

 直得科技股份有限公司 CHIEFTEK PRECISION CO.,LTD.	Document Name	Procedures for Governing the Making of Endorsements and Guarantees	Version	5
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Article 1 Purpose and the Legal Basis

To make a reference for making endorsements or guarantees for others, improving financial management and decreasing operational risk for the Company. We established the procedure in accordance with the regulations of the Company Act, Securities and Exchange Act and Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies issued by Securities and Futures Commission, Ministry of Finance specifically

Article 2 Risk Analysis

- (1) Where the making of endorsements and guarantees is not passed at the meeting of the Board of Directors.
- (2) Where the counterparty or amount for the making of endorsements and guarantees is not property reviewed.
- (3) Where matters relating to the making of endorsements and guarantees are not recorded for reference and as a result unable to offset and cancel or terminate before the maturity of the guarantee period.
- (4) Corporate chops used for the making of endorsements and guarantees are not in the safekeeping of a designated personnel.

Article 3 Applicability

The term“endorsements/guarantees as used in the procedure means the following items:

- (1) Financing endorsements/guarantees includes 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 endorsements/guarantees refer to endorsements or guarantee for the Company itself or another company relating to customs duty matters.

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(3) Other endorsements/guarantees refer to endorsements or guarantees beyond the scope of the preceding two subparagraphs.

Any creation of a pledge or mortgage on the Company's chattel or property as security for the loans of another company shall be likewise subject to the provisions of the Procedures.

Article 4 Counterparties in respect of the Making of Endorsements and Guarantees

Where the Company 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, endorsements/guarantees shall be made for the following companies:

- (1) Other companies that the Company does business with.
- (2) The Company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
- (3) Any company that directly or indirectly holds more than fifty percent of the Company's voting share.

The term "investment" used in the preceding paragraph refers to the Company's direct investment or investment through a company that has one hundred percent voting shares.

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's most current financial statement.

However, this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

The terms "subsidiary" and "parent company" used in the Procedures refer to the definitions laid down in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The Company's financial statements are compiled in accordance with the International Financial Reporting Standards. Further, the term "net worth" used in the Procedures refers to equities attributable to the shareholders recognized in the balance sheets compiled in

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accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The determination of the net worth of subsidiary's most current financial statement, means subsidiary's most current financial statement audited (reviewed) by the accountant, or the net worth of the subsidiary's most current consolidated financial report was audited (reviewed) by the accountant as reference.

Article 5 Limitations on Endorsements and Guarantees

- (1) The total amount of endorsements and guarantees provided by the company to external parties shall not exceed 50% of the net worth in the most recent financial statements. The amount of endorsement or guarantee for a single entity shall not exceed 20% of the company's net worth in the most recent financial statements.
- (2) For parties with business dealings with the company, in addition to the above-mentioned limits, the amount of endorsement or guarantee for each individual entity shall not exceed the total business transaction amount between the two parties in the most recent year. The business transaction amount refers to the higher of the purchase or sales amount between the two parties.
- (3) For companies in which the company directly or indirectly holds 100% of voting shares, the total amount of endorsements or guarantees shall not exceed 50% of the net worth of the guaranteeing company in the most recent financial statements, and the amount of endorsement or guarantee for a single entity shall not exceed 50% of the net worth of the guaranteeing company in the most recent financial statements.
- (4) The total amount of endorsements or guarantees provided by the company and its subsidiaries shall not exceed 50% of the company's net worth in the most recent financial statements, and the amount of endorsement or guarantee for a single entity shall not exceed 50% of the company's net worth in the most recent financial statements.

Article 6 Determination and Level of Authorization

- (1) When the Company and its subsidiary have to make guarantees or endorse bills for business requirements, it shall report to the Board of Directors for approval first; cooperating with aging, the Board of Directors shall authorize the chairman to conduct within one single amount of NT\$ 50,000,000 first in

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accordance with the regulations of the procedure, afterward report to the most current Board of Directors for approval.

Where the Company has appointed independent directors, when it makes endorsements or endorses bills for business requirements, 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.

Where the Company has established an audit committee, when it makes endorsements or endorses bills for business requirements, it 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, and the provisions of paragraph 2 shall not apply.

If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operational 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" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

- (2) The Company holds, directly or indirectly, 90% or more of the voting shares of the subsidiary in accordance with the regulations of paragraph 2 of Article 4, before making endorsements/guarantees, it shall be reported to the Company's board of directors for resolution, and therefore start to conduct. However, it shall not apply to endorsements/guarantees when the Company holds, directly or indirectly, 100% or more of the voting shares of any company.
- (3) Where the Company needs to exceed the limits set out in the procedure for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the procedure 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 endorsement/guarantee. It shall also amend the procedure 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

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adopt a plan to discharge the amount in excess within a given time limit. Where the Company has appointed independent directors, 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.

- (4) When a subsidiary of the company provides endorsements or guarantees for others, the matter must be submitted for resolution by the parent company's board of directors in accordance with the handling guidelines.

Article 7 Operational Procedures

- (1) When an entity for which the company provides endorsement or guarantee wishes to utilize an amount within the approved limit, it must submit basic and financial information along with an application form to the company's finance department, unless it is a subsidiary in which the company directly or indirectly holds 100% of voting shares. The finance department shall conduct a detailed assessment and credit review. Evaluation items include: the necessity and reasonableness of the endorsement or guarantee, credit and risk assessment of the endorsed party, the impact on the company's operational risks, financial position, and shareholders' equity, and whether collateral should be obtained and the value of such collateral. Additionally, if the endorsed party is a subsidiary with a net worth less than half of its paid-in capital, the subsidiary must submit an improvement plan, which shall be reported to the board of directors. The board must then decide whether to continue the endorsement or guarantee.
- (2) The finance department shall maintain an "Endorsement and Guarantee Register," documenting details such as the endorsed party, the amount, the date of approval by the board of directors or the chairman's decision, the date of endorsement or guarantee, and matters requiring careful evaluation according to Paragraph 1.
- (3) When any document or instrument related to the endorsement or guarantee needs to be canceled due to debt repayment or renewal, the relevant documents must be stamped "canceled" and retained for future reference.
- (4) The finance department shall assess or recognize potential losses from the endorsement or guarantee and disclose relevant information in the financial report. It shall also provide relevant information to the certified

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public accountant for the necessary audit procedures and the issuance of an appropriate audit report.

- (5) For subsidiaries whose shares have no par value or with a per-share par value other than NT\$10, the paid-in capital for the calculation under Item 1 shall be based on the total of capital stock plus capital surplus—share premium.
- (6) The responsible personnel shall prepare a "Detailed List of Endorsement and Guarantee Balances" for the previous month by the 5th of each month.

Article 8 The Safekeeping of Company Chop and Relevant Procedures

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors; when making endorsements/guarantees, may be used to seal or issue negotiable instruments only in prescribed procedures; when making a guarantee for an overseas company, the Company shall have the Guarantee Agreement signed by a person authorized by the board of directors.

Article 9 Important Issues Relating to the Making of Endorsements/Guarantees

- (1) The Company'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. They shall promptly notify all independent directors in writing of any material violation found.
- (2) Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these Regulations, or the amount of endorsement/guarantee exceeds the limit, a public company shall adopt rectification plans and submit the rectification plans to all independent directors and the audit committee, and report to board of directors, and shall complete the rectification according to the timeframe set out in the plan.

Article 10 Time Limit and Content Required for the Public Announcements

- (1) The Company shall upload the previous month's endorsements/guarantees relevant information of its head office and subsidiaries to the Market Observation Post System (MOPS) in accordance with the regulations before the 10th day of each month.

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- (2) The Company whose endorsements/guarantees balances reach one of the following levels shall announce and report such event to the Market Observation Post System (MOPS) within two days commencing immediately from the date of occurrence:
- (i) The total balance of endorsements and guarantees provided by the company and its subsidiaries exceeds 50% of the company's net worth in the most recent financial statements.
 - (ii) The total balance of endorsements and guarantees provided by the company and its subsidiaries to a single entity exceeds 20% of the company's net worth in the most recent financial statements.
 - (iii) The total balance of endorsements and guarantees provided by the company and its subsidiaries to a single entity exceeds NT\$10 million, and the combined total of the endorsements and guarantees, the book value of equity-method investments, and the balance of loans to that entity exceeds 30% of the company's net worth in the most recent financial statements; or, after a public announcement as required by these procedures, the balance increases by more than 5% of the company's net worth in the most recent financial statements.
 - (iv) The company or its subsidiaries provide a new endorsement or guarantee amount exceeding NT\$30 million, and the amount exceeds 5% of the company's net worth in the most recent financial statements.
- (3) If a subsidiary of the company is not a domestically listed company, and such a subsidiary encounters a situation as described in Item 2, Subparagraph 4 that requires public announcement and reporting, the company shall make the announcement on its behalf..
- (4) The term "date of occurrence" in these procedures refers to the earliest of the following dates: the contract signing date, payment date, board resolution date, or any other date that confirms the endorsement or guarantee recipient and amount.

Article 11 Control Mechanisms for the Making of Endorsements/Guarantees by the Subsidiaries

- (1) 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 Endorsements/Guarantees in compliance with these Regulations, and it shall comply with the Procedures when making endorsements/guarantees; however, the net worth shall be

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calculated by the net worth as stated in the latest financial statement of the industry which makes endorsements/guarantees for others as standard.

- (2) The subsidiary shall make "the balance statement of endorsements/guarantees" of the previous month by the 5th day of each month, and report to the Company.
- (3) The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees of the subsidiary in accordance with the annual audit program, and comprehend the implementation of Procedures for Endorsements/Guarantees for others. When the deficient matters were found, the Company shall continue to follow up the implementation of improvement and make a follow-up report for reporting to the chairman; they shall promptly notify all the independent directors in writing of any material violation of endorsement/guarantee found.

Article 12 Penalty for violation of these Regulations or the company's Operational Procedures for Endorsements/Guarantees by managers and personnel in charge

When the Company's managers and personnel in charge violate the operational procedure, it shall be reported for appraisal in accordance with the Company's personnel management measures and work rules, and punished in accordance with the seriousness of the case; the Company shall send the relevant rectification plans to all the independent directors in accordance with Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies , and report to audit committee and board of directors, and shall complete the rectification according to the time frame set out in the plan.

Article 13 Procedures for Implementation

After the procedure was approved by the board of directors, shall be reported to shareholders' meeting for approval. Where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to each independent director and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

The Operational Procedures for endorsements/guarantees according to the preceding regulation for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full

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consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the board of directors meeting.

Where the Company has established an audit committee, when it adopts or amends its Operational Procedures for endorsements/guarantees, 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, and the provisions of paragraph 2 shall not apply.

If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operational 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" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.