

Management of Endorsements and Guarantees

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Management of Endorsements and Guarantees

Article 1 (The purpose of implementation of the rules and regulations)
To establish a strong governance system within the Company; shall adhere to these rules of making of endorsements/guarantees. Except otherwise stated, all other matters shall be conducted by applicable laws and regulations.

Article 2 (Scope of these Rules)
The term "endorsements/guarantees" as used in these Regulations refers to the following:

- I. Financing endorsements/guarantees, including:
 - (1) Bill discount financing.
 - (2) Endorsement or guarantees 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.
- II. Customs duty endorsements/guarantees, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
- III. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Any creation by this Corporation of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.

Except Article 9, 10, 12 and the local laws regarding the endorsements/guarantees have provided otherwise, the regulation shall comply with all subsidiaries of the Corporation.

Article 3 (Entities for which the company may make endorsements/guarantees)

This Corporation may make endorsements/guarantees for the following companies:

- I. A company with which it does business.
- II. A company in which this Corporation directly and indirectly holds more than 50 percent of the voting shares.
- III. A company that directly and indirectly holds more than 50 percent of the voting shares in this Corporation.

Companies in which this Corporation holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the number of endorsements/guarantees may not exceed 10% of the net worth of this Corporation. Provided that this restriction shall not apply to endorsements/guarantees made between companies in which this Corporation

holds, directly or indirectly, 100% of the voting shares, and the number of endorsements/guarantees may not exceed 50% of the net worth of this Corporation,

Where this Corporation 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, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, 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 this Corporation, or through a company in which this Corporation holds 100% of the voting shares.

Article 4 (Limitation amount of endorsements/guarantees)

- I. The total amount for the endorsements/guarantees is limited under the following restrictions:
 - (I) A company with which it does business as guarantor—the total endorsements/guarantees amount may not exceed 20% of the net worth of this Corporation.
 - (II) This Corporation—the total endorsements/guarantees amount may not exceed 40% of the net worth of this Corporation.
 - (III) This Corporation and its Subsidiaries—the total endorsement/guarantees amount may not exceed 50% of the net worth of this Corporation
- II. The total amount for the endorsements/guarantees targeted single enterprise is limited under the following restrictions:
 - (I) A company with which it does business as guarantor—per individual cases, the total endorsements/guarantees amount may not exceed a year worth of business transaction. The term of “business transaction” as used in this regulation refer to the amount of purchase goods or sales of goods between the parties, whichever is higher, but may not exceed the 10% of the net worth of this Corporation,
 - (II) This Corporation to single enterprise—the total endorsements/guarantees amount may not exceed 30% of the net worth of this Corporation.
 - (III) This Corporation and its Subsidiaries to single enterprise—the total endorsements/guarantees amount may not exceed 40% of the net worth of this Corporation.

"Subsidiaries" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.

The term of “net worth” mentioned in the previous paragraph, it refers to the latest financial report emanated by certified public accountant, where this Corporation’s financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5 (The hierarchy of decision-making and delegating the authority of the endorsements/guarantees)

- I. In accordance with this Corporation’s endorsements/guarantees rules, the Corporation may make an endorsements/guarantees only after the evaluation results have been submitted to and resolved upon by the board of directors, or approved by the chairman of the board, where empowered by the board of directors to grant endorsements/guarantees within a USD300,000, for subsequent submission to and ratification by the next board of directors' meeting.
- II. Before making any endorsement/guarantees pursuant to paragraph 2, Article 3, a subsidiary in which this Corporation holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsements/guarantees to this Corporation’s board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which this Corporation holds, directly or indirectly, 100% of the voting shares.
- III. When it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 6 (Exceed the limitation amount of endorsements/guarantees)

- I. Where this Corporation needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational 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 the company by the excess endorsements/guarantees. It shall also amend the Operational 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, the company shall adopt a plan to discharge the amount in excess within a given time limit.
- II. When it makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 7 (Procedures for making endorsements/guarantees)

- I. When making endorsements/guarantees, the Treasury Management Div. in charge of this endorsements/guarantees should prepare an “Proposal” with the following information for the record: the entity for which the endorsements/guarantees is made, types of the endorsements/guarantees, reason for the endorsements/guarantees, and the amount of the endorsements/guarantees. The Treasury Management Div. shall also evaluate the entity’s business operational, financial condition, and credit status etc.
- II. Detailed review procedures, including:
 - (I) The necessity of and reasonableness of endorsements/guarantees.
 - (II) Credit status and risk assessment of the entity for which the endorsements/guarantees is made.
 - (III) The impact on the company's business operations, financial condition, and shareholders' equity.
 - (IV) Whether collateral must be obtained and appraisal of the value thereof. The result of the endorsements/guarantees shall be approved by the authority, and in accordance with Article 5, The Treasury Management Div. will report to the Board of Directors.
- III. The Treasury Management Div. shall prepare a “Endorsement/Guarantee Memorandum Book” for endorsements/guarantees activities and record in detail the following information for the record: the entity for which the endorsements/guarantees 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 endorsements/guarantees is made, and the matters to be carefully evaluated under these Regulations.
- IV. The Treasury Management Div. shall automatically track the status of expired endorsements/guarantees to see if the endorsements/guarantees is closed or written-off. The Corporation shall apply for registration of the cancellation on mortgage/collateral or return the pledge back to the entity (if any) once the endorsements/guarantees is closed.
- V. Whereas a result of changes of condition the entity for which an endorsements/guarantees is made no longer meets the requirements of these Regulations, or the amount of endorsements/guarantees exceeds the limit, the Treasury Management Div. of this Corporation shall adopt rectification plans and submit the rectification plans to the Audit Committee and independent directors, and shall complete the rectification according to the timeframe set out in the plan.
- VI. This Corporation shall evaluate or record the contingent loss for endorsements/guarantees, and the Accounting Div. 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.
- VII. This Corporation's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. The Auditing Div. shall promptly notify the Audit Committee and independent directors in writing of any material violation found.

Article 8 (Procedures for use and custody of corporate seals)

This Corporation shall use the corporate seal registered with the Ministry of Economic Affairs as the dedicated seal for endorsements/guarantees. The seal shall be kept in the custody of a designated person approved by the board of directors and may only be used to seal or issue negotiable instruments in accordance with the “Management of the Use of Seals”.

When making a guarantee for a foreign company, this Corporation shall have the Guarantee Agreement signed by a person authorized by the board of directors.

Article 9 (Public announcement’s deadline and content)

1. Once this Corporation converted into public company, the Investor Relations Div. 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. Once this Corporation converted into public company, whose balance of endorsements/guarantees reaches one of the following levels shall be announced and reported such event within two days commencing immediately from the date of occurrence by Investor Relations Div.:
 - (I) The aggregate balance of endorsements/guarantees by this Corporation and its subsidiaries reaches 50 percent or more of this Corporation's net worth as stated in its latest financial statement.
 - (II) The balance of endorsements/guarantees by this Corporation and its subsidiaries for a single enterprise reaches 20 percent or more of this Corporation's net worth as stated in its latest financial statement.
 - (III) The balance of endorsements/guarantees by this Corporation and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of this Corporation's net worth as stated in its latest financial statement.
 - (IV) The number of new endorsements/guarantees made by this Corporation or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of this Corporation's net worth as stated in its latest financial statement.

This Corporation 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 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 transaction, whichever date is earlier.

Article 10 (Procedures for controlling and managing endorsements/guarantees by subsidiaries)

- I. When the subsidiaries of this Corporation make endorsements/guarantees for others, unless otherwise stated by the local laws and regulations, the subsidiaries shall comply with these rules.
- II. Public announcement deadline and content
 - (I) When the subsidiaries are not a public company, any endorsements/guarantees shall in accordance with the actual occurrence of the event report to this Corporation. The Investor Relations Div. of the Corporation can decide whether to make the announcement on behalf of the subsidiaries.
 - (II) When the subsidiaries are not a public company, any endorsements/guarantees balance from previous month shall report to this Corporation before the 5th of next month. The Investor Relations Div. of the Corporation will make the announcement on behalf of the subsidiaries.
- III. The remaining balance of the endorsements/guarantees made by the subsidiaries is calculated based on the ratio of endorsements/guarantees amount to the net worth of this Corporation.

Article 11 (Penalty Provision)

When the Corporation's manager and in charge personnel violate any rules and regulations, the record will be reflected in its annual personal performance and punishment will be granted upon the seriousness of the violation by the Human Resource Div..

Article 12 (Other)

For circumstances in which an entity for which the company makes any endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital, the Treasury Management Div. and any other relevant divisions shall continuously follow-up and monitoring the control measures as well as report to the Audit Committee and independent directors on a regular basis. 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, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

For circumstances in which this Corporation and its subsidiaries make endorsements/guarantees on behalf of the subsidiaries, whose net worth is not yet lower than half of its paid-in capital, but due to subsequent change of circumstances caused the net worth lower than half of its paid-in capital, this Corporation shall follow the same measurement as mentioned in the previous article.

Article 13 (Responsibilities)

The establishment or amendment of these Regulations shall be approved by all

members of the Audit Committee, and submitted to the Board of Directors meeting for resolution, and are implemented after approval by the shareholders' meeting. Where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion for discussion by the shareholders meeting. If approval of one-half or more of all Audit Committee members is not obtained, these Regulations 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 same shall apply to any amendments to these Regulations.

These Regulations were established on 2023/9/22.

Article 14 (Control Focus)

- I. Prior to making an endorsement/guarantee, the Treasury Management Div. shall submit a proposal to the Board of Directors for resolution.
- II. The Treasury Management Div. shall conduct a credit check on the company to which an endorsements/guarantees is made to assess its risks. An assessment record shall be prepared and must be approved by the authority.
- III. The Treasury Management Div. shall establish an "Endorsements/Guarantees Memorandum Book" with details of the object of endorsement/guarantee, the amount, the date of approval by the Board of Directors or the chairman's decision, and the date of the endorsement/guarantee.
- IV. A cancellation of an endorsements/guarantees shall be immediately canceled by the Treasury Management Div. and recorded for future reference.
- V. The Investor Relations Div. shall announce and report the endorsements/guarantees of the Company and its subsidiaries for the previous month as well as other matters that require announcement and reporting.

Article 15 (Information Basis)

1. Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies
2. Regulations Governing the Preparation of Financial Reports by Securities Issuers
3. Securities and Exchange Act
4. Management of the Use of Seals

Article 16 (Forms Used)

- I. Proposal
- II. Endorsement/Guarantee Memorandum Book