

Zhen Ding Technology Holding Limited

Procedures for Endorsement & Guarantee

Article 1: Purpose

In order to ensure compliance with the endorsement and guarantee matters of our company, this operating procedure is established based on the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies (the “Regulations”) issued by the Financial Supervisory Commission (“FSC”), the regulatory authority in the jurisdiction where our company is listed. However, if there are other provisions in relevant laws, those provisions shall prevail. Any other matters not set forth in the Procedures shall be dealt within accordance with the applicable laws, rules, and regulations.

Article 2: Scope of Application

1. Financing Endorsements/Guarantees: Bill discount financing; Endorsement or guarantee made to meet the financing needs of another company; Issuance of a separate negotiable instrument to a non-financial entity as security to meet the financing needs of the Company.
2. Customs duty endorsements/guarantees, means endorsements or guarantees for the Company or another company with respect to the customs duty matters.
3. Other endorsements/guarantees, means endorsements or guarantees beyond the scope of the above two subparagraphs.

Any perfection of a pledge or mortgage created over the chattel or real property provided by the Company as security for the loans of another company shall also comply with the Procedures herein.

Article 3: To Whom The Company May Provide Endorsements/Guarantees

1. A company who has business relationship with the Company
2. A company in which the Company directly or indirectly owns more than 50% of the voting shares.
3. A company that directly or indirectly owns more than 50% of the Company’s voting shares.
4. Endorsements/guarantees may be made by and between companies in which the Company holds, directly or indirectly, 90% or more of the voting shares, with prior approval of the board of directors (the “Board”), provided that the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company as stated in the latest financial statements of the Company. The foregoing restrictions under this paragraph shall not apply to endorsements/guarantees made by and between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
5. Cases where all capital contributing shareholders make endorsements/guarantees for their jointly invested companies in proportion to their shareholding percentages shall not be subject to the restrictions under the preceding four paragraphs in making endorsements/guarantees.

6. Capital contributing referred to in the preceding paragraph shall mean capital contribution made directly by the Company, or through a subsidiary in which the Company holds 100% of the voting shares.
7. The following circumstances will result in the Company rejecting an application for an endorsements/guarantees:
 - (1) The amount of endorsements/guarantees exceeds the prescribed limit set by the Company.
 - (2) The applicant has a poor credit history with records of bad debt or debt disputes.
 - (3) The application falls outside the scope of the endorsements/guarantees approved by the board of directors.

Article 3-1: Recognition of Subsidiaries and Parent Companies

The terms “subsidiary” and “parent company” referred to in this document shall be determined in accordance with the regulations of the financial reporting standards for listed companies in the jurisdiction where the company is listed.

Article 4: Limit of Endorsements/Guarantees

1. The total amount of endorsements/guarantees provided by the Company shall not exceed 100% of the Company's net worth as stated in the latest financial statements of the Company.
2. The total amount of endorsements/guarantees provided by the Company for one single company shall not exceed 10% of the Company's net worth as stated in the latest financial statements of the Company.
3. The total amount of endorsements/guarantees provided by the Company and its subsidiaries shall not exceed 200% of the Company's net worth as stated in the latest financial statements of the Company.
4. The total amount of endorsements/guarantees provided by the Company and its subsidiaries for one single company shall not exceed 100% of the Company's net worth as stated in the latest financial statements of the Company.
5. For endorsements/guarantees provided by the Company due to business transactions, the amount shall be evaluated based on the business transactions between the enterprise and the Company in the last 12 months, taking into account the higher value of purchases or sales between both parties.

Article 4-1: Determination of Book Value

The term "book value" referred to in this document refers to the equity attributable to the owners of the parent company as stated on the balance sheet of the most recent financial statements audited or reviewed by the company's auditors.

Article 5: Approval Process

The endorsement/guarantee provided by the Company shall be approved by the Board of Directors before proceeding. However, to accommodate time constraints, the Board of Directors may authorize the Chairman to approve up to NTD 200 million in advance, subject to subsequent ratification by the Board of Directors. The details of the approval and related matters shall be reported to the shareholders' meeting for reference.

Article 6: Procedures for Processing and Review of Endorsement and Guarantees

1. Procedures for applying for endorsement/guarantee:
 - (1) The company applying for endorsement/guarantee shall provide corporate and financial information, fill out an application form, and submit it to the competent authorized division of the Company.
 - (2) The competent authorized division shall review the necessity and reasonableness of the endorsement/guarantee, whether collateral should be obtained, and whether the amount of the endorsements/guarantees complies with the provisions of Article 4.
 - (3) Applications that are complete and meet the requirements for endorsement/guarantee may be sent to the credit management unit of the Company for a credit check.
2. Credit Check and Risk Assessment
 - (1) The credit management unit may conduct a credit check after obtaining the endorsement/guarantee application form and related documents.
 - (2) During the credit check, the credit management unit shall collect, analyze, and assess the creditworthiness and operational situation of the company applying for endorsement/guarantee. The results of the credit check shall be documented in a written report and submitted to the competent authorized division for review. The report should be presented to the Chairman or the Board of Directors as a reference for risk assessment.
3. Collateral Value and Evaluation

If collateral is required for an endorsement/guarantee case, the applying company should provide the collateral to the credit management unit for collateral value assessment. The assessment results should be reported to the Chairman or the Board of Directors as a reference for risk assessment.
4. Endorsement/Guarantee Approval
 - (1) The competent authorized division of the Company shall present the relevant information regarding the examination and assessment of the endorsement/guarantee cases, including the results of the credit investigation, the collateral evaluation reports, the impact on the Company's operational risks, financial condition, and shareholders' equity, as well as the endorsement/guarantee conditions, to the Board of Directors for approval. Alternatively, within the authorized limit of the Chairman, the approval can be made, and then submitted for subsequent confirmation by the Board of Directors. If the cumulative balance of endorsements/guarantees at the time does not exceed the authorized limit of the Chairman, the decision can be made by the Chairman and subsequently submitted for the Board of Directors' confirmation in the following meeting. If the cumulative balance of endorsements/guarantees exceeds the authorized limit of the Chairman, it must be presented to the Board of Directors.
 - (2) The company shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or objection and the reasons for objection shall be included in the Board meeting minutes.
5. Notice of Approval

- (1) Upon approval of a case for endorsement/guarantee, the competent authorized division shall promptly notify the applicant company, specifying the endorsement/guarantee conditions, including the amount, period, collateral, etc., and request the applicant company to complete the signing procedures within the deadline.
 - (2) In case of denial of a case for endorsement/guarantee after the credit check, the competent authorized division shall promptly reply to the applicant company with reasons for the denial.
6. Collateral Rights and Insurance
 - (1) To protect the rights and interests of the Company and if collateral is required for the endorsement/guarantee case, the applicant company shall immediately complete the procedures for pledging the collateral to the Company after receiving notification.
 - (2) All collateral, except for land and securities, shall be insured for an amount not less than the amount of the collateral value. The insurance policy shall indicate that the Company is the beneficiary. The insured items, quantity, storage location, insurance conditions, insurance endorsement, etc., should be consistent with the conditions approved by the company.
 - (3) The competent authorized division should remind the applicant company to renew the insurance before the expiration of the insurance period.
7. Contract Signing and Counter-Guarantee
 - (1) The competent authorized division shall draft the terms of the contract for the endorsement/guarantee case, which shall be reviewed and approved by the legal affairs unit before proceeding with the signing of the contract.
 - (2) The content of the contract shall be consistent with the approved endorsement/guarantee conditions. After the applicant company signs the contract, the competent authorized division shall handle the counter-guarantee procedures.
8. Once the endorsement/guarantee case has been approved and the relevant procedures outlined in items six and seven have been completed and verified as accurate, the endorsement/guarantee can be carried out.

Article 7: Termination of Endorsement Guarantee

When the reason for the endorsement/ guarantee ceases to exist, the applicant shall immediately notify the Company to terminate the responsibility of the Company for the endorsement/ guarantee and record it in the “Endorsement/Guarantee Record Book”.

Article 8: Procedure for the Use and Custody of the Seal

The dedicated seal for providing endorsements/guarantees is the Company seal used for registration with the competent authority. The custodian of the seal shall be a designated person approved by the board of directors and any changes must also be approved by the board. The custodian shall follow the operating procedures specified by the Company before stamping the seal or issuing a document. When providing endorsements/guarantees to a foreign company, the guarantee letter should be executed or signed by the person authorized by the Board.

Article 9: Notes on the Handling of Endorsements/Guarantees

1. The competent authorized division shall establish the “Endorsement/Guarantee Record Book” Such book shall record in detail the information on the company for which the endorsement/guarantee is provided, the amount, the date that the Board or the chairman of the Board approved such endorsement/guarantee, the date that the endorsement/guarantee is made, and matters that shall be carefully assessed in accordance with this Article, details and assessed value of the collateral, and the conditions and date of release from liabilities on the endorsement/guarantee.
2. After the completion of the endorsement/guarantee process, the competent authorized division shall submit the contract, promissory notes, debt certificates, collateral documents, insurance policies, transaction documents, and other relevant materials to the custody management unit for inspection and safekeeping, ensuring their accuracy.
3. The company's internal audit unit shall conduct quarterly audits of the endorsement/guarantee operating procedures and their implementation, documenting the findings in writing. In the event of significant compliance violations, the internal audit unit shall promptly notify the audit committee in writing.
4. If, due to changes of circumstances, the party to whom the Company provided endorsements/guarantees no longer satisfies the criteria set forth in Article 3 of the Procedures, or the amount of endorsements/guarantees exceeds the limits set forth in Article 4 of the Procedures, the competent authorized division shall immediately notify the audit unit and develop an improvement plan to be submitted to the audit committee. The improvement plan shall be completed according to the scheduled timeline. The same applies if the party whom the Company provided endorsements/guarantees to is a subsidiary with a net worth less than 50% of its paid-in capital. If the shares of the endorsed/guaranteed subsidiaries in the preceding paragraph do not have a par value or the par value is not NT\$10, for the calculation of paid-in capital in the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.
5. Where it is necessary for the Company to provide endorsements/guarantees exceeding the limits set out in the Procedures hereof to satisfy its business needs, and where the conditions set out in the Procedures are complied with, the Company shall obtain approvals from the Board 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. The Company shall also amend the Procedures accordingly and submit the same to the shareholders’ meeting for ratification. If the shareholders’ meeting does not resolve to ratify, the Company shall adopt a plan to discharge the amount in excess within a given time limit. During the discussion at the Board meeting, the Company shall take into full consideration the opinions of each independent director; independent directors’ opinions specifically expressing assent or objection and the reasons for objection shall be included in the Board meeting minutes.
6. The competent authorized division shall compile detailed information on endorsements/guarantees in the previous month by the 10th day of each month.
7. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose the information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for necessary audit procedures.

Article 10: Public Disclosure

1. The company shall disclose the endorsements/guarantees balance of the company and its subsidiaries for the previous month on the designated website of the Financial Supervisory Commission (FSC) before the 10th day of each month.
2. If the endorsements/guarantees balance of the company meets one of the following criteria, it shall be disclosed on the designated website of the FSC within two days from the occurrence of the event:
 - (1) The endorsements/guarantees balance of the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in the latest financial statements of the Company.
 - (2) The endorsements/guarantees balance of the Company and its subsidiaries for one single company reaches 20% or more of the Company's net worth as stated in the latest financial statements of the Company.
 - (3) The endorsements/guarantees balance of the Company and its subsidiaries for one single company reaches NT\$10 million or above and the aggregate amount of endorsements/guarantees for, carrying value of equity method investment in, and balance of loans to, such company reaches 30% or more of the Company's net worth as stated in the latest financial statements of the Company.
 - (4) The increased endorsements/guarantees amount of the Company or its subsidiaries reaches NT\$30 million or above and 5% or more of the Company's net worth as stated in the latest financial statements of the Company.
3. The "occurrence date" referred to in this operating procedure refers to the earlier date of the signing date, payment date, board resolution date, or any other date sufficient to determine the endorsements/guarantees party and amount.
4. For subsidiaries of the company that are not publicly listed and if there are matters that require announcement and reporting according to the regulations, the company shall make the announcement and reporting on their behalf.

Article 11 The Procedures for Supervision and Control of Endorsements/Guarantees Provided by the Company's Subsidiaries

1. If a subsidiary of the Company intends to endorse or provide guarantees for others, it should establish an endorsement and guarantee operation procedure in accordance with local laws, the Procedures, and the Regulations, and should handle the procedures as prescribed in the operational procedure.
2. If a subsidiary of the Company intends to endorse or provide endorsements/guarantees for others, it should follow the established operational procedure, its articles of association, relevant internal regulations, and local laws and regulations, and obtain approval from the audit committee and/or the board of directors and/or the shareholders' meeting.
3. The finance and accounting department should obtain a statement of changes in the endorsements/guarantees amounts for each subsidiary at the beginning of each month.
4. The Company's internal audit personnel should conduct regular audits to assess the compliance of each subsidiary with its "Procedures for Endorsement & Guarantee" and produce audit report accordingly. Upon review and approval, the findings and recommendations should be communicated to the audited subsidiaries for improvement. Periodic follow-up reports should be prepared to ensure that appropriate improvement measures have been taken in a timely manner.

Article 13 Penalty

Managers and in-charge personnel of the Company violating the Procedures shall be subject to disciplinary action taken according to the seriousness of the violation under the Company's rules for personnel management regulations.

Article 14: Implementation and Amendment

1. After the Procedures have been approved by the Audit Committee and the Board of Directors, they shall be submitted to a shareholders' meeting for approval; if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to a shareholders' meeting for discussing; the same applies when the procedures are amended.
2. The Procedures, and any amendments to them, shall be subject to the consent of one-half or more of all audit committee members and be submitted to the Board of Directors for a resolution. Any matter that has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the directors meeting.
3. 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.