

Procedure for Making Endorsements and Guarantees

Approved by Annual Shareholder's Meeting on 2019/6/18

Article 1	<p>When providing endorsements or guarantees, the Corporation shall comply with this "Procedure for Making Endorsements and Guarantees" (hereinafter referred to as the "Procedure"). The endorsements or guarantees mentioned herein refer to the following:</p> <ol style="list-style-type: none"> 1. Endorsements or guarantees made for financing needs, including: <ol style="list-style-type: none"> (a) Endorsements made for discounting bills; (b) Endorsements or guarantees made for the financing needs of other companies; and (c) Guarantees in the form of negotiable instruments issued and provided to non-financial institutions for the Corporation's financing needs; 2. Customs Duty Endorsements or Guarantees, which denote endorsements or guarantees concerning customs duty matters provided for the Corporation itself or other companies; and 3. Other endorsements or guarantees, which denote any other endorsements or guarantees that do not fall into the above two categories of this article. <p>The Corporation shall also comply with this Procedure when pledging or mortgaging its chattels or real estate as security for loans to other companies.</p>
Article 2	<p>The targets of FET endorsement services shall be limited to the following:</p> <ol style="list-style-type: none"> I. A firm in business transaction with FET. II. A firm of which the Corporation owns directly and indirectly more than 50 percent voting right shares. III. A firm which owns directly and indirectly more than 50 percent of the Corporation voting right shares. <p>The subsidiaries of the Corporation which the Corporation owns directly and indirectly more than 90% voting right shares can provide endorsements and/or guarantees to each other but the total amount of endorsements and/or guarantees shall not exceed 10% of its net worth as last reviewed or checked by CPA (Hereinafter referred to as the Latest Net Worth of the Corporation). However the endorsements and/or guarantees between the subsidiaries of the Corporation which the Corporation owns directly and indirectly 100% are not limited within the preceding regulated scope.</p> <p>In the event that FET is in inter-endorsement guarantee in line with the needs to undertake projects with fellow firms or joint builders or that the whole investing shareholders endorse an investee pro rata to the investment ratio, FET may render endorsement free of the restrictions set forth in the preceding paragraph.</p> <p>The investment in the preceding paragraph implies capital contribution directly owned by the Corporation or indirectly owned through a 100% shareholding subsidiary.</p> <p>The terms "subsidiary" and "parent Corporation" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>
Article 3	<p>The total amount of endorsements and/or guarantees made by the Corporation shall not exceed 100% of the Latest Net Worth of the Corporation.</p> <p>The total amount of endorsements and/or guarantees provided for any single enterprise shall not exceed 70% of the Latest Net Worth of the Corporation.</p> <p>The total amount of endorsements and/or guarantees made by the Corporation and its subsidiaries shall not exceed 100% of the Latest Net Worth of the Corporation. The total amount of endorsements and/or guarantees provided for any single enterprise shall not exceed 70% of the Latest Net Worth of the Corporation. The Corporation shall explain its necessity and rationality in the Shareholders' Meeting, if the ceiling of the total amount of endorsements and/or guarantees made by the Corporation and its subsidiaries has exceeded 50% of the Latest Net Worth of the Corporation.</p> <p>Where the Corporation's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet</p>

	equity attributable to the owners of the parent Corporation under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
Article 4	<p>Before FET renders endorsement or provide guarantee to another party, the Strategy & Finance Division shall conduct prudent assessment to confirm that it lives up to the requirements set forth in the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” (hereinafter referred to as the Guiding Rules), these Procedures and the following. The assessment results shall first be submitted to the Audit Committee for approval, and then to the Board of Directors for a resolution. To meet time efficiency, nevertheless, the board of directors may authorize the chairman to act within the authority set forth in Article III before reporting to the board of directors for approval retrospectively.</p> <ol style="list-style-type: none"> I. Necessity and rationality of the endorsement. II. Creditability and risk assessment of the endorsement targets. III. Impact upon FET operation risk, financial standing and shareholders’ equity. IV. Whether collateral is required and the value assessed for the collateral. <p>According to the Paragraph 2 of the Article 2 of the Procedure, for providing endorsements/guarantees to another party by a subsidiary of the Corporation of which the 90% of the voting shares are held directly or indirectly by the Corporation, , it requires first approved by Audit Committee first, and then resolution by the board of directors of the Corporation. However restriction does not apply to the endorsements and/or guarantees being provided between the subsidiaries of the Corporation of which voting shares are held 100% directly or indirectly by the Corporation.</p> <p>Where FET renders endorsement in line of business needs, the endorsement amount shall be assessed to stay commensurate with the amount of business transaction. The term “amount of business transaction” as set forth herein denotes the amount of actual purchases, sales or trading with the endorsement target concluded in the preceding year.</p> <p>Where it is necessary that the endorsement exceeds the maximum limit set forth in the preceding article and it lives up to the prerequisites set forth in these Procedures, a decision shall be resolved by the board of directors and a majority of the directors shall jointly guarantee for the risk which may be incurred by the excess and these Procedures shall be amended and be acknowledged by the shareholders’ meeting retrospectively.</p> <p>When the board of directors are discussing these procedures or endorsement to others, the opinions of the independent directors shall be taken into adequate account. Their opinions, pros and cons as well as the reasons of cons shall be entered into the minutes of the board of directors meeting.</p> <p>In the event that the target of Making Endorsements and Guarantees does not comply with the Regulations or procedure or amount of the loan so granted exceeds the limit, a plan of corrective action shall be established and submitted to the Audit Committee and shall also finish improvement by the schedule planned.</p> <p>The Corporation and its subsidiaries shall pay attention to the finance, business and related credit of the endorsed or guaranteed subsidiary of which net worth is lower than half of its paid-in-capital. If aforementioned Corporation has provided collaterals, the Corporation and its subsidiaries shall pay attention to the changes in the value of its collateral. The Corporation and its subsidiaries shall terminate the endorsements and/or guarantees or take the appropriate action when the collaterals have material adverse changes. 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 the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p> <p>In the absence of concurrence by over half of all audit committee members for the regulatory audit committee consent matter(s) as required by the Procedure, the matter(s) may be implemented by approval by over two-thirds of all Directors, and the minutes of the Board of Directors shall record the resolution(s) of the audit committee. The term "all audit committee members" and “all board dDirectors” shall be calculated as the de facto account of numbers of directorspeople then holding respectivein offices.</p>

Article 5	The chops to be used for making endorsement and guarantees should be the Corporation chop registered at Minister of Economics Affairs.
Article 6	<p>The dedicated chop for endorsements/guarantees shall be kept in the custody of a designated person and may be used to seal or issue negotiable instruments only as the Corporation's procedures.</p> <p>The preceding article of the designated person shall, after being resolved in the board of directors, the same shall be required in case of amendment. While the Corporation provides a guarantee for a foreign Corporation, the Guarantee letter produced by the Corporation shall be signed by a representative authorized by the Board of Directors.</p>
Article 7	<p>The FET endorsement shall be established on grounds of the "endorsement application" filled out by the endorsement Corporation. A record book shall be established to enter all details of the endorsement targets, amounts, dates while the Audit Committee resolves the decisions, the dates when the board of directors resolves or the chairman enforces, dates of endorsement, prudent assessments under Article IV, Paragraph I, all details of the endorsement matters, name(s) of the endorsement business concern(s), results of risk assessment, amounts of endorsement, contents of collateral obtained and terms and conditions as well as dates to release endorsement.</p> <p>The Corporation's Internal Audit Department shall audit these Procedures and the enforcement on a quarterly basis minimum and shall work out records in writing and further keep the Audit Committee informed in writing immediately upon a critical offense noticed.</p>
Article 8	<p>The Corporation shall, not later than the 10th of every month, put into public announcement the endorsement balance rendered by Corporation and its subsidiary(ies) in the preceding month.</p> <p>Where the Corporation endorsement balance lives up to any of the following, Corporation shall further declares through public announcement within two days from occurrence of the facts:</p> <ol style="list-style-type: none"> I. Corporation and its subsidiary(ies) where the total endorsement balance exceeds 50% of the Latest Net Worth of the Corporation. II. Corporation and its subsidiary(ies) where endorsement balance rendered to any single business concern exceeds 20% of the Latest Net Worth of the Corporation. III. Corporation and its subsidiary(ies) where endorsement balance rendered to any single business concern exceeds NT\$10 million and the total of the endorsement, book value of investments accounted for using the equity method and loan exceeds 30% of the Latest Net Worth of the Corporation. IV. Corporation and its subsidiary(ies) where the newly conducting amount exceeds NT\$30 million and the balance exceeds 5% of the Latest Net Worth of the Corporation. <p>Where a subsidiary is not in public offering in the Republic of China, the declaration through public announcement for such subsidiary, as required under the aforementioned fourth paragraphs, shall be handled by Corporation.</p> <p>The term "declaration through public announcement" as set forth herein denotes input into the information declaration website established by the Financial Supervisory Commission, R.O.C.</p> <p>"Date of occurrence" in these 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 endorsement, whichever date is earlier.</p> <p>Corporation shall, evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p>
Article 9	A subsidiary of the Corporation shall, if desirous to endorse or provide guarantee to another, duly enact the Endorsement Procedures in accordance with the Guiding Rules and propose to Strategy & Finance Division of the Corporation. Strategy & Finance Division shall propose the list of the subsidiary for the Board of Directors' ratification. The Corporation's subsidiary(ies) shall conduct according to their own procedures.

	<p>The Corporation's subsidiary(ies) as public offering companies in the Republic of China shall conduct declaration through public announcements individually.</p> <p>The Corporation's subsidiary(ies) shall submit detailed statements of endorsement and guarantees of the preceding month to the Corporation for assembling not later than the 5th day of every month.</p> <p>Each subsidiary of the Corporation shall examine and check whether its respective applying procedures for making endorsements and guarantees are in compliance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies." The Corporation's auditor shall examine and check report for such matters made by each subsidiary of the Corporation.</p>
Article 10	<p>Corporation shall faithfully comply with the Guiding Rules and these Procedures for external endorsement. A manager or person in charge of endorsement who violates these requirements and thus leads to critical damage to Corporation or in a critical offense shall be subject to penalty in accordance with Award & Penalty Policy and Human Resources Policy concerned.</p>
Article 11	<p>Amendments of the Procedures shall, after being approved by Audit Committee, and the Board of Directors, be submitted to the Shareholders' Meeting for consent. In case of descent by a Director as recorded by the minutes or written declaration, Corporation shall submit the descent to the Audit Committee and Shareholders' Meeting for discussion.</p>