

Tone Hsing Electronic Industries, Ltd.
Regulations Governing Loaning of Funds and Making of
Endorsements/Guarantees

Chapter 1: General Provisions

Article 1: Basis for adoption:

The Regulations is adopted pursuant to Article 36-1 of the Securities and Exchange Act (the "Act") and "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" for compliance therewith.

Article 2: Purpose for adoption:

A Company shall comply with the Regulations when making loans to and endorsements/guarantees for others; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 3: Under Article 15 of the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

1. The Company has the business transaction with companies or firms calls for a loan arrangement; or
2. There has short-term financing facility is necessary between the Company and companies or firms, provided that such financing amount shall not exceed 40 percent of the lender's net worth.

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

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

The restriction in paragraph 1, subparagraph 2 shall not apply to the loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares. However, the Company shall still prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans.

When a responsible person of the Company violates paragraph 1 or the proviso of the preceding paragraph, the responsible person shall bear joint and several liability with

the borrower for repayment; if the Company suffers damage, the responsible person also shall be liable for damages.

Article 4: The term "endorsements/guarantees" as used in the Regulations refers to the following:

- I. Financing endorsements/guarantees, including:
 1. Bill discount financing.
 2. Endorsement or guarantee made to meet the financing needs of another company.
 3. Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
- II. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
- III. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Regulations.

Article 5: The Company may make endorsements/guarantees for the following companies:

- I. A company that has business with the Company.
- II. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- III. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.

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

The Company made endorsements/ guarantees for jointly invested company in proportion to its shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

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

Article 6: "Subsidiary" and "parent company" as referred to in the Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

Article 7: The term "announce and report" as used in the Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

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

Article 8: Any amendments of the Regulations shall approve by a resolution of the board of directors, and submit it for approval by the audit committee and shareholders' meeting respectively; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to audit committee and for discussion by the shareholders' meeting.

Where the Company has appointed independent directors, when it submits it's the Regulations for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the board of directors meeting.

Where the Company has established an audit committee, when it amends its Regulations, the amended procedures shall require the approval of one-half or more of all audit committee members, and furthermore shall be submitted for a resolution by the board of directors.

If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Regulations may be implemented if

approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Chapter 2 Formulation of Operation Procedures

Section I Loans of Funds to Others

Articles 9: The Company shall comply with the following provisions when making loans to others.

Articles 9-1: Entities to which the Company may loan funds shall comply with the provisions of Article 3 of the Regulations.

Article 9-2: Evaluation standards for loaning funds to others:

1. Where funds are loaned for reasons of business dealings.
2. Where short-term financing is needed, entities to which the Company may loan funds shall comply with the provisions of Article 3 of the Regulations.

Articles 9-3: Limitation on loaning funds

I. The aggregate amount of loans.

The aggregate amount of loans shall not exceed forty percent of the amount of the net value of the financial statements for the most recent period, certified or reviewed by a certified public accountant, of the Company. The

II. The maximum amount permitted to a single borrower.

1. Where funds are loaned for reasons of business dealings.

The total loan amount shall not exceed 10% of the amount of the net value of the financial statements for the most recent period, certified or reviewed by a certified public accountant, of the Company. The loans to a single borrower shall not over transaction amount between the parties. "Transaction amount" shall mean the sales or purchasing amount between the parties which occurred in the past one year, whichever is higher.

2. Where short-term financing is needed.

The total loan amount shall not exceed 30% of the amount of the net value of the financial statements for the most recent period, certified or reviewed by a certified public accountant, of the Company, as well as not exceed 10% to a single borrower.

Article 9-4: Term of loaning fund

I. The duration of loaning fund:

Each loaning fund shall not exceed one year, in special cases, with the approval of the board of directors, the loan period may be extended based on the actual situation.

II. Calculation of interest:

The interest rate shall be determined on the basis of market rate or the Company's funding costs.

III. Collateral: The Company may require the borrower to provide collateral or a guarantor if necessary.

Article 9-5: Reviewing procedures

I. Credit investigation

1. For first-time borrowers, the borrower should provide copies of its company registration certificate, ID card of the person in charge, and other necessary financial information to facilitate credit investigation.

2. Continue to borrow money, in general, the Company need to conduct a credit investigation once a year. If it is a major case, a credit investigation will be conducted every six months depending on actual needs.

II. Risk assessment and loaning fund approval

After the credit investigation, the Company's accounting & finance department will evaluate the reason, use, purpose, loan amount, returns, value of the collateral provided, credit and operating conditions, and evaluate the impact on the Company's operational risks, financial status and shareholders' equity. Submit to the general manager and chairperson of the board for approval, then to the board of directors for resolution.

III. Notice to the borrower

After the procedure on the preceding paragraph is approved, the people in charge of the accounting & finance department should pass the detailed loan conditions that provided by the Company to borrower by letter or telex as soon as possible, and then apply the drawdown of loaning funds.

IV. Preservation

When the borrower applied the drawdown of loaning fund in accordance with the provisions of the preceding paragraph, it shall provide a guarantee note or collateral of the same amount as a guarantee for the loaning fund, except for the loaning fund to the subsidiary.

Article 9-6: Matters needing attention on loaning fund

- I. When the Company signs a financing contract with a borrower, it shall use the seal of a legal person or group registered with the competent authority, and the accounting & finance department shall handle the verification of the seal and signature of the borrower and its guarantor.
- II. When completing the procedures for each loaning fund, the accounting & finance department should prepare a memorandum entry for obtaining collateral or credit guarantee. To record the borrowers, the amount, the date approved by the board of directors, the date of fund loan and proposed appraisal report under the Article 5 in the memorandum book. The loan situation shall be evaluated and appropriate provisions for bad debts shall be made in accordance with generally accepted accounting principles, and endorsement and guarantee information shall be appropriately disclosed in the financial report. Provide relevant information for attesting CPA.

Article 9-7: Subsequent measures for control and management of loaning fund

- I. The finance and accounting department shall regularly investigate and evaluate the financial, business and related credit status of the borrower and the guarantor. If any collateral is provided, attention should be paid to whether there is any change in the value of the collateral, and any major changes should be reported immediately to the Chairperson and take an appropriate treatment according to instructions.
- II. When the borrower repays the loan at or before the maturity of the loan, the Company should calculate the interest payable first. After borrower repay the

interest payable together with the principal, the promissory note can be canceled and returning it to the borrower or canceling the mortgage.

- III. If the borrower fails to fulfill the financing contract for any reason, the Company may take actions and recover compensation from the collateral or guarantor provided by it in accordance with the law.
- IV. Based on individual borrower and loan amounts, the term of loaning fund shall be determined by the board of directors in accordance with the provisions of Regulations. When the term is expired, it may be extended with the approval of the board of directors. If the extension is not approved by the board of directors, the principal and interest shall be paid in full, otherwise the repayment shall be pursued in accordance with the law.
- V. The interest rate for loaning fund shall not be lower than the average interest rate for short-term loans in the financial industry. In the event that specified in items III and VI, the Company may not only dispose of the collateral and recover the debts, but also charge an additional 10% liquidated damages based on the agreed interest rate.
- VI. When the Company's policy changed that the borrower do not comply with the provisions of the Regulations or the balance exceeds the limit, the Company shall prepare an improvement plan and submit it to the audit committee, and complete the improvement according to the planned schedule.

Article 9-8: Procedures for controlling and managing the loaning funds to others by subsidiaries.

- I. When a subsidiary of the Company intends to make loan fund to others, the Company shall require the subsidiary to adopt, and any amendments hereto, the same Regulations as the Company and shall be approved by the board of director of the subsidiary.
- II. When a subsidiary of the Company intends to make loan fund to others, it shall submit the application to the Company for approval before doing so; the Finance Department and people in charge assigned by the General Manager of the Company shall specifically assess the necessity and rationale of the loan or endorsement of the guarantee. The risks, impact on the operating risks, financial status and shareholders' equity of the Company and subsidiaries shall be reported to the general manager and chairperson of the board for approval.

- III. The finance department of the Company should obtain the statement of amount changes in loaning fund of each subsidiary before the 10th of each month.
- IV. The Company's internal auditors should regularly audit each subsidiary's compliance with its Regulation and prepare an audit report. After the findings and recommendations of the audit report are reviewed, each subsidiary under investigation should be notified. Internal auditor shall prepare follow-up reports regularly to ensure that it has taken appropriate improvement measures in a timely manner.

Article 10: When a subsidiary of the Company intends to make loan fund to others, the Company shall require the subsidiary to adopt the same Regulations as the Company for compliance therewith.

Section II Endorsements/Guarantees for Others

Article 11: The Company shall comply with the following provisions when making endorsements/guarantees for Others

Articles 11-1: Entities to which the Company may make endorsements/guarantees shall comply with the provisions of Article 5 of the Regulations.

Article 11-2: The aggregate amount the Company permitted to make in endorsements/guarantees shall not exceed 40% of the amount of the net value of the financial statements for the most recent period, certified or reviewed by a certified public accountant, of the Company as well as the 10% for cumulative amount permitted to a single borrower.

The aggregate endorsement/guarantee amount, and the amount of endorsements/guarantees for any single entity, that the Company and its subsidiaries as a whole are permitted to make shall not exceed 40% and 10% respectively of the amount of the net value of the financial statements for the most recent period, certified or reviewed by a certified public accountant, of the Company.

Where an endorsement/guarantee is made due to needs arising from business dealing. The aggregate amount shall not exceed transaction amount between the

parties. "Transaction amount" shall mean the sales or purchasing amount between the parties which occurred in the past one year, whichever is higher.

Article 11-3: Decision-making authority and delegation thereof to make in endorsements/guarantees

- I. Any department intending to make endorsements or guarantees for others shall submit the proposal to board of directors for approval. However, to meet the timeliness, the board of directors may authorize the chairperson to make a decision within 3% of the amount of the net value of the financial statements for the most recent period, and then report to the board of directors for ratification afterwards.
- II. The board of directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting.

Article 11-4: Review procedures to make in endorsements/guarantees

- I. When the Company intend to make endorsement guarantees, the accounting & finance department shall review each item to see whether the qualifications and certain monetary limit of the entity for which the endorsement/guarantee is made are in compliance with the provisions of the Regulations, analyze the necessity and rationale of the endorsement/guarantee, assess the risks of the endorsement/guarantee, and make records. Collateral should be obtained when necessary. The content, reasons and risk assessment results of the relevant endorsement/guarantee shall be stated and submitted to the chairperson for approval and then submitted to the board of directors for discussion and approval. If it is within the authorization limit of the Company, it shall be approved by the chairperson and submitted to the next following board of directors for ratification.
- II. When the Company intend to make endorsement guarantees, it should establish a memorandum book. After the endorsement/guarantee is approved by the board of directors or approved by the chairperson of the board, in addition to applying for a seal in accordance with the Regulation, the commitment guarantee matters, the name of the entity for which the endorsement/guarantee is made, the risk

assessment results, the amount of the endorsement/guarantee, the content of the collateral obtained, conditions and dates for endorsement/guarantee cancellation shall be posted detailed in memorandum book for future reference.

III. The accounting & finance department should prepare a detailed list of the endorsement/guarantee incurred and canceled each month for control and tracking. To assess or recognize the contingent losses of endorsement/guarantees on a quarterly basis, and disclose the endorsement/guarantee information appropriately in the financial report in accordance with the provisions of Financial Accounting Criteria Gazette No. 9.

Article 11-5 If the entity for which the endorsement/guarantee is made subsequently failed to comply with the provisions of Article 5 of the Regulation, or the amount of the endorsement/guarantee exceeds the credit limit set before due to changes in the basis on which the limit is calculated, the amount of the endorsement/guarantee or the excess portion of the endorsement/guarantee for the aforementioned entity shall be eliminated when the contract period expired, or the accounting and finance department prepare an improvement plan, aforementioned amount will be eliminated within a certain period of time after approval by the chairperson of the board. The improvement plan will be reported to the board of directors, then to the audit committee.

Articles 11-6: Procedures for use and custody of corporate chops.

The Company uses the seal applied for registration with the Ministry of Economic Affairs as the special seal to make endorsement/guarantee. This seal is kept by a dedicated person approved by the board of directors. It cannot be the same person as the relevant staff in charge of the endorsement/guarantees for others. The seal used or the issuance of notes can be processed as the provision of the Regulation. Any change of the seal custodian must be reported to the board of directors for approval.

When it makes endorsement/guarantee for a foreign company, the guarantee letter issued by the Company shall be signed by the chairperson or general manager authorized by the board of directors.

Article 11-7: Procedures for controlling and managing endorsements/guarantees by subsidiaries

- I. When a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall require the subsidiary to adopt, and any amendments hereto, the same Regulations as the Company and shall be approved by the board of director of the subsidiary.
- II. When a subsidiary of the Company intends to make endorsements/guarantees for others, it shall submit the application to the Company for approval before doing so; the Finance Department and people in charge assigned by the General Manager of the Company shall specifically assess the necessity and rationale of the loan or endorsement of the guarantee. The risks, impact on the operating risks, financial status and shareholders' equity of the Company and subsidiaries shall be reported to the general manager and chairperson of the board for approval.
- III. The finance department of the Company should obtain the statement of amount changes in endorsements/guarantees of each subsidiary before the 10th of each month.
- IV. The Company's internal auditors should regularly audit each subsidiary's compliance with its Regulation and prepare an audit report. After the findings and recommendations of the audit report are reviewed, each subsidiary under investigation should be notified. Internal auditor shall prepare follow-up reports regularly to ensure that it has taken appropriate improvement measures in a timely manner.

Article 11-8: When the Company makes endorsement/guarantee for any subsidiary whose net worth is lower than half of its paid-in capital, in addition to meet the provision of preceding paragraph, the following relevant follow-up monitoring and control measures shall be expressly excised:

- I. To obtain financial reports and other relevant information regularly of the subsidiary, and analyze its operations, financial and credit status, and repayment sources to measure possible risks.
- II. To analyze the proportion of the subsidiary's current endorsement/guarantee balance to the Company's net worth, liquidity and cash status to assess the impact on the Company's operational risks, financial status and shareholders' equity.
- III. To require the subsidiary to provide an operational improvement plan and conduct appropriate control. If it is necessary to add a new

endorsement/guarantee to the subsidiary, an appropriate evaluation report should be provided and submitted to the board of directors for approval before implementation.

Article 11-9: In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under Article 11-8, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 12: Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to adopt its own regulation for endorsements/guarantees in compliance with Regulation and “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, and it shall comply with its own regulation when making endorsements/guarantees for other.

Chapter III Performing Evaluation

Section I Loans of Funds to Others

Article 13: Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with the provision of Regulations. In addition, the evaluation results under the Regulation have been submitted to and resolved upon by the board of directors. The Company shall not empower any other person to make such decision.

Loans of funds between the Company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, 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.

The "certain monetary limit" mentioned in the preceding paragraph, except provision of paragraph 4 of Article 3, the authorized loan amount of the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most recent financial statements of the Company.

Where the Company has appointed independent directors, when it loans funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 14: The Company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated under paragraph 1 of the preceding Article.

The Company's internal auditors shall audit the procedures for loaning funds to others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify audit committee in writing of any material violation found.

Article 15: If, an entity for which an endorsement/guarantee is made does not meet the requirements of the Regulations or the loan balance exceeds the limit, the Company shall adopt improvement plans and submit it to the audit committee, and shall complete the improvement according to the timeframe set out in the plan.

Section II Endorsements/Guarantees for Others

Article 16: Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with the Regulations. In addition, the evaluation results under Regulation have been submitted to and resolved upon by the board of directors, or approved by the chairperson of the board, where empowered by the board of directors to grant endorsements/guarantees within a specific limit, for subsequent submission to and ratification by the next board of directors' meeting.

Before making any endorsement/guarantee pursuant to Article 5, paragraph 2, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's board of directors for a resolution, 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.

Where the Company has appointed independent directors, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

The shall use the corporate seal registered with the Ministry of Economic Affairs as the special seal for endorsements/guarantees. The seal shall be kept in the custody of a dedicated person approved by the board of directors and seal used or the issuance of notes can be processed as the provision of the Regulation.

When it makes endorsement/guarantee for a foreign company, the guarantee letter issued by the Company shall be signed by the person authorized by the board of directors.

Article 17: The Company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairperson of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under paragraph 1 of the preceding article.

The Company's internal auditors shall audit the procedures for endorsements/guarantees for others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit committee in writing of any material violation found.

Article 18: To satisfy its business requirements, where the Company needs to exceed the limits set out in the Regulation as well as complied with the provision of the Regulation, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Regulation 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 the Company has appointed independent directors, when it makes endorsements/guarantees for others, it shall take into full consideration the opinions

of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 19: Where the entity for which an endorsement/guarantee is made no longer meets the requirements of the Regulations, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt improvement plans and submit it to the audit committee, and shall complete the improvement according to the timeframe set out in the plan.

Chapter IV Information Disclosure

Section I Loans of Funds to Others

Article 20: The Company shall announce and report the previous month's loan balances of itself and its subsidiaries by the 10th day of each month.

Article 21: The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

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

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

Article 22: The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

Section II Endorsements/Guarantees for Others

Article 23: The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.

Article 24: The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

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

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

Article 25: The Company shall evaluate or record the contingent loss for endorsements/guarantees and shall disclose information adequately on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Article 26: If relevant personnel violate the provision of the Regulation, relevant laws and regulations, based on the severity of the case, the Company may give a warning, demerit, demotion, suspension, salary reduction or other sanctions and make it a matter of internal review.

Article 27: Any matters not covered in Regulation shall be handled in accordance with relevant laws/regulations of the competent authority and the Company. If the competent authority modifies the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the Company shall follow the provisions of its new regulation.

Article 28: The Regulation shall come into in force from the June 2, 2011.

The first amendment was made on June 19, 2013.

The second amendment was made on June 21, 2019.