds used in derivatives transactions shall be limited to the Company's own funds to ensure the stability of working capital.
5. Operational risk management:
 - A. The Company shall comply with its authorized amount and operating procedures, and have them reviewed in the internal audit to avoid operational risks.
 - B. The personnel that deal with the transaction of derivatives, make confirmation of these transactions and make settlements of these transactions shall not be the same.
 - C. The evaluation, supervision and control of risk-related matters also shall be reported by persons from a different department to the Board of Directors or to the high-level managers who are not responsible for setting policies for transactions or position.
 - D. The position held in the trading of derivatives shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be

given to high-level managers authorized by the Board of Directors.

6. Legal risk management: The Company shall have the documents to be signed with financial institutions reviewed by the dedicated person in charge of foreign exchange and legal affairs or legal consultation prior to the official signing in order to avoid legal risks.

Article 5 : Procedures for Handling Accounting

The Company shall handle accounting in accordance with the financial and accounting reporting standards and related regulations stipulated by competent authorities.

Article 6 : Method of Periodic Evaluation and Abnormality Handling

1. The position held in the trading of derivatives shall be evaluated at least twice a month, and the evaluation reports shall be given to high-level managers authorized by the Board of Directors.

2. The Board of Directors shall designate senior management personnel to periodically supervise and evaluate whether the trading performance is consistent with established trading procedures and whether the risk undertaken is within the Company's permitted scope of tolerance. When irregular circumstances are found in the course of supervision and evaluation, appropriate measures shall be taken immediately and a report shall be made to the Board of Directors.

Article 7 : Internal Audit System

Internal auditors shall check the suitability of internal control of derivatives transactions periodically and inspect monthly the compliance of the trading departments with these Procedures and analyze the trading cycle in order to make the auditing report. The Company shall file the auditing report and the implementing status of annual auditing plans of internal audits to the Exchange Commission of the Ministry of Finance (SEC) before the end of February of next year and also shall report the improvement situation for any abnormal affairs to the SEC before the end of May of next year.

Article 7.1 : Information Disclosure:

The Company shall report the information on Market Observation Post System in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies

If a subsidiary of the Company, which is not itself a public company in Taiwan, has information required to be reported on Market Observation Post System in accordance with the regulations of the preceding paragraphs, such information shall be reported by the Company.

Article 7.2 : Deleted.

Article 8 : Implementation and Amendment

These Procedure shall be submitted to the Audit Committee and the shareholders' meeting for approval after the resolution of the Board of Directors; the same procedure shall apply with any amendment. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee. Where the position of independent director has been created by the Company, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board meeting.

Article 9 : These Procedures were established on May 3, 1997.

The 1st amendment was made on April 18, 1998.

The 2nd amendment was made on May 2, 2003.

The 3rd amendment was made on May 24, 2005.

The 4th amendment was made on May 18, 2010

The 5th amendment was made on June 18, 2014.

The 6th amendment was made on May 26, 2017.

Current Shareholding of Directors

1. The paid-in capital of the Company is NTD 6,990,755,100 , with a total of 699,075,510 outstanding shares.
2. According to Article 26 of the Securities and Exchange Act, the minimum number of shares to be held by the entire directors is 22,370,416 shares.
3. As of the date for suspending the share transfer for this shareholders meeting, the shareholding of each individual and entire directors stipulated in the shareholders roster is as follows:

March 30, 2019

Title	Name	Representative	Shareholding on the shareholder's registry	
			Shares	% Ratio (%)
Chairman	K.C. Liu		25,620,886	3.67%
Director	Advantech Foundation.	Chaney Ho	20,288,715	2.90%
Director	AIDC Investment Corp.	Donald Chang	82,097,182	11.74%
Director	Ted Hsu		0	0
Independent Director	Jeff Chen		0	0
Independent Director	Joseph Yu		273	0
Independent Director	Benson Liu		0	0
Total			128,007,056	18.31%