

Procedures for Making of Endorsements/ Guarantee

1. Purpose:

In order to ensure that the company adheres to the management operations of endorsing or providing guarantees for others and reduces business risks, these procedures are specially formulated.

2. Scope:

The so-called endorsement guarantees in this procedure refer to the following matters:

2.1 Financing endorsement guarantee, including:

2.1.1 Ticket discount financing.

2.1.2 Endorse or guarantee other companies' financing purposes.

2.1.3 Those who issue separate bills to non-financial enterprises as guarantee for the purpose of financing the company.

2.2 Tariff endorsement guarantee: refers to the endorsement or guarantee for our company or other companies regarding tariff matters.

2.3 Other endorsements and guarantees: refer to endorsements or guarantees that cannot be classified into 2.1 and 2.2.

2.4 If the company provides movable or immovable property to create a pledge or mortgage as a guarantee for the loan of another company, it shall also comply with this Agreement.

3. Definition:

3.1 Parent company and subsidiaries: identified in accordance with the financial reporting standards for securities issuers.

3.2 Net worth: refers to the equity attributable to the owners of the parent company on the balance sheet as stipulated in the financial reporting standards of the securities issuer.

3.3 Announcement reporting: refers to entering the information reporting website designated by the Financial Supervisory Commission.

3.4 Date of occurrence: refers to the earlier of the transaction signing date, payment date, board resolution date or other date sufficient to determine the endorsement guarantee object and amount.

3.5 All directors (members): refers to all directors or members during their term of office.

4. Reference documents:

4.1 The provisions of Article 36-1 of the Securities and Exchange Law.

4.2 Standards for Handling Fund Loans and Endorsement Guarantees of Publicly Offered Companies promulgated by the Financial Supervisory Commission of the Executive Yuan

5. Rights and Responsibilities:

5.1 Board of Directors: The resolution on the endorsement and guarantee matters was passed.

5.2 Audit Committee: Review and approve endorsement guarantee matters.

5.3 Financial unit:

5.3.1 After the endorsement guarantor submits an application, the evaluation report will be written and submitted to the general manager for approval, and then submitted to the board of directors for approval.

5.3.2 Establish an endorsement guarantee record book.

5.3.3 Provide endorsement and guarantee information to accounting units for announcement and reporting matters, and accountants to review financial reports.

5.4 Accounting unit: handle announcements and declarations of endorsement guarantee matters.

6. Flowchart:

(not applicable)

7. Procedure/Method:

7.1 Recipients of endorsement:

7.1.1 A company in which the company directly or indirectly holds more than 50% of the voting shares.

7.1.2 Companies that directly or indirectly hold more than 50% of the company's voting shares.

7.1.3 Companies in which the company directly or indirectly holds more than 90% of the voting shares may endorse guarantees.

However, before endorsing the guarantee, it must be submitted to the company's board of directors for resolution, and the amount shall not exceed 10% of the company's net worth. However, the company directly and indirectly holds 100% of the voting shares.

This does not apply to inter-divisional endorsements and guarantees.

7.2 Endorsement Guarantee Amount

7.2.1 The amount of the company's endorsement guarantee for a single enterprise shall not exceed 30% of the company's net worth; the total amount of external endorsement guarantee liability shall not exceed 40% of the company's net worth.

7.2.2 The limit of the company and its subsidiaries' endorsement guarantees for a single enterprise shall not exceed 30% of the company's net worth, and the total amount of external endorsement guarantees as a whole shall not exceed 40% of the company's net worth.

7.2.3 When dealing with endorsements and guarantees, it should first be approved by the board of directors. If business needs it, authorize the chairman to make a decision first within 5% of the company's latest financial statement net value, and then report to the latest latest financial statement. The board of directors ratifies it and reports the handling status and related matters to the shareholders' meeting for reference.

7.3 Processing procedures

7.3.1 When our company handles endorsement guarantee matters, the endorsed guarantee company shall submit an application to the financial unit of the company. The financial unit will summarize the information and conduct a detailed review in accordance with this procedure. The review items include:

7.3.1.1 Necessity and reasonableness of endorsement guarantee.

7.3.1.2 Credit investigation and risk assessment of the endorsement guarantee objects.

7.3.1.3 Impact on the company's operational risks, financial status and shareholders' equity.

7.3.1.4 Whether collateral and the assessed value of the collateral should be obtained.

7.3.2 The financial unit will compile the relevant information and evaluation results in the preceding paragraph. If the cumulative balance at the time of application for endorsement guarantee does not exceed 5% of the company's latest financial statement net worth, it will be submitted to the chairman of the board for approval and then processed. If the cumulative balance of the

endorsement guarantee exceeds 5% of the company's net value in the most recent financial statement, it will be reported to the latest board of directors for ratification. After being submitted to the general manager for verification, it will be sent to the board of directors for approval, and it will be handled in accordance with the resolution of the board of directors.

- 7.3.3 The financial unit should establish a reference book to record the endorsement guarantee objects, the amount, the date passed by the board of directors or the chairman of the board of directors, the date of the endorsement guarantee, matters that should be carefully evaluated in accordance with these operating procedures, the contents of the collateral and its assessed value, and the cancellation of the endorsement. The conditions and dates of guarantee obligations shall be detailed in the reference book for future reference. Relevant bills, agreements and other documents should also be photocopied and properly kept.
- 7.3.4 The financial unit shall prepare a detailed list of the guarantee matters incurred and canceled each month to facilitate control, tracking and provide them to the accounting unit for announcement reporting, and shall evaluate or recognize them in accordance with the provisions of Financial Accounting Standards Bulletin No. 9. If there is a contingency for an endorsement guarantee, the endorsement guarantee information should be properly disclosed in the financial report and relevant information provided to the accountant so that the accountant can carry out necessary verification procedures.
- 7.3.5 If the company handles an endorsement guarantee due to business needs and it is necessary to exceed the limit set by the endorsement guarantee operating procedures and meets the conditions set by the endorsement guarantee operating procedures, it shall obtain the consent of the board of directors and more than half of the directors shall review the company's possible consequences of exceeding the limit. The loss shall be jointly guaranteed and the procedures for endorsement guarantee shall be revised and ratified by the shareholders' meeting. If the shareholders' meeting does not agree, a plan shall be made to cancel the excess part within a certain period of time.
- 7.3.6 If the company's endorsement guarantee objects and amounts originally meet the requirements, but later due to changes in circumstances, the endorsement guarantee does not meet the requirements or the amount exceeds the limit, an improvement plan should be formulated and submitted to all members of the audit committee, and the plan should be implemented according to the schedule. Complete improvements.

7.4 Seal storage and procedures

- 7.4.1 Use the company seal applied to the Ministry of Economic Affairs as the special seal for endorsement. The seal shall be kept by a dedicated person approved by the board of directors and shall seal or issue bills in accordance with the prescribed procedures. Seals are kept in accordance with our company's "Seal Management Procedures".
- 7.4.2 When providing guarantee to a foreign company, the guarantee letter issued by the company shall be signed by a person authorized by the board of directors.

7.5 Announcement and declaration procedures

- 7.5.1 The balance of the endorsement guarantee of the company and its subsidiaries for the previous month shall be announced and declared before the tenth day of each month. If the balance of the endorsement guarantee reaches one of the following standards, the declaration shall be announced within two days from the date of the fact.

- 7.5.1.1 The balance of the endorsement guarantee of the company and its subsidiaries reaches more than 50% of the net value of the company's most recent financial statements.
 - 7.5.1.2 The balance of the company and its subsidiaries' endorsement guarantee for a single enterprise reaches 100% of the net value of the company's most recent financial statement more than 20 percents points.
 - 7.5.1.3 The balance of the company and its subsidiaries' endorsements and guarantees for a single enterprise reaches more than NT\$10 million, and the total book amount of endorsements, guarantees, investments using the equity method and fund loans and balances reach the company's latest The net value of the financial statements is more than 30%.
 - 7.5.1.4 The company and its subsidiaries' new endorsement guarantee amount reaches more than NT\$30 million and reaches the company's maximum Recent financial statements net worth more than five percent.
 - 7.5.2 If a subsidiary of the Company is not a domestic public offering company, if the subsidiary has matters that should be announced and reported in 7.5.1.4, the Company shall do so.
 - 7.5.3 The content, format and copy of the information in the announcement shall be handled in accordance with the Financial Supervision and Administration Commission of the Executive Yuan's announcement on the Guidelines for the Handling of Fund Loans and Endorsement Guarantees for Publicly Offered Companies.
- 7.6 To cancel the endorsement guarantee, the financial unit should retrieve the evidence of cancellation of the seal of the endorsement guarantee, write a cancellation report, and then close the case after approval.
- 7.7 The company's internal audit should audit the endorsement assurance operating procedures and their implementation at least quarterly, and keep written records. If major violations are discovered, all members of the audit committee should be notified in writing immediately.
- 7.8 The company should evaluate or recognize the contingent loss of the endorsement guarantee, appropriately disclose the endorsement guarantee information in the financial report, and provide relevant information to certified accountants to perform necessary verification procedures.
- 7.9 If a subsidiary of the Company intends to endorse a guarantee for others, the subsidiary shall formulate procedures for endorsement guarantees in accordance with regulations and shall handle the matter in accordance with the prescribed procedures.
- 7.10 When the company engages in endorsement guarantees, it shall handle it in accordance with prescribed procedures. If major violations are discovered, managers and organizers shall be punished based on the violation.
- 7.11 If the company or subsidiary's endorsement guarantee object is a subsidiary whose net worth is less than one-half of the paid-in capital, in addition to handling it in accordance with the provisions of 7.3.1, the company's internal auditors should audit the endorsement guarantee at least quarterly. Operating procedures and their implementation shall be recorded in writing. If any major violation is discovered, all members of the Audit Committee shall be notified in writing immediately.
 - 7.11.1 If the subsidiary stock has no par value or the par value is not NT\$10 per share, its paid-in capital amount shall be the total of share capital plus capital reserve - issuance premium.
- 7.12 This operating procedure shall be approved by the Audit Committee, passed by the

Board of Directors, and implemented after being reported to the shareholders' meeting for approval. If any director expresses objections and has a record or written statement, the company shall submit the objections to the Audit Committee and report to the shareholders. It will be discussed, and the same goes for revisions.

7.13 When this operating procedure is submitted to the board of directors for discussion, the opinions of each independent director should be fully considered. If the independent directors have any objections or reservations, they should be stated in the minutes of the board meeting.

7.14 The company's formulation or revision of endorsement guarantee operating procedures must be approved by more than half of all members of the audit committee and submitted to the board of directors for approval. If there is no consent from more than one-half of all members of the Audit Committee, it may be implemented with the consent of more than two-thirds of the entire Board of Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

8 Related documents:

8.1 Documentation:

8.1.1 Seal management procedures

8.2 Form:

(not applicable)

8.3 Records and others:

(not applicable)