

TSC Auto ID Technology Co., Ltd.

Procedures for Endorsement and Guarantee

I. The Company's making of endorsements/guarantees shall be handled in accordance with the Regulations. The Regulations are enacted in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," unless otherwise provided in laws and regulations.

II. Applicable scope

The term "endorsements/guarantees" as used herein refers to the following:

(1) Financing endorsements/guarantees, including:

1. Bill discount financing.
2. Endorsements or guarantees 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, an endorsement or guarantee for the Company or another company with respect to customs duty matters.

(3) Other endorsements/guarantees; the endorsements or guarantees beyond the scope of the preceding two paragraphs.

(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 the Regulations.

III. Applicable objects

(1) The Company may make endorsements/guarantees for the following companies:

1. Companies having business dealings with the Company.
2. Companies in which the Company directly and indirectly owns over 50% of the voting shares.
3. Company who directly and indirectly owns at over 50% of the Company's voting shares.

(2) 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 Company's net worth, 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.

(3) 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, such endorsements/guarantees may be made free of the restriction of subparagraph 1.

(4) The capital contribution referred to in the preceding subparagraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.

IV. Limit of endorsements/guarantees

The aggregate amount of endorsements/guarantees made for others in the current year shall be no more than 60% of the Company's current net worth. The current net worth shall be determined based on the statements certified by the Company's external auditor. The amount of endorsements/guarantees made for a single enterprise shall be no more than 40% of the Company's current net worth. The current net worth shall be determined based on the statements certified by the Company's external auditor.

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

The aggregate amount of endorsements/guarantees made by the Company and its subsidiaries for others as a whole shall be no more than 60% of the Company's current net worth.

The net worth referred to herein shall mean the balance sheet equity attributable to the owners of the parent company according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

V. Procedures for making and review of endorsements/guarantees

(1) Before making endorsements/guarantees for others, the Company shall carefully evaluate whether the loan is in compliance with these Procedures. The Company shall verify the purpose of the loan and review the business and finances first. Upon confirmation of the necessity and reasons, the Company shall prepare a report which shall be subject to approval of a majority of the Audit Committee and then submitted to the Board of Directors' meeting for resolution. Notwithstanding, the Board of Directors authorizes the Chairman to resolve any case less than NT\$100 million, and then report it to the Board of Directors.

(2) The handling department shall complete the "Application Form for Endorsements/Guarantees" to record the endorser/guarantor, counterparty, type, reason and amount, and risk assessment report, and submit it to the Chairman for resolution.

For companies other than subsidiaries, the scope of assessment includes:

1. The necessity of and reasonableness of endorsements/guarantees.
2. Evaluate whether the endorsed amount is required, subject to the endorsed/guaranteed company's financial position.

3. Whether the amount of accumulated endorsements/guarantees falls within the prescribed ceiling.
4. An evaluation shall be conducted for determining whether the amount of an endorsement/guarantee and amount of any transaction are within the prescribed ceiling.
5. Effect on the Company's business risk, financial position and shareholders' equity.
6. Credit investigation:
 - (1) For the initial provision of endorsements/guarantees, the counterparty shall provide the profile and financial information available for the most recent three years, in order to facilitate the credit investigation.
 - (2) If the counterparty continues to apply for endorsements/guarantees, the credit investigation shall be conducted once per year, in principle.
 - (3) If the endorsed/guaranteed company's financial position is sound, and the annual financial statements have been certified by an external auditor, the credit investigation report completed more than one year but less than two years prior may be used. Please also refer to the application for making of endorsements/guarantees approved in the external auditor's report.
7. Creation of the mortgage against collateral:

If the Board of Directors deems it necessary, the counterparty shall provide the collateral equivalent to the financing amount and ensure the completeness of its rights. If the endorsed/guaranteed company provides a competent and creditworthy individual or company as the guarantee in lieu of providing the collateral, the Board of Directors may refer to the credit report prepared by the case handler.
- (3) The Company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under the preceding paragraph.
- (4) Where as a result of changes of condition the counterparty of an endorsement/guarantee no longer meets the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," or the balance of the endorsement/guarantee exceeds the limit, it is necessary to prepare a corrective action plan and submit it to the Audit Committee, and the corrective actions shall be completed in accordance with the schedule set out within the plan.

VI. Procedures for Controlling the Provision of Endorsements/Guarantees for Subsidiaries

Where a subsidiary of the Company intends to provide endorsements/guarantees for others, the Company shall order the subsidiary to formulate its own "Regulations Governing Making of Endorsements/Guarantees for Others" in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," and follow such regulations. The Company may complete the

announcement and filing on behalf of it pursuant to Article 9 herein.

Where the counterparty for which the Company makes the endorsement/guarantee refers to a subsidiary whose net worth is lower than half of its paid-in capital, it is necessary to obtain various management statements on a regular basis, and the counterparty's financial position shall be reported to the Audit Committee and Board of Directors at least on a quarterly basis.

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 capital stock plus paid-in capital in excess of par shall apply.

VII. Use of corporate chop and custody procedure

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the Board of Directors and may be used to seal or issue negotiable instruments only in accordance with the procedures as prescribed. When issuing instruments, the bank's dedicated chop shall apply.

When making a guarantee for a foreign company, the Company shall have its Guarantee Agreement signed by the Chairman.

VIII. Decision making and hierarchy of authorization

- (1) The making of endorsements/guarantees shall be subject to approval of a majority of the Audit Committee, and completed only per Board of Directors resolution. The Board of Directors may authorize the Chairman to resolve any case of less than NT\$100 million, and then report it to the most Board of Directors for ratification, pursuant to the Regulations. Where the position of independent director has been created, in order to make endorsements/guarantees for others, the Board of Directors shall take into full consideration the opinion of each independent director. 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.
- (2) 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 a majority 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 Regulations accordingly and submit it to the Shareholders' Meeting for ratification afterwards. Where the Shareholders' Meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. Where the position of independent director has been created, in order to make endorsements/guarantees for others, the Board of Directors shall take into full consideration the opinion of each independent director. 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.

IX. Information disclosure

- (1) The Company shall announce and report the balance of endorsements/guarantees of the Company and its subsidiaries of the previous month by the 10th day of each month.
- (2) If the balance of the endorsements/guarantees made by the Company reaches one of the following levels, the Company shall announce and report such event within two days commencing immediately from the date of occurrence. The “date of occurrence” referred to herein shall mean which ever date is earliest from among the date of contract signing, dates of the Board of Directors' resolutions, or any other date that can verify the counterparty of the endorsement/guarantee and the monetary amount:
 1. If the balance of the amount of endorsements/guarantees made by the Company and its subsidiaries reaches 50% or more of the Company's net worth in the most recent financial statements.
 2. If the amount of endorsements/guarantees made by the Company and its subsidiaries for a single enterprise reaches more than 20% or more of the Company's net worth in its latest financial statements.
 3. If 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 and carrying amount of investments under the equity method for, and balance of loans to, such enterprise reaches 30% or more of the Company's net worth in its latest financial statements.
 4. If 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 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 the subparagraph 4 of the preceding paragraph.

The balance of endorsements/guarantees for a subsidiary, as referred to in the preceding paragraph, as a percentage of its net worth shall be calculated as the balance of its endorsement/guarantees to the net worth of the Company.

- (3) The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial statements and provide external auditors with relevant information for implementation of necessary audit procedures.

X. Penalty to be imposed on the management and organizers violating the operating procedures

Any of the Company's employees who undertakes the loaning of fund to others in violation of the Procedures shall be subject to periodical performance assessment in

accordance with the Company's personnel management regulations and employee handbook, and disciplined subject to the materiality of the case.

XI. Internal control.

The Company's internal auditors shall audit the Operating Procedures for Making of Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. If any material violation is discovered, the Audit Committee shall be notified in writing immediately.

XII. The Regulations shall be subject to approval of a majority of the Audit Committee and submitted to the Board of Directors for acknowledgement and then 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 the Audit Committee and for discussion at the shareholders' meeting. The same shall apply to any amendments to the Procedures.

If the approval of a majority of all Audit Committee members is not obtained for the matter referred to in the preceding paragraph, the same may be implemented only if approved by two-thirds of all directors. The Audit Committee's resolution shall be recorded in the Board of Directors' meeting minute.

The terms "all Audit Committee members" and "all directors" referred to herein shall be counted as the actual number of persons currently holding those positions.

Date of establishment: April 26, 2007

The first amendment was made on August 9, 2007.

The second amendment was made on June 16, 2009.

The third amendment was made on June 18, 2010.

The fourth amendment was made on June 13, 2013.

The fifth amendment was made on June 13, 2019.