

# **MIN AIK TECHNOLOGY CO., LTD.**

## **Procedures for Endorsement and Guarantee**

Date: 2024.06.18

Article 1 The Procedure is established in order to manage the endorsements/guarantees effectively, as the basis for execution of endorsements/guarantees.

Article 2 The scope and contents of the endorsements/guarantees referred to herein are defined as following:

- I. Financing endorsements/guarantees, including:
  1. Bill discount financing.
  2. Endorsement or guarantee 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 endorsement/guarantee: The endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
- III. Other endorsements/guarantees: The endorsements or guarantees beyond the scope referred to in the preceding two subparagraphs.
- IV. Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company.

Article 3 Endorsed/guaranteed person:

- I. A company with business dealings.
- II. Companies in which the Company holds, directly or indirectly, 50% of the voting shares.
- III. Companies holding, directly or indirectly, 50% of the Company's voting shares.
- 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 such endorsement/guarantee shall not exceed 10% of the Company's net worth as stated in its latest financial statements.
- V. 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 restrictions on endorsed/guaranteed persons. Capital contribution refers to capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.
- VI. The subsidiary and parent company as referred to herein shall be identified in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where the Company's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), the term "net worth" referred to herein means the balance sheet equity

attributable to owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 4 Limit of endorsements/guarantees:

I. Limits to individual entities:

1. The total endorsements/guarantees made by the Company for the same company shall be no more than 10% of the Company's net worth as stated in its latest financial statements. The guarantee made for business relationship, if any, shall not exceed the higher of the Company's purchase or sales amount in the most recent year, and shall not exceed 10% of the Company's net worth as stated in its latest financial statements.
2. The total endorsements/guarantees made by the Company and its subsidiaries for the same company shall be no more than 20% of the Company's net worth as stated in its latest financial statements. The guarantee made for business relationship, if any, shall not exceed the higher of the total purchase or sales amounts of the Company and its subsidiaries in the most recent year, and shall not exceed 20% of the Company's net worth as stated in its latest financial statements.
3. The endorsements/guarantees made by companies in which the Company holds, directly or indirectly, 100% of the voting shares for each other shall not exceed total the net worth of the endorser/guarantor as stated in its latest financial statements.

II. Total limit of endorsements/guarantees:

1. The total endorsements/guarantees made by the Company and its subsidiaries shall be no more than double the Company's net worth as stated in its latest financial statements.
2. The total endorsements/guarantees made by the Company shall be no more than double the Company's net worth as stated in its latest financial statements.
3. The total endorsements/guarantees made by the Company's subsidiaries shall be no more than double the Company's net worth as stated in its latest financial statements.

Article 5 Use and custody of the seal for endorsements/guarantees:

- I. The corporate seal registered with the Ministry of Economic Affairs upon the Company's request shall be the seal dedicated to making of endorsements/guarantees.
- II. The Company's seal for endorsements/guarantees shall be kept by dedicated personnel, and shall be entered, or used to issue notes, in accordance with the prescribed procedures. The appointment, dismissal or change of the custodian of the seal for endorsements/guarantees shall be subject to approval of the Board of Directors.
- III. When the Company provides a guarantee for a foreign company, the letter of guarantee issued by the Company shall be signed by the Chairman.

Article 6 Hierarchy of decision-making authority and delegation thereof:

- I. Endorsements/guarantees of the Company and its subsidiaries may be made only

after a resolution has been made by the Company's Board of Directors, provided that for endorsements/guarantees between the companies in which the Company holds, directly or indirectly, 100% of the voting shares, the Board of Directors may authorize the Chairman to make a decision within 10% of the net worth stated in the most recent financial statements, and then reported to the Board of Directors for ratification.

- II. Where the Company needs to exceed the limits set out herein to satisfy its business requirements, and where the conditions set out herein are met, 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 Operating Procedure for Endorsement/Guarantee accordingly and submit the same to the shareholders' meeting for ratification. 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.
- III. When making endorsements/guarantees for others, the Company shall take into full consideration the opinions of each independent director, and 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 Operating Procedure for Endorsement and Guarantee

- I. The guaranteed company provides detailed financial information to the Company's financial management department.
- II. The financial management department analyzes the necessity and reasonableness of the endorsements and guarantees, and conducts credit investigation and risk assessment. Where an endorsement/guarantee is made due to needs arising from business dealings, evaluation standards shall be specified for determining whether the amount of an endorsement/guarantee is commensurate the total amount of trading between the two companies. The detailed review procedures shall include the impact on the Company's business operations, financial condition and shareholders' equity, and whether collateral must be obtained and appraisal of the value thereof. Submit the analysis report to the Chairman for review, and then send it to the Board of Directors for approval to have the same subject to resolution of the Board of Directors.
- III. If an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than a half of its paid-in capital, the financial management department shall assess the subsidiary's business risk and financial position on a monthly basis, and the appropriateness of the endorsement and guarantee making, and shall report the relevant information to the Chairman. 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 as required, the sum of the share capital plus paid-in capital in excess of par shall be substituted.
- IV. The financial management department shall create a memorandum book to record information on the guarantee commitments, names of the entities for which the endorsements/guarantees are made, risk assessment results, amount

of endorsements or guarantees, date of decisions made by the Board of Directors or Chairman, dates of endorsements/guarantees, details of collaterals obtained, and conditions for and date of termination of the liability of endorsement/guarantee for future reference.

- V. The financial management department shall evaluate or record the contingent loss for endorsements/guarantees, and 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 to have the certified public accountants issue adequate audit reports.
- VI. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements referred to herein, or the amount of endorsements/guarantees exceeds the limit due to a change in the basis for calculating the limit, the financial management department shall remove the amount of endorsements/guarantees made for said entity or said excess in amount in whole upon expiration of the term defined in the contract, or do so within specific time limit referred to the rectification plans adopted by it, submit the rectification plans to the Audit Committee and then report the same to the Board of Directors.
- VII. The internal audit department shall periodically check and evaluate the execution of endorsement/guarantee making. If any material violation is discovered, the Audit Committee shall be notified in writing.

Article 8 Announcement and reporting: Enter the data into the information reporting website designated by the Financial Supervisory Commission.

- I. The Company shall announce and report the balance of endorsements /guarantees of the last month by the Company and its subsidiaries by 10th day of each month. If the balance of the endorsement/guarantee of the Company and its subsidiaries reaches one of the following criteria, the Company and its subsidiaries shall announce and report such event within two days from the date of occurrence of the event.
  - 1. The balance of endorsements/guarantees made reaches 50% or more of the Company's net worth as stated in its latest financial statement.
  - 2. The balance of endorsements/guarantees made 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 made for a single enterprise reaches NT\$10 million or more and the aggregate balance of all endorsements/guarantees for, carrying amount of investment under equity method in, and balance of loans to, such enterprise reaches 30% or more of the Company's net worth as stated in its latest financial statement.
  - 4. The amount of new endorsements/guarantees made by the Company reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statement.
- II. The Company shall announce and report on behalf of any of its subsidiaries that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to the subparagraphs of the preceding

paragraph.

- III. The balance of endorsements/guarantees by a subsidiary as stated in the preceding subparagraph shall be calculated based on the percentage of the subsidiary's net worth in the Company's net worth.
- IV. The date of occurrence refers to the date of contract signing, date of payment, date of resolution of the board of directors resolutions, or other date that can confirm the endorsed/guaranteed person and amount of the transaction, whichever date is earlier

Article 9 Any of the Company's subsidiaries that wishes to make endorsements/guarantees for others shall also establish the operating procedures for endorsements/guarantees and execute them in accordance with the procedures. The subsidiary shall submit information on endorsements/guarantees of the previous month to the Company by 9th day of each month.

When the Company's internal auditors conduct audits on subsidiaries according to the annual audit plan, they shall also verify the implementation of the operating procedures for making of endorsements/guarantees for others by the subsidiaries. The correction of defects, if any, shall be followed up, and a follow-up report shall be prepared and submitted to the President (CEO).

Article 10 The Company's managers and case handlers who violate the Procedure shall be punished in accordance with the Company's Reward and Punishment Management Regulations, subject to the severity of the violation.

Article 11 Upon approval of the Audit Committee, the Procedure shall be submitted to the Board of Directors for approval and then reported to a 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. The same shall apply to any amendments to the Procedure. After the Company submits the Procedure to the Board of Directors for discussion, 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.

Article 12 After the Company submits the Procedure or important endorsements or guarantees to the Board of Directors for discussion, the same shall be approved by a majority of all of the Audit Committee members and submitted to the Board of Directors for resolution. If approval of a majority of all of the Audit Committee members is not obtained, the 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 of the Audit Committee members" and "all directors" referred to herein shall be counted as the actual number of persons currently holding those positions.