

**Eternal Materials Co., Ltd.**  
**Procedures for Endorsement & Guarantee**

Article 1: The Procedures for Endorsement and Guarantee (the "Procedures" ) set forth below are the guidelines for the Company and its subsidiaries to make endorsements and/or guarantees to outside parties. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

"Subsidiary" and "parent company" as referred to in the Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China ("ROC"). "Net worth" as referred to in the Procedures shall be equity attributable to owners of the parent company in the balance sheet which shall be audited by a certified public accountant.

Article 2: Endorsements/guarantees used in the Procedures refer to the following:

- (1) Financing endorsement/guarantee, which refers to bill discount financing, endorsement or guarantee made to meet the financing needs of another company, and 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 these Procedures.

Article 3: The Company may make Endorsement and/or guarantee for the following companies and the maximum amount limits for endorsements and guarantees :

- (1) The Company may make endorsement /guarantee for the companies in which the Company directly or indirectly holds more than 50% of the voting shares. Shareholders making endorsements and/or guarantees for their jointly invested company in proportion to their shareholding percentage, shall not be subject to the restriction set forth in the above Paragraph, and may provide such endorsements/guarantees.
- (2) 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, except for the companies in which the Company holds, directly or indirectly, 100% of the voting shares.

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 company may set the maximum amount limit for the total amount of endorsement guarantee and the limit for single enterprise endorsement/guarantee as follows:

- (1) The total maximum amount of endorsement/guarantee shall not exceed the net worth of the Company.
- (2) The total maximum amount of endorsement/guarantee for a single enterprise shall not exceed the net worth of the Company.

The total amount of the endorsement/ guarantees of the Company and its Subsidiaries as a whole and the amount of endorsement guarantees for a single enterprise shall be separately set as follows:

- (1) The total amount of endorsement/ guarantee made by the Company and its subsidiaries shall not exceed the net worth of the company.
- (2) The total amount of the endorsement/guarantee made by the Company and its subsidiaries to any individual entity shall not exceed the Company's net worth.

If the total amount of endorsements and guarantees by the Company and its subsidiaries as a whole reaches 50% or more of the Company's net worth, an explanation of the necessity and reasonableness thereof shall be given at a shareholders' meeting.

Article 5: The Company shall obtain approval by resolution of the Board before it may make any endorsement or guarantee. And the relevant circumstances of the handling shall be reported to the shareholders meeting for reference. However, during the period when the Board of Directors is adjourned, the Board may grant discretionary authority to the Chairman to decide on an endorsement or guarantee within a certain monetary limit and subsequently submit the matter to the Board meeting for retroactive recognition.

The endorsement guarantee shall be approved by the Board of Directors pursuant to the Procedure, the Company's authorization method or other legal provisions, and shall first be approved by more than one-half of all members of the audit committee. If not, more than two-thirds of all directors may agree to do so, and the resolutions of the audit committee shall be stated in the minutes of the board meeting.

The Audit Committee members and all directors of the Board referred to in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Before the subsidiaries in which the Company directly and indirectly holds 90% of the voting shares, makes an endorsement/guarantee to each other, Paragraph 2, Article 3 shall be complied with and the proposal shall be submitted to the Board for resolution. This restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

If the Company makes endorsement/guarantee for a foreign company, the letter of guarantee issued by the Company shall be signed by the Chairman of the Board or any Director authorized by the Board of Directors.

Article 6: For making an endorsement or guarantee, the Company shall diligently assess and reviews the risk of the endorsement guarantee pursuant to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies as well as keep an assessment record, and obtain collateral if necessary.

For circumstances in which an entity endorsed or guaranteed whose net worth is lower than half of its paid-in capital, the working capital should be evaluated for reasonableness when the endorsement guarantee is made.

In the case of a subsidiary of the Company whose shares have no par value or a par value other than NT\$10, the paid-in capital referred to in the preceding paragraph shall refer to the sum of the share capital plus the capital reserve minus the original issue premium.

Article 7. The Company shall establish a log book for its endorsement and guarantee activities and shall record details of each endorsement/guarantee, including the endorsed/guaranteed entity, risk assessment results, amount, date of passage by the Board or authorized discretionary decision by the Chairman, endorsement/guarantee date, contents of the collateral, and dates of the

termination of the endorsement or guarantee.

Article 8: The Company shall use the corporate seals registered with the Ministry of Economic Affairs (MOEA) as the dedicated seals for making endorsements and guarantees. The seals shall be kept in the custody of a designated person, and the fixed rules of procedure shall be complied with before the seals may be used or a negotiable instrument issued.

Article 9: In addition to the deadline specified by the securities authority, the finance department of the Company announces the balance of the endorsement/guarantee before the 10th of each month. If the balance of the endorsement guarantee reaches one of the following levels, the Company shall announce such event within 2 days from the date of the occurrence:

- (1) The Company and its subsidiaries' balance of endorsements/guarantees reaches 50% or more of the Company's net worth.
- (2) The Company and its subsidiaries' balance of endorsements/guarantees to one single enterprise reaches 20% or more of the Company's net worth.
- (3) The balance of endorsement and guarantee by the Company and its subsidiaries to a single enterprise reaches NT \$10 million or more, and the aggregate amount of endorsement/guarantee, investments accounted for using equity method, and lending funds is more than 30% of the Company's net worth.
- (4) The value of the Company or its subsidiaries' new endorsements/guarantees reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth.

The term "Date of occurrence" refers to the date of contract signing, date of payment, dates of Boards of Directors' resolutions, or other date that can confirm the counterparty and financing amount of the endorsement/guarantee, whichever date is earlier

Article 10: Other disclosures:

- (1) If, as a result of a change in circumstances, an 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 because of changed in the calculation basis, the Finance department shall eliminate the additional amount or adopt correction plans and submit the correction plans to the Board of Directors, and shall complete rectification according to the timeframe set out in the plans.
- (2) Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own operational procedures for endorsement and guarantee in compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies of the R.O.C., and the subsidiary shall comply with its own procedures while making endorsements/guarantees. The Company shall also handle announcements and declarations in accordance with Article 9.
- (3) The Company shall evaluate or record the contingent loss for endorsement/guarantee, and shall adequately disclose information of endorsement/guarantees in its financial reports and provide Certified Public Accountants with relevant information for their implementation of necessary audit procedures.

Article 11: When the managers or personnel violate "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," penalties will be imposed based on the Company's regulations depending on the degree of its damage to the Company's operation.

Article 12: Pursuant to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the internal audit personnel shall at least quarterly audit the operational procedures for making endorsements and guarantees and the

execution thereof, and prepare written records accordingly. If any material violation is found, it shall immediately be reported in writing to all Supervisors.

Article 13: The Procedures shall be reviewed by the Audit Committee and submitted to the Board of Directors for discussion pursuant to Article 5(2), the opinion of each independent Director shall be given full consideration, and each independent Director's explicit opinion of assent or dissent and reasons for dissent shall be recorded in the minutes of the Board of Directors meeting.

Article 14: The Procedures shall take effect upon passage by the Board of Directors and approval of the shareholders' meeting, and the same procedures shall apply to any subsequent amendments. Unspecified matters shall be governed by the internal policies of the Company unless as otherwise provided.

