

**Chailease Holding Company Limited**  
**Operational Procedures for Endorsements/Guarantees for Others**

Amended and approved by the Shareholders' Meeting on May 24<sup>th</sup>, 2019  
Amended and approved by the Shareholders' Meeting on May 30<sup>th</sup>, 2013  
Amended and approved by the Shareholders' Meeting on Feb. 21<sup>st</sup>, 2011  
Amended and approved by the Shareholders' Meeting on Dec. 1<sup>st</sup>, 2010

Article 1 Except the other rules regulated in the financial laws and the statutes, Chailease Holding Company Limited. ("the Company") shall comply with the "Operational Procedures for Endorsements/Guarantees for Others" ("the Procedures") when making endorsements /guarantees to others.

Article 2 The term "endorsements/guarantees" as used in the Procedures refers to the following:

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 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 Procedures.

Article 3 The Company may make endorsements/guarantees for the following companies:

1. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
2. 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.

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 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 4 The ceilings on the amount of endorsements/guarantees

1. The aggregate amount of endorsements/guarantees made by the Company and its Subsidiary shall not exceed five times of the Company's net worth.
2. The aggregate amount of endorsements/guarantees made by the Company and its Subsidiary for a single enterprise shall not exceed 50 percent of the Company's net worth. However, the aggregate amount of endorsements/guarantees made to the Subsidiaries in which the Company holds more than 80 percent of the common shares,

can be increased to but not more than two times of the Company's net worth.

3. The aggregate amount of endorsements/guarantees made by the Company to a company, in which the Company directly and indirectly holds more than 90 percent of the voting shares, shall not exceed 10 percent of the Company's net worth. However, the aggregate amount of endorsements/guarantees made to a company in which the Company holds 100% of the voting shares shall not exceed the Company's net worth.

Article 5 The net worth described in the Procedures is referred to the latest balance sheet equity attributable to the owners of the Company which is attested by the certified public accountant.

Article 6 Before making an endorsement/guarantee for others, the Company shall carefully evaluate the endorsed/guaranteed company, including the amount, the duration, the reasons, the credit status and collateral through the detailed reviewing process. The Company can perform the endorsement/guarantee only after the evaluation has been submitted to and approved by the Board of Directors. The Chairman may approve a single endorsement/guarantee within NT\$ 3 billion amount; however, the subsequent submission to the next Board of Directors' meeting for ratification is required.

The detailed reviewing procedures including :

1. The necessity and reasonableness of endorsements/guarantees.
2. Credit status and risk assessment of the entity for which the endorsement/guarantee is made.
3. The impact on the Company's business operations, financial condition, and shareholders' equity.
4. Whether collateral must be obtained and appraisal of the value thereof.
5. For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the Company shall execute reviewing procedures and make the report to the Chairman.

When the Company makes endorsements/guarantees to others, the Board of Directors shall take into full consideration each independent director's opinion. 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.

Article 7 Operation Procedure

1. The in-charge department of the Company, which initiates an endorsement/guarantee according to the Procedures, must inform the Accounting and Financial Department of such endorsement/guarantee activity. The Accounting and Financial Department shall prepare a memorandum book for all endorsement/guarantee activities and record the following information in details: the entity for which the endorsement/guarantee is made, the amount, the date of approval by the board of directors or of authorization by the Chairman, the date of the endorsement/guarantee, and the matters that shall be carefully evaluated. 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 the rectification plans and submit the rectification plans to Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.
2. Before making any endorsement/guarantee pursuant to Article 3 paragraph 2, the 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.

3. For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the Business Management Department shall reviewing the appropriation before making any endorsement/guarantee pursuant to business condition of this subsidiary and submitted to the Chairman for resolution quarterly.

In the case of the Subsidiary with shares having no par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 3 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

#### Article 8 Information Disclosure

1. 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.
2. The Accounting and Financial Department of the Company shall announce and report such event at the date of occurrence when the Company's balance of endorsements/guarantees reaches one of the following levels:
  - (1) 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.
  - (2) 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.
  - (3) The balance of endorsements/guarantees by the Company and its Subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investments accounted for using equity method, and balance of loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement.
  - (4) 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.
3. The Company shall announce and report on behalf of any Subsidiary thereof that is not a Company of the Republic of China any matters that such Subsidiary is required to announce and report pursuant to the fourth subparagraph of preceding paragraph. The balance of endorsements/guarantees of the subsidiary shall be calculated pursuant to the ratio occupied in the Company's net worth.
4. "Date of occurrence" in these 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 endorsements/guarantees, whichever date is earlier.
5. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in the financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Article 9 The corporate chop shall be kept in the custody of a designated person and may be used to seal or issue negotiable instruments only in prescribed procedures.

Article 10 The Company's internal auditors shall audit the Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing if any material violation found.

Article 11 The in-charge department and the subsidiaries of the Company, which have made any

endorsement/guarantee, shall provide the Accounting and Financial Department of the Company with the written details of endorsements/guarantees for the previous month before the fifth day of each month.

The aggregate amount of endorsements/guarantees reaches the standard of irregular for announce and report stipulated in the paragraph 2 of Article 8 in the Procedures, the in-charge department and the Subsidiary of the Company, shall provide the Accounting and Financial Department of the Company with the written details before or at least on the occurrence date.

Article12 The Company's managers or personnel in charge who violate the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" enacted by the Financial Supervisory Commission of the Executive Yuan or the Procedures shall be penalized in accordance with the Company's regulation on employee reward and punishments.

If the entity for which the endorsement/guarantee by the Company is Company's party or related company, the Company shall process the matters in accordance with this Procedures or the Operational Procedures for Party's transaction.

Article13 Where the Subsidiary of the Company intends to make endorsements/guarantees for others, it shall formulate its own operational procedures for endorsements/guarantees according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" enacted by the Financial Supervisory Commission of the Executive Yuan in compliance with the Company's Procedures. The Company's internal auditors shall audit the Subsidiary's procedures and the implementation regularly.

Article14 Where the Company needs to exceed the limits set out in the Procedures to satisfy its business requirements, and where the conditions set out in the Procedures 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/guarantee. It shall also amend the Procedures 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.

When the Company makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director. 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.

Article15 The Procedures are adopted or amended 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, the 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 of directors meeting. After the procedures have been approved by the board of directors, they shall be submitted to the Shareholders' Meeting for approval.

If any director expresses the dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions for discussion by the Shareholders' Meeting. The same process shall apply to any amendments of the Procedures.

The terms "all audit committee members" and "all directors" in paragraph 1 shall be counted as the actual number of persons currently holding those positions.