

Article 1. GEM Services, Inc. ("GEM") shall comply with these Guidelines and Procedures when making endorsements or guarantees for others.

Article 2. The term "endorsements/guarantees" as used in this guidelines and procedures refers to the following;

1. Financing endorsements/guarantees, including:
 - 1) Endorsement or guarantee made to meet the financing needs of another company.
 - 2) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of GEM itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for GEM 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.
4. Any creation by GEM of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these guidelines and procedures.

Article 3. GEM may make endorsements/guarantees for the following companies

1. A company with which it does business.
2. A company in which GEM 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 GEM.

Companies in which GEM holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, except that the guaranty shall be approved by the board of directors before it can be provided, and the amounts of endorsements/guarantees may not exceed 10% of the net worth of GEM, provided that this restriction shall not apply to endorsements/guarantees made between companies in which GEM holds, directly or indirectly, 100% of the voting shares.

The amount of endorsements/guarantees of a company with which it does business may not exceed 10% of the net worth of GEM.

Where GEM 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.

Article 4. The ceilings on the guaranty amounts

The aggregate endorsement/guarantee amount provided by GEM and its subsidiaries as a whole are permitted shall not exceed 49% of the net worth of GEM, the aggregate endorsement/guarantee amount provided for a single entity by GEM and its subsidiaries shall not exceed 10% of the net worth of GEM. When the single entity is a subsidiary of GEM, the aggregate guaranty amounts shall not exceed 49% of net worth of GEM, the others.

The amount of endorsements/guarantees of a company with which it does business, in addition to the above-mentioned limits, shall not exceed the amount of the business transaction between the two parties. The amount of business transactions referred to refers to the amount of purchases or sales between the two parties, whichever is higher.

Article 5. Hierarchy of decision-making authority and delegation thereof.

All guarantees are subject to the approval of the audit committee and the board of directors, and the Board shall fully consider the views of each independent director. If an independent director expresses dissent or reservations, it shall be specifically recorded in the minutes of the board of directors' meeting. The board of directors may authorize the Chairman of the Board to make endorsements/guarantees within NT\$100 million equivalent in accordance with the relevant provisions of this Guidelines and Procedures, and thereafter report to the Board for approval. Where GEM needs to exceed the limits set out in the Guidelines and Procedures to satisfy its

business requirements, and where the conditions set out in the Guidelines and Procedures for Endorsements/Guarantees 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 GEM by the excess endorsement/guarantee. It shall also amend the Guidelines and Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, GEM shall adopt a plan to discharge the amount in excess within a given time limit.

Article 6. Procedures for making endorsements/guarantees

1. The finance and accounting department shall evaluate the applications, based on the following criteria
 - 1) The necessity of and reasonableness of endorsements/guarantees.
 - 2) The necessity of the endorsement/guaranty amount, as compared to the financial strength of the endorsed/guaranteed company.
 - 3) If the aggregate endorsement/guaranty amounts exceed the limits
 - 4) Whether collateral must be obtained and appraisal of the value thereof.
 - 5) Credit status and risk assessment of the entity for which the endorsement/guarantee is made.
 - 6) Impact on GEM's business operations, financial condition, and shareholders' equity.
 - 7) Where endorsement/guaranty for reasons of business dealings, should be evaluated whether the amount of endorsement/guarantee and the amount of business transactions are within the limit.
2. When GEM or its subsidiaries provide endorsements/guarantees to a subsidiary, whose net worth is less than 50 percent of its paid-in capital, in addition to following the Guidelines and Procedure, the endorsed/guaranteed subsidiary shall submit its financial statements to the parent company by the 15th of each month. The finance and accounting department shall periodically review the subsidiary's operating risks, financial strength and the necessity and reasonableness of continuing to provide endorsement/guaranty. The review result shall be submitted to the General Manager and the Chairman. 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.
3. The finance and accounting department of GEM 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 chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under the preceding paragraph.
4. The finance and accounting department of GEM shall update any cancellation of the endorsements/guarantees on the memorandum book on a real-time basis to reduce the endorsement/guaranty amounts.
5. Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these Guidelines and Procedures, or the amount of endorsement/guarantee exceeds the limit, GEM shall adopt rectification plans and submit the rectification plans to the audit committee, and shall complete the rectification according to the timeframe set out in the plan.

Article 7. Submission for disclosure:

1. GEM shall report the endorsement/guarantee balances of the prior month to its parent company by the 7th day of each month. If there is any significant change, special clarifications shall be included.
2. If any endorsement/guarantee meets any of the following criteria, GEM shall submit the information to the parent company on the date of the occurrence of the fact:

- 1) The aggregate balance of endorsements/guarantees by GEM and its subsidiaries reaches 50 percent or more of its parent company's net worth as stated in its latest financial statement.
- 2) The balance of endorsements/guarantees by GEM and its subsidiaries for a single enterprise reaches 20 percent or more of its parent company's net worth as stated in its latest financial statement.
- 3) The balance of endorsements/guarantees by GEM and its subsidiaries for a single enterprise reaches NT\$10 million 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 its parent company's net worth as stated in its latest financial statement.
- 4) The amounts of new endorsements/guarantees made by GEM or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of its parent company's net worth as stated in its latest financial statement.

The aforementioned parent company means a company that directly and indirectly holds more than 50 percent of the voting shares in GEM.

Article 8. The guidelines and procedures for providing guarantees by the subsidiaries

1. For direct or indirect subsidiaries or branch offices in which GEM has controlling interests, when they intend to provide endorsements/guarantees for others, the Guidelines and Procedures shall apply. If such entities have previously enacted their own guidelines and procedures for providing guarantees for others, such guidelines and procedures shall cease to apply after the Guidelines and Procedures take effect.
2. The subsidiaries shall submit a detailed report to GEM, listing the endorsements/guarantees for others made in the preceding month, by the 7th day of every month.

Article 9. Cancellation

1. When there is any cancellation of relevant documents or bills resulting from debt extensions, paybacks, or renewals, the guaranteed company shall send a formal letter to the finance and accounting department of GEM and provide the documents submitted for endorsement/guarantee application for cancellation stamping and then the stamped documents shall be returned. The formal letter shall be kept by the finance and accounting department for reference.
2. The finance and accounting department of GEM shall update any cancellation of the endorsements/guarantees on the memorandum book on a real-time basis to reduce the endorsement/guaranty amounts.

Article 10. Procedure of use and custody of corporate chop

1. GEM's endorsements/guarantees special seals and guarantee notes shall be kept by a special person, and the bills shall be printed and issued in accordance with the prescribed procedures, and the appointment or dismissal or change of the seal custodian shall be reported to the board of directors for approval.
2. When making a guarantee for an overseas company, GEM shall have the Guarantee Agreement signed by a person authorized by the board of directors.

Article 11. Announce procedures

1. GEM 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. GEM 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:
 - 1) The aggregate balance of endorsements/guarantees by GEM and its subsidiaries reaches 50 percent or more of GEM's net worth as stated in its latest financial statement.
 - 2) The balance of endorsements/guarantees by GEM and its subsidiaries for a single enterprise reaches 20 percent or more of GEM's net worth as stated in its latest financial

statement.

- 3) The balance of endorsements/guarantees by GEM and its subsidiaries for a single enterprise reaches NT\$10 million 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 GEM's net worth as stated in its latest financial statement.
- 4) The amounts of new endorsements/guarantees made by GEM or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of GEM's net worth as stated in its latest financial statement.

GEM 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.

"Date of occurrence" in these Guideline and 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 endorsement/guarantee, whichever date is earlier.

Article 12. Internal Control

1. GEM's internal auditors shall audit the Guidelines and Procedures for Providing Guarantees 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.
2. When GEM engages in endorsement/guarantee, it shall be handled in accordance with the prescribed procedures, and if any material violations are found, the management and person in charge shall be punished according to the violation.

Article 13. Others

Any matter not set forth in the Guidelines and Procedures shall be processed in accordance with relevant laws and regulations and/or GEM's relevant rules and regulations.

Article 14. Disciplinary actions

The management and person in charge of compliance with the Guidelines and Procedures shall be disciplined for their violation of the Guidelines and Procedures based on the seriousness of the violation.

Article 15. Implementation and amendment

The procedures or 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 Guidelines and Procedures 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 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

The Procedures and any amendment to the Procedures shall be approved by the audit committee as well as board meeting resolution and submitted to the shareholders' meeting for approval.