

EPISIL TECHNOLOGIES INC

Procedures for Endorsement & Guarantee

Article 1 The company's endorsement and guarantee matters are implemented in accordance with the provisions of this operating procedure

Article 2 The applicable range of this loan procedure

1. 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.

2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.

3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

4. 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 Procedures.

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

1. A company with which it does business.

2. A company in which the Company directly or indirectly holds more than 50 percent of the voting shares.

3. A company which directly or indirectly holds more than 50 percent of the Company's voting shares.

Other 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.

However, this rule shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Article 4 Amount of Endorsements and Guarantees

1. The ceilings on the total amount of endorsements/ guarantees that the Company and the subsidiary are permitted to make can not exceed 50% of the Company's net worth reported in the latest financial statement. The endorsements/ guarantees for individual

company shall not exceed 50% of the Company's net worth.

2. In addition to the regulation mentioned in "1:", The endorsements/ guarantees for individual company shall not exceed the amount of the money that the Company does business with the Browser. The amount of business refers to the amount of buying or selling, whichever is higher.

Article 5 Decision-making and authorization levels

1. The company's handling of endorsement and guarantee matters shall be subject to the approval of the board of directors. When independent directors have been appointed, if the independent directors have objections or reservations, they shall be stated in the minutes of the board meeting. Authorize the chairman of the board of directors to make a decision within the limit of NT\$20 million for a single transaction in accordance with the relevant provisions of this operating method, and then report to the board of directors for ratification after the event, and report matters related to the handling situation to the shareholders' meeting for reference.
2. When the company makes an endorsement to guarantee that it is necessary to exceed the amount stipulated in these regulations due to business needs and meets the conditions stipulated in these regulations, it shall be approved by the board of directors and more than half of the directors shall sign jointly for the possible losses caused by the excess of the company's limit. Guarantee, and revise the endorsement guarantee operation method, and report to the shareholders' meeting for ratification; if the shareholders' meeting disagrees, a plan should be made to eliminate the excess part within a certain period of time.

Article 6 Endorsements/Guarantees procedures

1. When our company handles endorsement/guarantee matters, the endorsed guarantee company should issue an application letter to the responsible unit of the company, and the responsible unit should conduct a credit investigation on the endorsed guaranteed company, assess its risk and prepare an assessment. The records shall be submitted to the general manager and the chairman for approval after examination and approval, and collateral shall be obtained if necessary.
2. The competent and responsible unit of the company conducts credit investigation and risk assessment on the endorsed guarantee company. The assessment items should

include the following items and should be handled in accordance with the established operating procedures:

- (1) The necessity and reasonableness of endorsements/guarantees.
 - (2) Whether the endorsement amount is necessary or not shall be judged by the financial status of the endorsed guarantee company.
 - (3) Whether the accumulated endorsement guarantee amount is still within the limit.
 - (4) When engaging in endorsement guarantees due to business relationships, it shall be assessed whether the amount of the endorsement guarantee and the amount of business transactions are within the limit.
 - (5) Investigate the impact of the endorsement on the Company's business operation, financial condition and shareholder's equity.
 - (6) Determine whether collateral must be obtained and appraisal of the value thereof based on the risk taken by the Company for the endorsement.
 - (7) Submit the endorsement guarantee credit investigation and risk assessment records.
 - (8) When the company or a subsidiary endorses a subsidiary whose net value is less than one-half of the paid-in capital, in addition to following the original procedures, the company's internal auditors shall at least quarterly audit the endorsement guarantee operating procedures and its implementation situation, and make a written record, if any major violations are found, the audit committee should be notified in writing immediately.
3. When the Company makes a loan, a memorandum book is required to prepare so that the recipient of the loan, the amount of the loan, the approval date by the board of directors, lending/borrowing date. The evaluation should be based on Article 6.2.
 4. The Company shall adhere to the generally accepted international accounting principles to evaluate its loan status, make a sufficient provision against bad debts, disclose relevant information in its financial statements, and provide external auditors with necessary information for the account to conduct auditing.
 5. When the company's circumstances change and the endorsement guarantee object does not comply with the provisions of these regulations or the amount exceeds the limit, it shall formulate an improvement plan, send the relevant improvement plan to the independent directors, and complete the improvement according to the planned

schedule.

Article 7 Endorsement/Guarantee Cancellation

1. If the endorsement or guarantee needs to be cancelled due to performance of debt or change of note as a result of extension of the term, the endorsed company shall deliver a formal letter with relevant documents to the competent and responsible unit for cancellation, and the relevant document shall put a stamp of "Rescind" on it. In addition, the application letter shall be kept in file for reference.
2. The competent and responsible unit of the company shall record the cancellation of the endorsement guarantee in the endorsement guarantee reference book at any time to reduce the amount of the endorsement guarantee.

Article 8 Internal control

1. The company's internal auditors should audit the "Operating Procedures for External Lending Funds" and its implementation at least quarterly, and form written records. In case of major violations, all independent directors shall be notified in writing in a timely manner.
2. The company shall follow the prescribed procedures when engaging in endorsement guarantees. If major violations are found, the managers and sponsors shall be punished according to the violations.

Article 9 Seal storage and procedures

1. The company shall use the company seal applied to the Ministry of Economic Affairs as the special seal for endorsement guarantee. The seal and guarantee notes shall be kept by special personnel respectively, and the seals and receipts shall be issued according to the prescribed procedures. When the seal custodian is appointed, dismissed or changed, it shall be reported to the board of directors for approval.
2. If the company acts as a guarantee to a foreign company, the letter of guarantee issued by the company shall be signed by a person authorized by the board of directors.

Article 10 Information Disclosure

The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the

date of occurrence:

1. The aggregate balance of endorsements/ guarantees by the Company and its subsidiaries reaches 50 percent 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 percent or more of the Company's net worth stated in the latest financial statement.
3. The company and its subsidiaries have endorsed and guaranteed a single enterprise with a balance of NT\$10 million or more, and the book value of the equity-based investment book value and the balance of capital loans and balances of such endorsed guarantees have reached the latest financial statements of the company 30% or more of net worth.
4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.

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 subparagraph 4 of the preceding paragraph.

Article 11 When a subsidiary of the company intends to endorse or provide a guarantee for others, the company shall order the subsidiary to formulate an endorsement guarantee operation procedure in accordance with the regulations, and shall handle it in accordance with the established operation procedure.

Article 12 Matters not covered in these implementation measures shall be handled in accordance with the relevant laws and regulations and the relevant regulations of the company.

Article 13 After the operating method is approved by the audit committee and the board of directors, it will be submitted to the shareholders' meeting for approval. If a director expresses dissent and there is a record or written statement, the company shall submit the dissent to the shareholders' meeting for discussion, and the same applies for amendments.

When the company submits the operation method to the board of directors for discussion in accordance with the provisions of the preceding paragraph, it shall fully consider the opinions of independent directors. If independent directors have objections or reservations, they shall be stated in the minutes of the board meeting.

Article 14 These measures were enacted on June 6, 2014.

The first amendment was made on June 22, 2017.

The second amendment was made on June 11, 2020.