

The Procedure of Making Endorsements or Guarantees

Amended by the Shareholders' Meetings on May 30, 2019

Chapter I General Principle

Article 1

Making endorsements or guarantees of the Company shall be handled in compliance with the procedure.

Article 2

The term "endorsements or guarantees" as used in these Regulations refers to the following:

1. Financing endorsements or guarantees, including:
 - (1) Bill discount financing.
 - (2) Endorsement or guarantee made to meet the financing needs of another company including a pledge or mortgage on its chattel or real property as security for the loans.
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Article 3

The Company may make endorsements or guarantees for the following companies:

1. Companies with which it does business.
2. Companies in which the Company directly or indirectly holds more than fifty percent (50%) of their total outstanding shares with voting rights.
3. Companies which directly or indirectly hold more than fifty percent (50%) of the Company's total outstanding shares with voting rights.
4. The companies which participating business contracting projects, in which the Company and the foresaid companies having the same business scope of the Company fulfill their contractual obligations by

providing mutual guarantees/endorsements for each other; or the companies which participating business contracting projects, in which the Company and the foresaid companies are co-initiative builders of the construction project and fulfill their contractual obligations by providing mutual guarantees/endorsements for each other.

5. The companies in which their shareholders, including the Company, jointly make investment; provided that such endorsement and/ or guarantee shall be made in proportion to the shareholding percentages of each shareholder in the invested company. “Investment” in this subparagraph means that the Company invests in the company directly or through its subsidiaries in which the Company holds one hundred percent (100%) of their total outstanding shares with voting rights.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Chapter II Operation Procedures

Article 4

Limitation on the total outstanding amount of making endorsements or guarantees of the Company and its subsidiaries:

1. The aggregate amount of making endorsements or guarantees shall not exceed 1.3 times of the net value of the Company.
2. For any one endorsee or guarantee, the amount shall not exceed 50% of the aggregate amount above.
3. The total outstanding amount of endorsement to each of the companies, which has a business relationship with the Company, shall not exceed the total transaction amount between the two parties. The foresaid “total transaction amount” shall be the total purchasing or selling amount, whichever is higher.

Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements or Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements or Guarantees are complied with, it shall

obtain approval from the Board of Directors and half or more of the Directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement or guarantee. It shall also amend the Operational Procedures for Endorsements or Guarantees accordingly and submit the same to the Shareholders' Meeting for ratification after the fact. If the Shareholders' Meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.

Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of the Procedures, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee and to the Board of Directors for a resolution, and shall complete the rectification according to the timeframe set out in the plan.

Article 5

Any endorsement or guarantee made by the Company shall be approved by the Board of Directors. Alternatively, the Board of Directors can authorize the Chairman to approve, in advance, any endorsement or guarantee within a certain amount without the approval of the Board of Directors. After that, the Chairman needs to submit the results for ratification to the Board of Directors.

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

Major endorsement/guarantee provided by the Company requires approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If the approval by more than half of all Audit Committee members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

When the Company provide endorsements or guarantees to a subsidiary in which the Company directly or indirectly holds more than ninety percent (90%) of their total outstanding shares with voting rights, conducted in compliance with Paragraph 2 of Article 3, should also be approved by the Board of Directors of the Company, exclusively for these

companies in which the Company directly or indirectly holds one hundred percent (100%) of their total outstanding shares with voting rights.

Article 6

Before making endorsement or guarantee, the responsible division shall assess necessity, reasonableness, risk, and the impact on the Company's financial condition and shareholders' equity and the assessment shall be placed on record. If it is deemed necessary, the Company shall require collateral for the endorsement or guarantee from the endorsee or guarantee. The assessment report of making the endorsement or guarantee to that company, containing the counterparty, kind of endorsement or guarantee, reasons for providing endorsement or guarantee and amount, shall be submitted to Chairman for approval. Each month, the finance department shall key in data of each new endorsement or guarantee or the cancellation of each endorsement or guarantee into the ERP system for controlling and shall print out the detailed list hereof in lieu of the reference book.

If the Company makes endorsements or guarantees for the subsidiary in which the company's net value is less than one second (1/2), the responsible division shall make assessment again quarterly.

Article 7

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements or guarantees. The chop shall be kept in the custody of a designated person approved by the Board of Directors and the same procedure shall be followed for any future changes to the designated person. The chop may be used to seal or issue negotiable instruments only in prescribed procedures. When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by Chairman or President authorized by the Board of Directors.

Article 8

The internal auditors shall audit the execution of the endorsement or guarantee operation no less frequently than quarterly and prepare written records accordingly. During the auditing, any violation(s), if applicable, shall be corrected. If any serious violation is found, the responsible

personnel shall be penalized in accordance with the related rules of the Company. They shall promptly notify the Audit Committee in writing of any material violation found.

Article 9

The controlling procedures of the Company for making endorsements or guarantees by the subsidiaries of the Company:

1. When the subsidiaries intend to provide endorsements/guarantees to other companies, the Company shall require its subsidiaries to establish relevant procedures for providing endorsement/guarantee to other companies in accordance with the requirements of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Company” and to comply with such procedures.
2. The subsidiaries shall compile and submit the schedule which includes the details of endorsement/guarantee made in the previous month to the Company for review by the fifth day of the current month.
3. If any material violation is found by the internal auditors of the subsidiaries, the subsidiaries shall deliver a written notice to the Company of this kind of violation. The Company shall know how the subsidiary deals with the violations(s), admonish the subsidiary to improve and keep itself informed of the improvement results.

Chapter III Standards and Procedures of Information Disclosure

Article 10

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

Article 11

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report. The percentage of the balance of endorsements or guarantees over the Company's net worth for a subsidiary shall be calculated by the ratio of the subsidiary's balance

of endorsements or guarantees to the Company's net worth.

Article 12

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

Chapter V Supplemental Provisions

Article 13

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

The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall first be approved by more than half of all Audit committee members. If the approval by more than half of all Audit Committee members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.