

# Skytech Inc.

## Regulations Making of Endorsements/Guarantees

The establishment was approved by the shareholders' meeting on July 22, 2022  
The latest amendment was approved by the shareholders' meeting on March 3, 2023

### Article 1 Purpose and legal basis

The Procedures are established pursuant to Article 36-1 of the Securities and Exchange Act, and the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by the competent authority.

When making endorsements/guarantees for others, the Procedures shall be complied with. For anything not mentioned in the Procedures, the relate laws and regulations shall be complied with

### Article 2 Definitions

- (1) "Subsidiary" and "parent company" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- (2) "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.
- (3) The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).
- (4) "Date of occurrence" means the date of contract signing, date of payment, dates of board's resolutions, or other date that can confirm the counterparty and monetary amount of endorsement/guarantee, whichever date is earlier.

### Article 3 The term "endorsements/guarantees" refers to the following:

- (1) Financing endorsements/guarantees, including:
  - a. Bill discount financing.
  - b. Endorsement or guarantee made to meet the financing needs of another company.
  - c. 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 4 Receiver of endorsement/guarantee

- (1) The Company only makes endorsements/guarantees to the following companies; provided that this is not applicable 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:

- a. A company with which it does business.
  - b. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
  - c. The companies that directly and indirectly holds more than 50 percent of the voting shares in the Company.
  - d. Companies in which the Company holds, directly or indirectly, 90 percent or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10 percent of the net worth of the Company. However, this is not applied to the endorsement and guarantee to the companies in which the Company holds 100 percent of voting rights, directly or indirectly.
  - e. Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100 percent of the voting shares.
- (2) The Company is not permitted to make endorsements/guarantees to any subsidiary whose net worth is lower than one half of its paid-in capital.
  - (3) 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 under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.
  - (4) The finance department shall track the financial status of the receivers of endorsements/guarantees quarterly; for any material change, the chairperson shall be reported to immediately, and the changes shall be handled properly based on the instruction.

#### Article 5 Limits of endorsements/guarantees

- (1) The Company has the following limits for the outward endorsements/guarantees:
  - a. The total amount of the accumulated outward endorsements/guarantees shall not exceed 100 percent of the net worth specified in the latest financial report audited or reviewed by CPAs.
  - b. To one single company, the amount of endorsement/guarantee made by the Company shall not exceed 50 percent of the net worth specified in the latest financial report audited or reviewed by CPAs.
- (2) As a whole, the Company and subsidiaries have the following limits for the outward endorsements/guarantees:
  - a. As a whole, the total amount of the outward endorsements/guarantees made by the Company and subsidiaries shall not exceed 100 percent of the net worth specified in the latest financial report audited or reviewed by CPAs.
  - b. As a whole, to one single company, the amount of endorsement/guarantee made by the Company and subsidiaries shall not exceed 50 percent of the net worth specified in the latest financial report audited or reviewed by CPAs.

- (3) Where the Company makes a endorsement/guarantee due to transactions, other than the aforesaid limits, to one single company, the amount of endorsement/guarantee made shall not exceed the total amount of transactions within 12 months prior to such endorsement/guarantee. The term “amount of transaction” means the operating revenue and service revenue generated from product sales or service provision in operating activities in the recent year or the these expected in the coming year, or the purchase amount or service expenditures, whichever is higher.
- (4) Where the Company and the subsidiary determine that as a whole, the total amount of the endorsement/guarantee exceeds 50 percent or more of the Company’s net worth, the necessity and reasonableness shall be explained in the shareholders’ meetings.
- (5) When the endorsement/guarantee is made for business relationship, within the aforesaid limit, the amount of the endorsement/guarantee shall not exceed the amount of all transactions between the two parties within the most recent year. The term “amount of transaction” means the operating revenue and service revenue generated from product sales or service provision in recurring operating activities, or the purchase amount or service expenditures, whichever is higher.

#### Article 6 Regulations Making of Endorsements/Guarantees

- (1) When the receiver of endorsement/guarantee applies endorsement/guarantee from the Company, the department in charge shall submit the request, and specify the necessity and reasonableness of such endorsement/guarantee, and the finance department will determine if the application is accepted.
- (2) When conducting credit status and risk assessment of the receivers of endorsement/guarantee is made, the matters to be assessed shall include:
  - a. The necessity of and reasonableness of endorsements/guarantees.
  - b. Measuring whether the amount of endorsement is required based on the financial status of the receiver of the endorsement/guarantee.
  - c. Whether the accumulated amount of endorsement/guarantee exceeds the limit.
  - d. When the endorsement/guarantee is made for business relationship, whether the amount of endorsement/guarantee and the amount of all transactions are within the limits.
  - e. The impact on the Company's business operations, financial condition, and shareholders' equity.
  - f. Whether collateral must be obtained and appraisal of the value thereof.
  - g. Credit status and risk assessment of the receiver of the endorsement/guarantee shall be attached.
- (3) The request shall be seconded by the finance department, and signed for approval by the responsible officers. The decision-making and authorization hierarchy shall comply with Article 7.
- (4) The Company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the receiver of endorsement/guarantee, the committed guarantee matters, the amount, the date of passage by the Board or of

authorization by the chairperson, the date the endorsement/guarantee is made, and the description of the security obtained, the appraised value thereof, and the conditions and date for releasing from the responsibility of the endorsement/guarantee. When the receiver of endorsement/guarantee repays, the information of the repayment shall copy to the Company to release the Company's responsibility of guarantee, and record to the memorandum book for its endorsement/guarantee activities.

- (5) The finance department shall actively track if the endorsements/guarantees expire are finalized and cancelled.
- (6) The finance department shall evaluate or recognize the contingent losses of endorsement/guarantee, and properly disclose the information of endorsement/guarantee in financial reports, while providing related information to the attesting CPAs to execute required audit procedures.

#### Article 7 Decision-making and authorization hierarchy

- (1) When making endorsements/guarantees, the approvals shall comply with the Procedures, and upon the approval of the Audit Committee, it is submitted to the Board for resolutions before the implementation. However, as time is essential, the Board may authorize the chairperson to determine the endorsement/guarantee within the limit; provided that, the limit shall not exceed 20 percent of the net worth in the latest financial statements. The ratification is required in the soonest board meeting, and the related information shall be reported to the shareholders' meeting for reference.

For the aforesaid resolutions of the Board, it 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 minutes of the board of directors' meeting.

- (2) Where the business requires the endorsement/guarantee to exceed the limits specified in the Procedures, but meeting the conditions specified, the approval of the Audit Committee shall be obtained first, and report to the Board for resolving the approval; the joint guarantee from the majority of directors for the possible loss due to the excess is required, and the Procedure must be amended, for the ratification of the shareholders' meeting. Where the shareholders' meeting disapproves, a plan must be established to cancel the excess within a certain period.

In the aforesaid discussion of the Board, it 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 minutes of the board of directors' meeting.

Before making endorsement/guarantees to companies in which the Company holds, directly or indirectly, 90 percent or more of the voting shares as specified in Article 4, the approval of the Audit Committee shall be obtained, and it shall be submitted to the Board for resolutions before implementation. However, this is not applied to the endorsement and guarantee to the companies in which the Company holds 100 percent of voting rights, directly or indirectly.

In the aforesaid discussion of the Board, it 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 minutes of the board of directors' meeting.

#### Article 8 Procedures for using and retaining the seals

- (1) The seals specific for outward endorsements/guarantees are the company seals registered with the MOEA.
- (2) The shall be under the custody of the assigned staff, and the use thereof shall comply with the Company's Regulations Governing the Use of Seals. The custodian of seals shall be approved by the Board, and the same applies if the custodian is changed.
- (3) Where the endorsements/guarantees are made to foreign companies, the guarantee letters presented by the Company shall be signed by the persons authorized by the Board.

#### Article 9 Procedures of announcement and report

- (1) The Company shall announce and report the balance of endorsements/guarantees for the previous month before the 10th day of each month.
- (2) Where the Company's 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:
  - a. 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.
  - b. 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 as stated in its latest financial statement.
  - c. 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 loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement.
  - d. 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 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 10 Controlling procedures for the endorsements/guarantees made by subsidiaries

- (1) Where the Company's subsidiaries intend to make endorsements/guarantees to others, the Company shall order the subsidiaries to establish the regulations making of endorsements/guarantees pursuant to the Procedures. Provided that the net worth is calculated based on the net worth of the subsidiary.
- (2) Before the 10th day (exclusive) of each month, the subsidiaries shall prepare the memorandum book of endorsements/guarantees for the previous months, and submit such to the Company's

finance department.

- (3) The subsidiaries' internal auditors shall audit their regulations making of endorsements/guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's auditing unit in writing of any material violation found, and the auditing unit shall send the written information to the Audit Committee.
- (4) The auditing staff of the Company shall supervise and manage the audit management of subsidiaries based on the annual audit plan.

#### Article 11 Other matters requiring attentions

- (1) The Company's internal auditors shall audit their operational procedures for endorsements/guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. Where the Audit Committee is established, they shall be notified in writing of any material violation found.
- (2) Where as a result of changes of condition the receiver of endorsement/guarantee no longer meets the requirements of these Procedures, or the amount of endorsement/guarantee exceeds the limit, the finance department shall adopt rectification plans and submit the rectification plans to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan, and report such to the board of directors.
- (3) The Company 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 minutes of the board of directors' meeting.
- (4) Where any managerial officer and staff in charge violates the Procedures, the disciplinary actions shall be imposed pursuant to the regulations of the competent authority and the Company.

#### Article 12 Implementation and amendment

The Procedures are implemented upon the approval of the shareholders' meeting, after these are approved and submitted by the Board. The same applies to amendments.

After the Company established the Audit Committee, amendments to the Procedures shall be approved by the Audit Committee and submitted to the Board for resolution, and then submitted to the shareholders' meeting for approval before implementation; for any dissent expressed by any director with records or written statement, the Company shall submit the dissent and the information thereof to the shareholders' meeting for discussion; the same applies to amendments. If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board meeting.

The Procedures were established on July 22, 2022.

The Procedures were amended on March 3, 2023.