

Eris Technology Corporation

Procedures Governing Endorsement and Guarantees

Chapter 1 General Provisions

Article 1 All endorsements and guarantees by the Company shall be handled in accordance with these Procedures.

Article 2 "Endorsements and guarantees" as referred to in these Procedures mean the following matters:

1. Financing endorsements and guarantees, including:
 - (1) Discounting of customer notes for financing purposes.
 - (2) Endorsements or guarantees made for the purpose of financing another company.
 - (3) Issuance of notes to non-financial enterprises for the purpose of the Company's financing as collateral.
2. Customs duty endorsements and guarantees, which refer to endorsements or guarantees made for the Company or another company regarding customs duty matters.
3. Other endorsements and guarantees, which refer to endorsement or guarantee matters that cannot be classified into the preceding two subparagraphs.

The Company providing personal estate or real estate as collateral by setting up pledges or mortgages for another company's borrowings shall also be handled in accordance with these Procedures.

Article 3 A company in which the Company directly and indirectly holds more than 50% of the voting shares, and a company that directly and indirectly holds more than 50% of the voting shares of the Company, may provide endorsements and guarantees.

If the Company provides endorsements and guarantees to an invested company due to a joint investment relationship, where all contributing shareholders provide such endorsements and guarantees in proportion to their shareholding ratio, such endorsements and guarantees shall not be subject to the restrictions of the preceding paragraph.

"Contribution" as referred to in the preceding paragraph means direct contribution by the Company or contribution through a company in which it holds 100% of the voting shares.

Article 4 "Subsidiary" and "Parent company" as referred to in these Procedures shall be determined in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Chapter 2 Operating Procedures

Article 5 The total amount of the Company's endorsements and guarantees shall not exceed 30% of the Company's net worth in its most recent financial statements, and the amount of endorsements and guarantees for a single company shall not exceed 10% of the Company's net worth in its most recent financial statements.

Article 6 The procedures for the Company to handle endorsements and guarantees are as follows:

1. The party requesting the endorsement or guarantee shall submit an application to the Company. The financial unit shall assess its necessity and reasonableness, conduct credit investigation and risk assessment on the counterparty of the endorsement or guarantee, and evaluate the impact on the Company's operations, financial status, and shareholders' equity. Subsequently, the financial unit shall propose relevant terms and conditions for the endorsement or guarantee. If necessary, the applicant may be required to provide collateral notes of equivalent amount, a guarantor, or arrange for the setup of pledges or mortgages on collateral.
2. After review by the financial unit and the General Manager, the matter shall be submitted to the Audit Committee for approval by more than one-half of its members, and then to the Board of Directors for resolution before execution.
3. If the Board of Directors approves the endorsement or guarantee, the financial unit shall complete an application for official seal usage, along with the endorsement and guarantee documents and the Board of Directors' approval, and submit them to the custodian of seals for affixing the seal. If disapproved, the financial unit shall prepare a written explanation of the reasons for not providing the endorsement or guarantee, along with relevant documents, and return them to the applying company.
4. After the financial unit completes the endorsement and guarantee procedures and collateral procedures, the relevant documents shall be retained for future reference and registered in the "Endorsement and Guarantee Reference Book" to control the amount of endorsements and guarantees.
5. Procedures for the Company to cancel endorsed promissory notes:
 - (1) If an endorsed promissory note needs to be canceled due to debt repayment or renewal of extension, the guaranteed company shall submit a written request and send the original endorsed promissory note to the Company's financial unit for stamping with "Canceled" and then return it. The incoming document shall be retained by the financial unit for reference.
 - (2) The financial unit shall record the canceled promissory note in the "Endorsement and Guarantee Reference Book," reducing the cumulative endorsement amount.

- (3) If a bank requires the Company to endorse a new promissory note before returning the old one, the financial unit shall maintain a follow-up record to promptly retrieve and cancel the old promissory note.

Article 7 The special seal for the Company's endorsements and guarantees shall be the Company's seal registered with the Ministry of Economic Affairs. This seal shall be kept by a designated person approved by the Board of Directors, and the same applies to any changes in the custodian. The seal shall only be affixed in accordance with the procedures set forth in Article 6. When providing an endorsement or 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 8 Matters concerning the Company's endorsements and guarantees shall be approved by more than one-half of all members of the Audit Committee and then resolved by the Board of Directors. The Company shall report the status of its endorsements and guarantees to the shareholders' meeting for review. If the Company has independent directors, their opinions shall be fully considered, and their explicit consent or dissent and the reasons for dissent shall be recorded in the minutes of the Board meeting.

Article 9 The Company's internal control over endorsements and guarantees is as follows:

1. The Company shall establish a reference book for endorsements and guarantees, meticulously recording details such as the counterparty, amount, date of Board of Directors' approval or Chairman's decision, date of endorsement or guarantee, and matters requiring careful evaluation as per regulations.
2. If, due to changes in circumstances, the counterparty of an endorsement or guarantee no longer complies with regulations or the amount exceeds the limit, the Company shall formulate an improvement plan and submit it to the Audit Committee to strengthen the Company's internal control.
3. The Company's internal auditors shall audit the endorsement and guarantee operating procedures and their implementation at least quarterly, and prepare a written record. If significant violations are found, the Audit Committee shall be immediately notified in writing.

Chapter 3 Information Disclosure

Article 10 The Company shall announce the Company's and its subsidiaries' endorsement and guarantee balances for the previous month by the tenth day of each month.

Article 11 If the Company's and its subsidiaries' endorsements and guarantees reach any of the following standards, the parent company shall make an announcement and report within two days from the date of occurrence:

1. The balance of endorsements and guarantees reaches 50% or more of the Company's net worth in its most recent financial statements.
2. The balance of endorsements and guarantees to a single enterprise reaches 20% or more of the Company's net worth in its most recent financial statements.
3. The balance of endorsements and guarantees to a single enterprise reaches NT\$10 million or more, and the total balance of its endorsements and guarantees, long-term investments, and loaning of funds to that enterprise reaches 30% or more of the Company's net worth in its most recent financial statements.
4. The Company or its subsidiary's new endorsement or guarantee amount reaches NT\$30 million or more and reaches 5% or more of the Company's net worth in its most recent financial statements.

If a subsidiary of the Company is not a domestic public company, and the subsidiary has matters specified in in Subparagraph 4 of the preceding paragraph that require announcement and reporting, the Company shall do so.

Article 12 The Company shall assess or recognize contingent losses from endorsements and guarantees in accordance with the provisions of Statement of Financial Accounting Standards No. 9, and disclose relevant information appropriately in the financial reports, and provide relevant data to the certifying accountant for necessary audit procedures.

Chapter 4 Supplementary Provisions

Article 13 The Company's control procedures for subsidiaries' endorsements and guarantees are as follows:

1. If a subsidiary intends to provide an endorsement or guarantee for another party, the Company shall instruct it to formulate "Operating Procedures for Endorsements and Guarantees" in accordance with relevant regulations. These procedures shall be approved by the subsidiary's board of directors, then submitted to the shareholders' meetings of both parties for approval. The same shall apply to any amendments, and the subsidiary shall operate in accordance with its established procedures.
2. If a subsidiary of the Company intends to provide an endorsement or guarantee for another party, it shall obtain approval from the Company before doing so. The Company's financial unit shall concretely evaluate the necessity, reasonableness, and risk of such endorsement or guarantee, as well as its impact on the parent company's and subsidiary's operations, financial status, and shareholders' equity, and report it to the Board of Directors for approval.
3. The financial unit shall obtain a statement of changes in external endorsement and guarantee amounts from each subsidiary by the tenth day of each month.

4. The Company's internal auditors shall regularly audit each subsidiary's compliance with its "Operating Procedures for Endorsements and Guarantees" and prepare audit reports. Findings and recommendations from audit reports, after approval, shall be communicated to the audited subsidiaries for improvement. Regular follow-up reports shall be prepared to ensure that appropriate corrective measures have been taken in a timely manner.

Article 14 If relevant personnel of the Company violate the provisions of these Procedures, the human resources unit shall impose disciplinary actions based on the nature of the violation.

Article 15 These Procedures shall take effect after being approved by more than one-half of all members of the Audit Committee and then passed by the Board of Directors, submitted to the Audit Committee and reported to the shareholders' meeting for approval. If any director expresses dissent and such dissent is recorded or a written statement is provided, the Company shall submit the dissent concurrently to the Audit Committee.

In accordance with Article 14-5 of the Securities and Exchange Act, matters in these Procedures that require the approval of more than one-half of all members of the Audit Committee and a resolution by the Board of Directors, if not approved by more than one-half of all members of the Audit Committee, may be carried out with the consent of more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.

"All members of the Audit Committee" and "all directors" as referred to in these Procedures shall be calculated based on the actual number of incumbent members or directors.

Article 16 If the Company has independent directors and these Procedures are submitted to the Board of Directors for discussion in accordance with the preceding article, the opinions of each independent director shall be fully considered, and their explicit consent or dissent and the reasons for dissent shall be recorded in the minutes of the Board meeting.

Article 17 These Procedures were established on June 16, 2009.

First revision on January 19, 2010.

Second revision on October 03, 2014.