

Zhen Ding Technology Holding Limited

Procedures for Endorsements and Guarantees

Article 1: Purpose

In order to apply regulation related with matters accordingly when making loans to and endorsements/guarantees for other, the Company shall make the "Provisions of Endorsement/Guarantee Operations" pursuant to the "Procedures for Loaning of Funds and Making Endorsements/Guarantees (hereinafter referred to as the "Handling Guidelines") promulgated by the Financial Supervisory Commission (hereinafter referred to as the "FSC") of the Company's listed financial supervisory commission; However, if the relevant laws and regulations are otherwise provided, the regulations shall be complied with. If not covered by the Procedures, the procedures shall be implemented in accordance with relevant laws and regulations.

Article 2: Applicable Scope

- I. The term "endorsements/guarantees" refers to 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.
- II. Customs duty endorsement/guarantee, 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 the Company 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.

Article 3: Object of Endorsement/Guarantee

- I. A company with which it does business.
- II. A company in which the Company 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 the Company.
- IV. Companies in which 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 public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
- V. For the joint venture company's endorsement/guarantee for the invested company by the shareholder in accordance with the shareholding ratio, the Company shall not be subject to the restrictions stipulated in the preceding four paragraphs.
- VI. Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.
- VII. If any of the following applies to a matter of endorsement or guarantee, the Company shall not accept the case:
 - (1) The amount of endorsement/guarantee provided by the Company exceeds the stipulated limits.
 - (2) Poor credit records for loans with poor loans or debt disputes.
 - (3) Those who are not covered within the scope of the guarantee approved by the Board of

Directors.

Article 3-1: Subsidiary and parent company

The subsidiaries and parent companies referred to in this operating procedure shall be determined in accordance with the provisions of the financial report preparation standards for securities issuers in the place where the company is listed.

Article 4: Amount of Endorsement/Guarantee

- I. The total amount of endorsement or guarantee made by the Company to others shall not exceed the Company's net worth.
- II. The limit on individual object of endorsements or guarantees made by the Company to others shall not exceed thirty percent (30%) of the Company's net worth.
- III. The total amount of endorsement or guarantee provided by the Company and its subsidiaries to others shall not exceed 200% of the Company's net worth.
- IV. The amount of endorsement or guarantee made by the Company and its subsidiaries to a single enterprise shall not exceed the Company's net worth.
- V. Endorsements and guarantees for business transactions: The Company shall evaluate the amount of endorsement and guarantee for the past 12 months (refer to the amount of purchase or sales between both parties) based on the business dealings with the Company for the last 12 months.

Article 4-1: Net Worth Recognition

The net worth in this operating procedures refers to the equity attributable to the owners of the parent company in the most recent audited financial statements audited and attested by the CPA or reviewed by the financial statements.

Article 5: Decision-making and Delegation of Authority

The endorsements/guarantees made by the Company shall be approved by the Board of Directors' resolution. However, in order to align with the effect, the Board of Directors shall delegate the Chairman to decide on the matter within NT\$200 million. Afterwards, it will be reported to the board of directors for approval, but the handling situation and related matters must be reported to the shareholders meeting for future reference.

Article 6: Operational Procedures for Endorsement and Guarantee and Review Procedures

- I. Application for Endorsement and Guarantee
 - (1) The Company shall provide the basic information and financial information and fill in the application form to the Company for the purpose of submitting an application for the Company to the management.
 - (2) Endorsement guarantee management authority should review the necessity and rationality of endorsement guarantee and whether the collateral and endorsement guarantee amount should meet the requirements of Article 4.
 - (3) If the above-mentioned application documents are complete and meet the requirements for endorsement, the applicant may send the application document to the credit management authority of the company to conduct the credit investigation.
- II Credit and Risk Assessment
 - (1) After obtaining the application for endorsement guarantee and related materials, the credit management authority shall go through the credit operation.
 - (2) Credit management and responsibility units should pay attention to collecting, analyzing and evaluating the credit and operating status of the company that apply the endorsements and guarantee and submitted the written report to the authority responsible to endorsement /guarantee then submit to the Chairman or Board of Directors for reference of risk

assessment.

III. Value and Valuation of Collateral

If the endorsement or guarantee is required to be provided, the application for endorsement/guarantee companies shall provide collateral for the collateral value assessment by the responsible unit of the credit management unit and report the assessment results to the Chairman or the Board of Directors as reference for assessment risks.

IV. Approval of Endorsement/Guarantee

- (1) The Company's responsible unit shall review and evaluate the relevant information, including the results of credit investigation, collateral assessment report, and operational risks, financial status, impact on the shareholders' equity, and terms of endorsement/guarantee, then submit to the Board of Directors for resolution or determined by delegated quota of chairman and report to the Board of Directors for ratification. If the accumulated balance of the endorsement and guarantee at that time has not exceeded the amount that the Board of Directors delegated to the Chairman, then the Chairman is required to file the case and report to the Board of Directors for the most recent period. If the balance of the endorsement and guarantee has exceeded the balance of the amount that the Board of Directors delegated to the Chairman, then the Chairman shall submit the case to Board of Directors for resolution.
- (2) The Company shall fully consider the opinions of each independent directors and list the reasons for their unclear or dissenting opinions and objections in the minutes of the board of directors.

V. Ratification and Notification

- (1) If the unit has approved the endorsement and guarantee cases, the responsible unit shall promptly inform the application company to make an application for endorsement and guarantee including terms such as credit limits, time limit, and collateral etc. And have the applicant company to complete the process of signing contract within the time limit.
- (2) For the disapproval endorsement and guarantee cases, the responsible unit shall reply to the company that apply endorsement and guarantee as soon as possible.

VI. Pledge of Collateral and Insurance

- (1) If the endorsement/guarantees case requires the collateral, the endorsement applicant shall immediately complete the pledge or mortgage setting procedure after receiving the notice in order to ensure the interests of the company.
- (2) In addition to land and securities, the collateral should be insured with relevant insurance. The amount of insurance is not less than the amount of the guarantee quality deposit. The insurance policy should indicate that the company is the beneficiary. The name, quantity, storage location, insurance conditions, insurance approval, etc. of the subject matter on the insurance policy shall be in accordance with the original approved conditions of the Company.
- (3) The endorsement guarantee management authority should pay attention to the endorsement application to ensure that the company renews the insurance before the expiration of the insurance period.

VII. Contract Signing

- (1) The endorsement guarantee management authority shall formulate the terms and conditions of the endorsement guarantee case, and shall go through the signing formalities together with the legal affairs department after verified the case.
- (2) The content of the contract shall be in accordance with the approved endorsement conditions, and the application for endorsement shall ensure that the company shall complete the formalities of the guarantee after the signature of the company on the contract.

VIII. After the endorsement guarantee case is approved and the relevant procedures of the sixth and seventh items mentioned above are completed and the verification is correct, the guarantee can be started.

Article 7: Rescission of Endorsement/Guarantee

When the main contents of the endorsement guarantee applied by the applicant company lost, the applicant company shall inform the Company to relieve the responsibility to endorsement and guarantee and publish it in the endorsement and guarantee memorandum.

Article 8: Procedures for use and custody of corporate chops

The Company shall use the corporate chop registered with the Competent authority 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 and 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: Guidelines for Endorsements/Guarantees

- I. The responsible unit shall establish and maintain a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entities for which the endorsement/guarantee is made, the amount, the date of approval or resolution by Board of Directors, the matters shall be evaluate carefully according the regulation of this procedure, securities contents and its evaluated value, the conditions and dates for lifting the endorsement responsibility for future reference.
- II. The responsible unit shall report the rights and certificates of claims, the notes, and the documents, insurance documents and the current documents, etc., to the responsible unit for examination and safekeeping after the endorsement and guarantee is completed.
- III. The Company's internal audit unit shall audit the Procedures for Endorsement and Guarantee as well as its implementation status at least quarterly and prepare written records accordingly. If any material violation is found, the Audit Committee shall immediately notify the Audit Committee.
- IV. If, due to changes of circumstances, the party to whom the Company provides endorsement and/or guarantee no longer satisfies the criteria set forth in Article 3 herein, or amount exceeds the limits set up in Article 4, the responsible unit shall immediately notify the responsible unit of the endorsement and guarantee unit, and shall set up an improvement plan to submit the rectification plan to the Audit Department, and complete the improvement plan based on the schedule of the plan. If the endorsement or guarantee object is a subsidiary whose net value is lower than one-half of its paid-in capital, the same shall apply. 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.
- V. In case the limits of the procedure have to be exceeded to accommodate business needs, a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion. As the position of independent director has been created, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
- VI. The unit responsible for the endorsement and guarantee of the competent authority shall prepare the guarantee statement for the preceding month before the 10th of each month.
- VII. The Company shall evaluate and recognize the contingent loss of endorsement and guarantee and information and provide the appropriate disclosure of endorsement and guarantee information in the financial statements and provide CPA relevant information for necessary audit procedures.

Article 10: Information Disclosure

- I. The Company shall announce and report the previous month's balance of endorsement and guarantee on the Financial Supervisory Commission's designated website by the 10th of each month.
- II. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such an event on FSC designated website within two days immediately from the date of occurrence of the fact:
 - (1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement.
 - (3) The balance of endorsements / guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements / guarantees for the carrying amount of investments accounted for using equity method and balance of loans to such enterprise reaches 30% or more of Company's net worth as stated in its latest financial statement.
 - (4) The amount of new endorsements or guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statement.
- III. The date of occurrence as specified in the Procedures shall mean the date of signing, date of payment, date of Board of Directors making resolution, or other date of confirmation of the endorsement/guarantee parties and amount.
- IV. The public company 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 regulation.

Article 11: Control procedures for the endorsement and guarantee to subsidiaries

- I. For endorsements or guarantees that are intended to be made by a subsidiary of the Company, the Company shall establish the endorsement/guarantee operation procedures with reference to local laws, procedures, and guidelines for handling the procedures, and shall comply with the procedures set out in the procedures.
- II. If a subsidiary of the company intends to endorse or provide guaranty to others, it shall send it to the relevant audit committee and/or Board of Directors and/or shareholders meeting in accordance with the specified operating procedures, its articles of association and relevant internal regulations and local laws and regulations.
- III. The financial unit shall obtain the statement of changes in endorsement and guarantee provided by the subsidiary at the beginning of each month.
- IV. The internal auditor of the Company shall regularly review the compliance of its subsidiaries' compliance with the "Endorsement and Guarantee Operating Procedures". The Audit Report shall be prepared to report the findings and recommendations of the audit report. The Company shall inform the subsidiary to improve and set up a following report to make sure that the appropriate improve measures have been taken in a timely manner.

Article 13: Penalties

The Company's managers and persons-in-charge shall follow the procedures of endorsement and guarantee. Should there be any violation of related regulations or the Procedures, subsequent discipline is subject to the rewards and punishments of the company's employee handbook, and shall be fined according to the circumstances.

Article 14: Implementation and Amendment

- I. The Procedures shall be effective upon approval by the Audit Committee first and then by Board of Directors, subject to the ordinary resolution in the general meeting. The Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Any objection by the Directors which is recorded or in writing shall be submitted to Audit Committee and for discussion by the Shareholders' Meeting. The same shall apply to any amendments to the Procedures.
- II. The audit committee established or revise this operating procedure in the preceding paragraph shall be approved by more than one-half of all members of the Audit Committee. If one-half of all members of the audit committee do not agree, it may be agreed by more than two-thirds of all directors, and the resolutions of the audit committee shall be stated in the minutes of the board meeting.
- III. The terms "all Audit Committee members" and "all directors" as stated herein shall be counted as the actual number of persons currently holding those positions.