



Procedures for Making Endorsements and Guarantees

Document Number: ICA-PR-205

Version: 9.0

Page1 (of-1)

1. Purpose

These Regulations are hereby established to provide guidelines for the Company's external endorsements and guarantees. Any matters not covered by these Regulations shall be handled in accordance with relevant laws and regulations.

2. Legal Basis

These operating procedures are established in accordance with the "Regulations Governing Loans and Endorsements/Guarantees by Publicly Traded Companies."

3. The definitions of terms used in these procedures are as follows:

1. **Subsidiary:** As defined in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."
2. **Net Worth:** Refers to the equity attributable to the Company as shown in the most recent balance sheet prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."
3. **Effective Date:** Refers to the earlier of the contract signing date, payment date, date of the board of directors' resolution, or any other date sufficient to determine the recipient and amount of the endorsement or guarantee.
4. **All Members of the Audit Committee:** Refers to the members of the Audit Committee who are actually in office.
5. **All Directors:** Refers to the directors who are actually in office.

4. Scope of Application

The term "endorsement and guarantee" as used in these Regulations includes:

1. **Financing Endorsements and Guarantees:** Refers to endorsements or guarantees made for the purpose of financing other companies through the discounting of commercial paper, as well as the issuance of separate instruments to non-financial entities as collateral for the Company's own financing purposes.
2. **Customs endorsement guarantees** refer to endorsements or guarantees provided by the Company or other companies in connection with customs matters.
3. **Other endorsements and guarantees** refer to endorsements or guarantees that cannot be classified under the preceding two items.

Where the Company provides movable or immovable property as security for another company's loan by establishing a pledge, mortgage, or other arrangement of an endorsement or guarantee nature, such matters shall also be handled in accordance with



Procedures for Making Endorsements and Guarantees

Document Number: ICA-PR-205

Version: 9.0

Page2 (of-1)

the provisions of this procedure.

5. Recipients of Endorsements and Guarantees

1. Companies with which the Company has a business relationship.
2. Companies in which the Company directly or indirectly holds more than 50 percent of the voting shares.
3. Companies in which the Company directly or indirectly holds more than 50 percent of the voting shares.

Endorsements and guarantees may be provided among companies in which the Company directly or indirectly holds 90 percent or more of the voting shares, provided that the amount does not exceed 10 percent of the Company's net worth. However, this restriction does not apply to endorsements and guarantees among companies in which the Company directly or indirectly holds 100 percent of the voting shares.

The Company may provide endorsements and guarantees without being subject to the restrictions set forth in the preceding two paragraphs in the following cases: (1) mutual guarantees among peers or joint developers pursuant to contractual provisions for the purpose of undertaking construction projects; or (2) endorsements and guarantees provided by all contributing shareholders to the investee company in proportion to their shareholdings due to a joint investment relationship.

The term "capital contribution" as used in the preceding paragraph refers to direct capital contributions by the Company or capital contributions made through a company in which the Company holds 100 percent of the voting shares.

6. Limit on the Total Amount of External Endorsements and Guarantees by the Company and Its Subsidiaries Collectively

1. The total amount of external guarantees provided by the Company shall not exceed 50% of the Company's net worth for the current period, and the guarantee limit for a single enterprise shall not exceed 30% of the Company's net worth for the current period.
2. The total amount of external endorsements and guarantees provided by the Company and its subsidiaries collectively shall not exceed 50% of the Company's current net worth; the limit for endorsements and guarantees provided to a single enterprise shall not exceed 30% of the Company's current net worth.
3. For endorsements and guarantees entered into in connection with business



Procedures for Making Endorsements and Guarantees

Document Number: ICA-PR-205

Version: 9.0

Page3 (of-1)

transactions, in addition to the restrictions set forth in the preceding two paragraphs, the amount of any individual endorsement or guarantee shall not exceed the total amount of transactions with the Company during the most recent fiscal year (whichever is higher between the purchase and sales amounts between the two parties).

7. Decision-Making and Authorization Levels

Any endorsement or guarantee issued by the Company must first be approved by a resolution of the Board of Directors. During recesses of the Board of Directors, the Chairman is authorized to approve and sign and affix his seal to such endorsements within a specified limit; such endorsements must be submitted to the next Board meeting for ratification.

Before providing a guarantee between companies in which the Company directly or indirectly holds 90 percent of the voting shares, the matter must be submitted to the Company's Board of Directors for a resolution; it may not be decided unilaterally by the Chairman and subsequently submitted to the next Board meeting for ratification. However, this provision does not apply to guarantees between companies in which the Company directly or indirectly holds 100 percent of the voting shares.

The Company has appointed independent directors. When providing endorsements or guarantees for others, the Company shall fully consider the opinions of each independent director and include their explicit consent or objection, along with the reasons for any objection, in the minutes of the Board of Directors meeting.

8. Procedures for Endorsements and Guarantees

1. When an enterprise covered by a guarantee needs to utilize the guarantee amount within the approved limit, it shall provide basic information and financial data, and submit an application form (Appendix 1) to the Company's Administration Department. The finance staff of the Administration Department shall conduct a detailed assessment and prepare an evaluation report. Assessment criteria include the necessity and reasonableness of the guarantee; whether the guarantee is provided in connection with business dealings and whether the guarantee amount is commensurate with the transaction amount; the impact on the Company's operational risks, financial condition, and shareholders' equity; and whether collateral should be obtained and the valuation of such collateral.
2. The Company shall establish an Endorsement and Guarantee Register



Procedures for Making Endorsements and Guarantees

Document Number: ICA-PR-205

Version: 9.0

Page4 (of-1)

(Appendix 2), which shall contain detailed records for future reference regarding the counterparty to the endorsement or guarantee, the amount, the date of approval by the Board of Directors or the date of the Chairman's decision, the date of the endorsement or guarantee, matters subject to careful evaluation in accordance with this procedure, the details of collateral and its appraised value, as well as the conditions and date for releasing the Company from its endorsement or guarantee liability.

3. When the enterprise for which the guarantee was provided repays the debt, it shall notify the Company of the repayment details so that the Company's guarantee liability may be released, and such information shall be recorded in the Endorsement and Guarantee Register.
4. The Company shall periodically assess and recognize contingent losses arising from endorsements and guarantees, appropriately disclose information regarding such endorsements and guarantees in its financial reports, and provide relevant information to the certifying public accountant so that the accountant may perform the necessary audit procedures and issue an appropriate audit report.

9. Custody and Procedures for Official Seals

The official seal designated for endorsement guarantees is the corporate seal registered with the Ministry of Economic Affairs. This seal shall be kept by a designated person approved by the Board of Directors; the same applies in the event of a change in custodian. When executing endorsement guarantees, the seal may only be affixed or instruments issued in accordance with the Company's established operating procedures. If the Company provides a guarantee to a foreign company, the guarantee letter issued by the Company shall be signed by a person authorized by the Board of Directors.

10. Points to Note When Processing Endorsement Guarantees:

1. The Company's internal auditors shall audit the endorsement and guarantee procedures and their implementation at least once per quarter and prepare written records. If any material violations are discovered, the Audit Committee shall be notified in writing immediately.
2. When the Company or a subsidiary provides an endorsement or guarantee for a subsidiary whose net worth is less than one-half of its paid-in capital, in addition to the quarterly audits required by the above provisions, the relevant management



Procedures for Making Endorsements and Guarantees

Document Number: ICA-PR-205

Version: 9.0

Page5 (of-1)

unit shall prepare a quarterly report on the financial and operational status of the entity receiving the endorsement or guarantee and submit it to the Board of Directors.

3. If, due to a change in circumstances, the entity for which the Company provides a guarantee—which originally complied with the provisions of Article 4 of these Procedures—subsequently fails to comply, or if the amount of the guarantee exceeds the limit set forth in Article 5 of these Procedures due to a change in the basis for calculating the limit, the management unit shall formulate a corrective action plan, submit the relevant plan to the Audit Committee for review, and complete the corrective actions in accordance with the plan's timeline.
4. If, due to business needs, the Company must issue endorsements or guarantees that exceed the limits set forth in these Regulations but otherwise meet the conditions specified herein, such action shall be subject to the approval of the Board of Directors, and a majority of the directors shall provide joint and several guarantees, signing their names to assume liability for any losses the Company may incur as a result of exceeding the limit. Furthermore, these Regulations shall be amended and submitted to the shareholders' meeting for ratification; if the shareholders' meeting does not approve the amendment, a plan shall be formulated to eliminate the excess amount within a specified period.

If the shares of a subsidiary are no-par or have a par value per share other than NT\$10, the paid-in capital calculated in accordance with the provisions of the second subparagraph of the preceding paragraph shall be the sum of the share capital and the capital reserve for underwriting premiums.

11. Deadlines and Content for Public Announcements and Filings:
 1. The Company shall enter the outstanding balance of its and its subsidiaries' endorsements and guarantees for the previous month into the Public Information Observation Station by the 10th of each month.
 2. If the Company's outstanding endorsement and guarantee balance meets any of the following criteria, it shall be entered into the Public Information Observation Station within two days from the date the event occurs:
 1. The aggregate balance of endorsement guarantees of the Company and its subsidiaries reaches 50 percent or more of the net worth as reported in the Company's most recent financial statements.
 2. The aggregate balance of endorsements and guarantees by the



Procedures for Making Endorsements and Guarantees

Document Number: ICA-PR-205

Version: 9.0

Page6 (of-1)

Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as reported in its most recent financial statements.

3. The aggregate balance of endorsements and guarantees by the Company and its subsidiaries to a single enterprise reaches NT\$10 million or more, and the combined total of such endorsements and guarantees, the carrying amount of investments accounted for under the equity method, and the outstanding loan balance to that enterprise reaches 30% or more of the Company's net worth as reported in its most recent financial statements.
4. The Company or its subsidiaries enter into new endorsement guarantees totaling NT\$30 million or more, and such amount represents 5 percent or more of the Company's net worth as reported in its most recent financial statements.
3. If a subsidiary of the Company is not a domestic publicly traded company, the Company shall be responsible for submitting to the Market Observation Post System the information required under subparagraph 4 of the preceding paragraph.
4. The Company shall assess or recognize contingent losses arising from guarantees, appropriately disclose relevant information in its financial reports, and provide relevant data to the certifying auditor to perform the necessary audit procedures.

12. Control Procedures for Endorsements and Guarantees Provided by Subsidiaries

1. If a subsidiary of the Company intends to provide an endorsement guarantee for another party, it must establish operating procedures in accordance with the "Regulations Governing Loans and Endorsement Guarantees by Publicly Traded Companies" and proceed in accordance with those procedures; however, net worth shall be calculated based on the subsidiary's net worth.
2. Subsidiaries shall prepare a detailed statement of endorsements and guarantees provided to third parties for the previous month (Appendix 3) by the 10th of each month (excluding the 10th) and submit it to the Company for review.
3. The subsidiary's internal audit personnel shall audit the endorsement and guarantee operating procedures and their implementation at least once per



Procedures for Making Endorsements and Guarantees

Document Number: ICA-PR-205

Version: 9.0

Page7 (of-1)

quarter and prepare written records; if any material violations are discovered, they shall immediately notify the Company's audit unit in writing, and the Company's audit unit shall forward the written materials to the Audit Committee.

4. When the Company's audit personnel conduct audits at subsidiaries in accordance with the annual audit plan, they shall also review the implementation of the subsidiaries' procedures for endorsements and guarantees provided to third parties. If any deficiencies are identified, they shall continuously monitor the progress of corrective actions and prepare a follow-up report to be submitted to the Board of Directors.

13. Penalties

If the Company's managers or responsible personnel violate these operating procedures, they shall be subject to performance evaluation in accordance with the Company's Personnel Management Regulations and Work Rules, and penalties shall be imposed based on the severity of the violation.

14. Implementation and Amendments

These procedures shall be submitted for discussion at the shareholders' meeting after obtaining the approval of at least one-half of all members of the Audit Committee and a resolution by the Board of Directors; the same applies to any amendments. If approval from at least one-half of all members of the Audit Committee is not obtained, the procedures may be implemented with the approval of at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Furthermore, when the Company submits this operating procedure to the Board of Directors for discussion in accordance with regulations, it shall fully consider the opinions of each independent director; if any independent director expresses an objection or reservation, such opinion shall be recorded in the minutes of the Board of Directors meeting.



Procedures for Making Endorsements and Guarantees

Document Number: ICA-PR-205

Version: 9.0

Page8 (of-1)

Appendix I

東台精機股份有限公司

背書保證申請書

中華民國 年 月 日

一、 背書保證對象(含工令別)：

二、 背書保證事項：

三、 背書保證金額：

四、 擔保品：

五、 背書保證起迄日期：

六、 風險評估：

1. 背書保證金額與業務往來金額是否相當
2. 對本公司之營運風險
3. 財務狀況及股東權益之影響
4. 是否取得擔保品及擔保品之價值評估

董
事
長

總
經
理

審核單位：

課長：

經理：

副總經理：

申請單位：

主辦：

經理：

副總經理：



Procedures for Making Endorsements and Guarantees

Document Number: ICA-PR-205

Version: 9.0

Page9 (of-1)

Appendix II

東台精機股份有限公司

背書保證備查簿

背書保證	日期	
	事項	
	方式	
	對象	
	金額	
董事會通過日期 (董事長決行日期)		
被保證對象		
風險評估結果		
取得擔保品內容		
約定保證 背書責任	解除 條件	
	約定 日期	
解除保證 背書責任	實際 日期	
	原由	
取回票據 或契約內容		
備註		

管理部主管：

財務主管：

經辦人：



Procedures for Making Endorsements and Guarantees

Document Number: ICA-PR-205

Version: 9.0

Page10 (of-1)

Appendix III

東台精機股份有限公司

背書保證明細表
 _____年____月份

背書保證對象 公司名稱	與本公司 之關係	對單一企業 背書保證 之 限 額	本期 最高 背書 保證 額	期 末 背書 保證 餘 額	實 際 支 動 額	背 書 保 證 原 因	計 累 背 書 保 證 全 額 佔 最 近 期 財 務 報 表 淨 值 之 比 率	背 書 保 證 最 高 限 額

*保證事項異動時,於次月申報公開資訊前呈報權責主管核閱

核准:

主管:

製表: