

ENNOSTAR Inc. Procedures for Endorsements and Guarantees

Approved in the founder's meeting on May 31, 2023

Article 1: Legal reference: Subject to amendments to related regulations of regulators and Securities and Exchange Act.

Article 2: Endorsement / Guarantee items
The endorsement / guarantee items of ENNOSTAR Inc. (hereinafter the "Company") include the following:

1. Financing endorsements / guarantees, including:
 - (1) Bill discounts financing.
 - (2) Endorsement / 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.
2. Customs duty endorsement / guarantee:
Meaning the endorsement / guarantee for the Company or another company with respect to customs duty matters.
3. Others endorsements / guarantees:
Meaning the endorsements/guarantees beyond the scope of the above two paragraphs.

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 this SOP.

Article 3: Targets
The Company may make endorsements / guarantees for the following companies:

1. Any company with which it does business.
2. Any company in which the Company directly and indirectly holds 50% or more of the voting shares.
3. Any company that directly and indirectly holds more than 50% of the voting shares in the Company.

All 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 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.

Article 4: Endorsement/guarantee liabilities

1. The Company's total endorsement / guarantee liability is categorized as the following:
 - (1) The total of endorsement / guarantee shall not exceed 20% of the Company's net worth.
 - (2) The endorsement/guarantee total to a single enterprise shall not exceed 10% of the Company's net worth.
2. The total endorsement / guarantee of the Company and its subsidiaries is categorized as the following
 - (1) The total endorsement / guarantee amount shall not exceed 30% of the Company's net worth.
 - (2) The endorsement / guarantee to a single enterprise shall not exceed 10% of the Company's net worth.
3. The endorsement / guarantee as a result of business relationship, other than the above-stated limitation, shall not exceed the total transaction amount between the two parties. The "transaction amount" refers to whichever is higher between the purchase and sales amount.

Article 5: Announcement requirements

1. The Company shall announce and report the previous month's balance of endorsements/guarantees balance as of itself and its subsidiaries by the 10th day of each month.
2. When the Company's endorsement/ guarantee balance reaches one of the following standards levels, the Company shall announce and report such event within 2 days commencing immediately from the occurrence date:
 - (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 statements.
 - (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 statements.
 - (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, carrying value of equity method investment in, and balance of loan to, such enterprise reaches 30% or more of the Company's net worth as stated in its latest financial statements.

(4) The amount of new endorsements/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 statements.

3. The Company shall evaluate or record the contingent loss for the endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its and provide CPAs with relevant information for implementation of necessary audit procedures.

“The occurrence date” in Section 2 means the contract signing date, the payment date, the Board of Directors (hereinafter the “BOD”) resolution date, or other dates that the endorsement/guarantee parties and monetary amounts could be confirmed, whichever date is earlier.

If any subsidiary of the Company is not a public company and the subsidiary meets any of the requirements provided by subparagraph 4 in Section 2, the Company should make declaration on behalf of the subsidiary.

The so-called “most recent financial statements” refer to the financial statements audited or reviewed by CPAs.

Article 6: Procedures of endorsement / guarantee

The responsible department should submit a petition in regards with any endorsement/ guarantee, stating the targets, rationales and amount. After approved by the Finance Department, President and Chairman, the petition must be submitted to the BOD for deliberation and approval. However, the BOD may delegate Chairman to approve applications under a certain facility and report to the BOD for recognition afterwards.

Before making endorsements/ guarantees for any subsidiary which the Company directly and indirectly holds 90% or more of the voting shares subject to Section 2 in Article 3, the application of such endorsements/ guarantees should be submitted to the BOD for deliberation and approval. However, this restriction set forth in preceding paragraph does not apply to any company by which the Company directly and indirectly holds 100% of the voting shares.

Article 7: Review procedures

1. Before making any endorsement/ guarantee, the Company shall evaluate with discretion whether such endorsement/ guarantee complies with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and this SOP. The Company is also required to request the endorsed/guaranteed company

provide the approval from Ministry of Economic Affairs for registration change, business registration certificates, a copy of the responsible person's ID and all necessary financial statements. The Company should evaluate the company based on the following criteria:

- (1) Evaluate the necessity and reasonableness of endorsement/ guarantee based on the financial status of the company.
 - (2) Conduct credit status investigation on the company to evaluate the risks of such endorsement/ guarantee.
 - (3) Evaluate whether the endorsement/ guarantee amount still falls within the cap and the impacts of such endorsement/ guarantee on the Company's business operations, financial condition and shareholders' equities.
 - (4) Assess the risk level of such endorsement/ guarantee and evaluate whether collateral must be obtained.
2. The responsible department shall track regularly to the endorsement/ guarantee status and risk assessment subject to related items.
 3. When the Company or any its subsidiary makes endorsement/ guarantee for subsidiaries whose net worth is lower than half of its paid-in capital, other than fulfilling the above-stated rules, the auditors should audit the procedures of such endorsement/ guarantee and the execution status at least once every quarter in a written form. Any discovery of major violation against rules should be notified to each supervisor in a written notice.

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 the calculation under Section 3 of Article 7, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 8: Decision making and authorization level

1. Any endorsement/guarantee shall be approved by the BOD and processed in accordance with normal procedures. However, in line with business demands, the BOD may delegate the Chairman for approval the endorsement/guarantee to process based on special procedures within 50% limit and compliant with Article 4. And such cases must be submitted to the BOD for recognition afterwards.
2. Where a the Company needs to exceed the limits set out in Article 4 to satisfy its business requirements, the Company shall follow normal procedure and obtain approval from the BOD 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 accordingly and submit to Shareholders' Meeting for ratification after the fact. If Shareholders' Meeting does not give consent, the Company should adopt a plan to discharge the amount in excess within a given time limit.

3. Where the Company has appointed Independent Directors, when the Company submits the matters of endorsements / guarantees for others for discussion by the BOD, the BOD shall take into full consideration each Independent Director's opinions ; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the meeting minutes of the BOD.

Article 9: Procedures and retention of chops

1. The dedicated chops for endorsements / guarantees of the Company are the company chop, the signature chop of the responsible person, and specialized chop registered with the Ministry of Economic Affairs, the . Each chop shall be kept in the custody of a designated person approved by the Board of Directors and controls the usage of such chops. The BOD should approve the change of the delegate as well. The chops or seals may be used to seal or issue negotiable instruments only in prescribed procedures.
2. When making a guarantee for an overseas company, the Company shall have the guarantee letter signed by a person authorized by the BOD.

Article 10: Procedures of controlling endorsement / guarantee of subsidiaries

1. Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct subsidiary to formulate its own operational procedures for endorsements / guarantees in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" stipulated by regulators, and it shall comply with the procedures when making endorsements / guarantees.
2. When any subsidiary of the Company intends to make endorsements/guarantees for others, the subsidiary should provide related information to the parent company and take reference the opinions from the related personnel in the parent company before processing. However, if the subsidiary is located offshore, no endorsement/guarantee shall be proceeded.
3. The subsidiary should report to the parent company the updates of follow-up status for the endorsement/guarantee on a regular basis.

- Article 11: Transitional provisions
After this SOP takes effect, when the original targets or amount of endorsement/guarantee exceeds limit as a result of changed calculation basis, the Company should report to the BOD for the endorsement/guarantee amount or exceeding part upon maturity date of the contract or within a certain period.
- Article 12: Penalty
Any manager or responsible person of the Company violates “Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees by Public Companies” stipulated by regulators and / or this SOP, the auditors or the managers of responsible person should report the violation to the President or the BOD immediately. The President and the BOD should decide if the related personnel should receive any penalty depend on the content of violation.
- Article 13: Audit
The Company’s internal auditors shall audit this SOP and the implementation thereof no less frequently than quarterly and prepare written records accordingly. The auditors shall promptly notify all the supervisors in writing of any material violation found.
- Article 14: The Company shall, after this SOP approved by the BOD, submit it to each supervisor and approved by shareholders in Shareholders’ Meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit such dissenting opinion to each supervisor and for discussion by Shareholders’ Meeting. Any related amendments should follow the same procedures set forth above.
Where the Company has appointed Independent Directors, when the Company submits the operational procedures of endorsements / guarantees for discussion by the BOD, the BOD shall take into full consideration each Independent Director’s opinions. If an Independent Director expresses any dissent or reservations, it shall be specifically recorded in the meeting minutes of the BOD.
Where the Company has established an Audit Committee, when the Company adopts or amends this SOP, it shall require the approval of one-half or more of all Audit Committee members, and furthermore shall be submitted for a resolution by the BOD. The provisions of Section 2 of this Article shall not apply.

If the approval of one-half or more of all Audit Committee members as required in the preceding paragraph is not obtained, it may be implemented if approved by two-thirds or more of all Directors, and the resolutions of the Audit Committee shall be recorded in the minutes of the BOD meeting.

The terms “all members of the Audit Committee” and “all Directors” in this Article shall be counted as the actual number of persons currently holding those positions.

Article 15: Others

1. The “subsidiaries” and “parent company” as referred to in this SOP shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

"Net worth" means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. The term "announcement and declaration" of this SOP means the process of entering data to the information reporting website designated appointed by the regulators.

3. Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of this SOP, or the amount of endorsement/guarantee or exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.

4. Where the Company has established an Audit Committee, the Audit Committee shall exercise its functional duties under the Article 14-5 of the Securities and Exchange Act. The provisions regarding supervisors in this SOP shall apply mutatis mutandis to the Audit Committee.