

# WPG Holdings Limited

## Procedure for the Making of Endorsements/Guarantees

### Article 1: Purpose and Basis of Formulation

As the basis for this Company to make endorsements/guarantees for external parties, this Procedure is formulated. Matters not fully provided for in this Procedure shall be handled in accordance with the relevant acts.

### Article 2: Scope of Applicability

“Endorsements/guarantees mentioned in this Procedure include:

1. Financing endorsements/guarantees, including:
  - (1) Bill discount financing.
  - (2) Endorsement or guarantee made to meet the financing needs of another company.
  - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
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.

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

### Article 3: Entities for Which Endorsements/Guarantees Are Made

This Company may make endorsements/guarantees for the following companies:

1. A company with which it does business.
2. A company in which this Company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in this Company.

Where this Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding paragraphs.

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

This Company may make endorsements/guarantees for a company that it holds, directly or indirectly, 90% or more of the voting shares.

#### Article 4: Limits for Endorsements/Guarantees

1. The total amount of endorsements/guarantees this Company made for external parties shall be less than 50% of the net value thereupon. The total amount of endorsements/guarantees made for a single enterprise shall not exceed 50% of its net value thereupon. For such endorsements/guarantees made pursuant to business relationship, the total amount shall not exceed its total amount of transactions of such enterprise with this Company in the most recent year (the higher among the amount of purchase and the amount of sale between the parties)

The aggregate amounts of endorsements/guarantees made by this Company and its subsidiaries for external parties shall be less than 60% of the net value of this Company thereupon. The aggregate amounts of endorsements/guarantees made by this Company and its subsidiaries to a single enterprise shall be limited to 50% of the net value of this Company thereupon.

For companies in which this Company holds, directly or indirectly, 90% or more of but not reaching 100% of the voting shares, where endorsements/guarantees are made, they shall not exceed 10% of the net value of this Company.

#### Article 5: Hierarchy of Decisions and Authorization

Any endorsement/guarantee by this Company shall not be made unless it is passed by resolution of the Board of Directors. For the sake of efficiency, the Board of Directors authorize the Chairperson of the Board of Directors to first make decisions for 50% of net value thereupon and thereafter submit to the most recent Board of Director meeting for ratification. Prior to the above resolutions or ratifications by the Board of Directors, consent of the Audit Committee shall be sought in accordance with the relevant requirements. Any endorsement/guarantee for companies in which this Company holds, directly or indirectly, 90% or more of but not reaching 100% of the voting shares in accordance with paragraph 4 of Article 3 shall also not be made unless it is submitted for a resolution by Board of Directors of this Company.

#### Article 6: Procedure for the Making of Endorsements/Guarantees

1. Where an enterprise applies for endorsements/guarantees by this Company, it shall provide its basic information and financial information, and at the same time submit its application by completing an application form. The handling officers of this Company shall, having regard to the information obtained as mentioned above, examine in details on the necessity and reasonableness of the endorsements/guarantees, credit status and risk assessment of the entity for which the endorsement/guarantee is made, the impact on the company's business operations, financial condition and shareholders' equity, and whether collaterals are required and the appraisal of value thereof. Where an endorsement/guarantee is made due to the needs arising from business dealings, evaluation shall be made as to whether the total amount of the endorsements/guarantees is commensurate with the total amount of trading.
2. The handling officers of the finance department of this Company shall consolidate

the relevant information and appraisal results in the above paragraph, and shall handle the matters after submitting the same to the Audit Committee and resolution by the Board of Directors; where the Board of Directors have authorized the Chairperson of Board of Directors to first make decisions within a designated limit, it shall be handled after application to the Chairperson, and thereafter it shall be submitted to the Audit Committee and ratified by the Board of Directors.

3. Where this Company makes endorsements/guarantees, it shall prepare a memorandum book, and record in detail the relevant items to be recorded under the relevant acts such as the entity for which the endorsement/ guarantee is made, the date of passage by the Board of Directors or Chairperson of Board of Directors, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under this Procedure.
4. The handling officers of the finance department of this Company shall demand the enterprises for which endorsements/guarantees are made that, where it makes repayments, it shall deliver the information about the repayments to this Company so as to discharge the liabilities of guarantee of this Company, and record it in the memorandum book of endorsements/guarantees.
5. The accounting department shall, in accordance with the Generally Accepted Accounting Principles, periodically evaluate and ascertain the contingent losses for endorsements/guarantees, and make proper disclosure of the information on guarantees in the financial reports. The relevant information shall be provided to the certifying certified public accountant to enable the accountant to adopt the necessary examination procedures and issue proper auditors' reports.

#### Article 7: Procedure for Use and Custodian of Corporate Chop

The dedicated chop for endorsements/guarantees is the corporate chop registered with the Ministry of Economic Affairs. The chop shall be kept in the custody of a designated person and may be used to seal or issue negotiable documents in strict compliance with the requirements of the relevant operation procedures of this Company. The Chairperson of the Board of Directors is authorized to designate such person, and the change of the same. When making a guarantee for a foreign company, this Company shall have the Guarantee Agreement signed by the Chairperson of the Board of Directors or a person authorized by the Board of Directors.

#### Article 8: Matters to Pay Attention with Respect to the Handling of Endorsements/Guarantees

1. The internal auditors of this Company shall audit the Procedure for the Making of Endorsements/Guarantees 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.
2. Where as a result of changes of condition the entity for which an endorsement/ guarantee is made no longer meets the requirements of Article 3 of this Procedure, or the amount of endorsement/guarantee exceeds the limits set out in Article 4 due to change of the bases for calculation of the limits, rectification plan shall be set out and

submitted to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.

3. Where this Company needs to exceed the limits set out in Article 4 of this Procedure to satisfy its business needs, it shall, upon consent by the Audit Committee and thereafter resolved by the Board of Directors, procure half or more of the directors to act as joint guarantors for any loss what may be caused to the company by the excess of endorsement/guarantee. It shall also amend this Procedure accordingly and submit the same to shareholders' meeting for ratification; if the shareholders' meeting does not consent, it shall be submitted to the Board of Directors to adopt a plan to discharge the amount in excess within a given time limit.

#### Article 9: Time Limits for and Contents to Be Announced and Reported

With respect to the endorsements/guarantees made, where they are required to be reported to the competent authority or announced, this Company shall handle such in accordance with the relevant regulations. This Company shall announce and report of any subsidiary thereof that is not a domestic public company any matters that such subsidiary is required to announce and report in accordance with the regulations.

#### Article 10: Supervisory Procedure for Handling Endorsements/Guarantees

The supervisory procedure applied by this Company to its subsidiaries:

1. Where a subsidiary of this Company decides to make endorsements or guarantees for others, this Company shall cause such subsidiary to formulate its operation procedure for the making of endorsements/guarantees as required; where a subsidiary makes an endorsement/guarantee in accordance with paragraph 4 of Article 3, and that the net value of the entity for which the endorsement/guarantee is made is less than one half of its paid up capital, corresponding supervisory procedures shall also be formulated. Such procedure shall be implemented after they are submitted for a resolution by its Board of Directors and/or shareholders' meeting in accordance with the requirements of the relevant acts.
2. Where the internal auditors of this Company conduct audit in its subsidiaries during its annual audit plans, they shall at the same time check up the implementation of the operation procedure for the making of endorsements/guarantees. Where material violation is discovered, they shall continuously supervise its progress of rectifications and prepare and submit to this Company a supervisory report.
3. Where a subsidiary of this Company decides to make endorsements/guarantees for others, it shall submit the relevant information to this Company for examination.

The supervisory procedure applied by this Company to its subsidiaries where the net value an entity for which endorsements/guarantees are made is less than one half of its paid up capital:

1. Where such subsidiary is engaged in material financial or business matters,

including business plans and budgets, material investments and reinvestments in equipments, raising loans, loaning of funds for others, endorsements/guarantees, **commitments to loans**, transactions on securities and derivatives, material contracts, material changes in properties, it shall before the date of occurrence passed by resolutions of the Board of Directors of such subsidiary and report to the relevant responsible officer of this Company.

2. This Company shall at least obtain monthly the month-end management reports of such subsidiary, including the relevant material financial statements and analysis, monthly statements of loaning of funds to others and endorsements/guarantees to conduct analyses and evaluations.

#### Article 11: Penalty

Where the managers and responsible persons of this Company handle matters in connection with the acquisition and disposal of assets, they shall adhere to the requirements in this Procedure in order to avoid losses by improper operations of this Company. Where violations of the relevant acts or this Procedure arise, penalty shall be administered in accordance with the employees' regulations of this Company.

#### Article 12: Implementation and Amendments

The formulation of and amendments to this Procedure shall be passed by resolutions of Board of Directors upon approval by the Audit Committee. Thereafter, it shall be submitted to shareholders' meetings for approval.