

Fu Chun Shin Machinery Manufacture Co., Ltd.

Regulations for Endorsements and Guarantees

One. Subject:

The Procedures were made to regulate endorsement and guarantee matters of the Company. Unaddressed matters in the Procedures shall be subject to the requirements of relevant laws and regulations.

Two. Content:

Article 1: Scope of application:

- I. Financing endorsements and guarantees: Refer to discount financing, including 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: Refer to an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
- III. Other endorsements and guarantees, meaning endorsements or guarantees beyond the scope of the above two paragraphs.
- IV. Any creation of a pledge or mortgage on chattel or real estate of the Company as security for the loans of another company.

Article 2: Target of endorsement/guarantee:

Apart from the endorsement/guarantee provided to investees by investing shareholders based on its shareholding ratio due to joint investments, the target of endorsement/guarantee of the Company is limited to the following companies:

- I. A company with which it has direct business.
- II. A company in which the Company, directly and indirectly, holds more than 50% of the voting shares.
- III. A company that directly and indirectly holds more than 50% of the voting shares in the Company.

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

Company holds, directly or indirectly, 100% of the voting shares.

Where the Company fulfills its contractual obligations by providing mutual endorsements and 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 and 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 and 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 the Company or through a company in which the public company holds 100% of the voting shares.

Article 3: Limit of endorsements and guarantees:

The total amount provided by the Company to others shall not exceed 50% of its net worth for the period; for companies with which it has a direct business, the amount shall not exceed the amount of transactions with the Company in the most recent year. The amount of transactions refers to the higher of the amount of purchases or sales between both parties; endorsements and guarantees provided to a single enterprise shall not exceed 30% of the Company's net worth. Net worth shall be subject to the amount set out in the latest financial statements certified or reviewed by CPAs.

If the aggregate amount of endorsements and guarantees that is set as the ceiling for the Company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.

Article 4: Decision-making and level of authorization:

I. Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with relevant laws and regulations and Procedures. The Company may make an endorsement/guarantee only after the evaluation results hereof and the evaluation results under paragraph 2, Article 5 have been submitted to and resolved by the Board. The Board may authorize the Chairman to grant endorsements and guarantees within a specific limit according to relevant requirements of the Procedures for subsequent submission to and ratification by the upcoming Board meeting.

- II. Before making any endorsement/guarantee pursuant to paragraph 2, Article 2, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's Board for a resolution. However, this shall not apply to endorsements and guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
 - III. Where the Company needs to exceed the limits set out in the Procedures to satisfy its business requirements, and where the conditions set out in the Procedures are complied with, it shall obtain approval 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 endorsement/guarantee. It shall also amend the Procedures for Endorsements and 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.
- The Company has appointed Independent Directors; when discussions are made by the Board due to the preceding three paragraphs, 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 Board meeting minutes.

Article 5: Procedures for Endorsement and Guarantee:

- I. When engaging in endorsements and guarantees, the target of the endorsements and guarantees shall issue an "Application for Endorsements and guarantees" to submit an application to the financial department of the Company. The financial department shall carry out a credit investigation on the endorsements and guarantees, evaluate its risks, and keep the evaluation records. After the application passes the review, it shall be submitted to the responsible supervisor and the Chairman for approval and instruction; collateral shall be obtained when necessary.
- II. The financial department shall carry out a credit investigation on the target of the endorsements and guarantees and performs a risk evaluation; items of evaluation shall include:
 - (I) The necessity and rationale of the endorsements and guarantees.
 - (II) Measuring the necessity of the amount of endorsements based on the financial conditions of the target of the endorsements and guarantees.
 - (III) Whether the cumulative amount of endorsements and guarantees

is within the limit.

- (IV) For endorsements and guarantees provided due to business transactions, evaluate whether the amount of endorsements and guarantees and the amount of business transactions are within the limit.
 - (V) The impact on the Company's business operations, financial condition, and shareholders' equity.
 - (VI) Whether collateral must be obtained and appraisal of the value thereof.
 - (VII) Enclosure of credit investigation and risk evaluation records for endorsements and guarantees.
- III. The financial department shall prepare a memorandum book that truthfully records the following information: target of the endorsements and guarantees, amount, date of approval by the Board or determined by the Chairman, endorsement/guarantee date, and matters to be carefully evaluated under the preceding paragraph.
- IV. The financial department shall evaluate or recognize the contingent losses of the endorsements and guarantees and appropriately disclose the information on the endorsements and guarantees in the financial report, and provide relevant data to CPAs for them to carry out necessary audit procedures and issue an appropriate audit report according to the requirements of GAAP 9.
- V. For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, apart from reviewing the necessity and rationale of the endorsements and guarantees and the risk evaluation of the target in detail according to operations in Article 5 of the Procedures, the Company shall also obtain the financial report and relevant data of the subsidiary each quarter and analyze the operating, financial, and credit status of the target of endorsements and guarantees to measure potential risks. A report shall also be made to the Board to control risks that may arise from endorsements and guarantees. 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.
- VI. In case of changes in circumstances, if the target of endorsements and guarantees initially complied with the Procedures but failed to comply with the Procedures subsequently, or the amount of endorsements and guarantees exceeded the limit set due to the changes in the basis for limit calculation, the amount of endorsements and guarantees or the

exceeding part for the target shall be fully eliminated upon the expiry as set out in the contract, or within a certain period when establishing an improvement plan; relevant improvement plans shall be submitted to members of the Audit Committee and reported to the Board.

Article 6: Cancellation of endorsement/guarantee:

- I. If relevant certificates or notes of endorsements and guarantees are required to be canceled due to the settlement of liabilities or rollover, the target of endorsements and guarantees shall prepare a formal letter and deliver the initial certificates related to the endorsements and guarantees to the financial department of the Company to affix the "Cancellation" seal and return; the application shall be kept for future reference.
- II. The financial department shall register the canceled endorsements and guarantees in the memorandum book at all times to reduce the amount of endorsements and guarantees.

Article 7: Chop preservation and procedures:

The chop used for external endorsements and guarantees by the Company shall be the corporate chop registered with the Ministry of Economic Affairs.

- I. The corporate chop shall be kept by dedicated personnel, and the use of the chop or the issuance of notes shall be subject to the prescribed procedures.
- II. The appointment, dismissal, or changes in the chop keeper shall be reported to the Board for consent.
- III. If the Company engages in guarantees for a foreign company, the letter of guarantee issued by the Company shall be executed by a person authorized by the Board.

Article 8: Internal control and audit system:

The internal auditors of the Company shall perform an audit on the Procedures for Endorsement and Guarantee and its implementation status and prepare written records at least once a month.

In case of changes in circumstances, if the target of endorsements and guarantees fails to comply with the requirements under Article 2 or if the amount exceeds the limit, improvement plans shall be established, and relevant improvement plans shall be submitted to members of the Audit Committee, and improvements shall be made according to the planned schedule.

Article 9: Deadline and content of announcement and report:

- I. The Company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each

month.

- II. If the Company's loans of funds reach one of the following levels, it shall announce and report such event before the commencement of the trading hour on the following business day of the date of occurrence:
- (I) The aggregate balance of loans to others by the Company and its subsidiaries reaches 50% or more of the Company's net worth stated in its latest financial statement.
 - (II) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 20% or more of the Company's net worth stated in its latest financial statement.
 - (III) The balance of loans by the Company and its subsidiaries to a single enterprise reaches NT\$10 million or more, and the sum of the carrying amount of investments and balance of loans that are accounted for using the equity method reaches 30% or more of the Company's net worth as stated in its latest financial statement.
 - (IV) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$30 million or more and reaches 5% or more of the Company's net worth stated in its latest financial statement.
- III. The 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 the subparagraphs of the preceding paragraph.

Article 10: Control procedures for endorsements and guarantees to subsidiaries

- I. If a subsidiary of the Company intends to provide endorsements and guarantees to others, it shall establish the procedures for endorsements and guarantees according to the requirements and implement them accordingly; however, the net worth shall be based on the net worth of the subsidiary for calculation.
- II. A subsidiary shall prepare a statement of endorsements and guarantees for others for the past month prior to the 10th (exclusive) of each month and submit it to the Company.
- III. When the auditors of the Company visit the subsidiary for audits based on the annual audit plan, they shall also gain knowledge on the implementation status regarding the implementation status of the subsidiary's procedures for endorsements and guarantees. If any deficiency is found, auditors shall continue to track the improvement status and prepare a follow-up report and submit it to the Chairman.

Three. Punishment

If a manager or organizing personnel of the Company violates the Procedures, such

violations shall be submitted for assessment according to the Regulations for Human Affairs Management and Employees' Handbook of the Company, and punishments shall be imposed based on the severity.

Four. Implementation and amendment

After being approved by the Board, the Procedures shall be submitted to members of the Audit Committee and submitted to the 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 opinion to members of the Audit Committee and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

In addition, the Company has appointed Independent Directors; when the Procedures is submitted to the Board for discussion due to the preceding requirement in the preceding paragraphs, 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 Board meeting minutes.

The amended version was approved by the shareholders' meeting on June 15, 2023.
(Date of approved by the Board of Directors is on March 22, 2023)