

ITE Tech. Inc.

Operating Procedures for Endorsement and/or guarantee

Article 1 Legal basis

These Operating Procedures are formulated in accordance with Article 36-1 of the Securities and Exchange Act as well as relevant regulations of the competent authority for securities.

Article 2 Scope of application

The endorsement and/or guarantee as mentioned in these Operating Procedures shall refer to the following matters:

1. Endorsement and guarantee in financing, including:
 - (1) Customers' notes for cash financing with a discount
 - (2) Endorsement or guarantee provided to other companies for their financing needs.
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company.
2. Endorsement and/or guarantee on customs duties shall refer to endorsement or guarantee provided to the Company or other companies with respect to matters of customs duties.
3. Other endorsement and/or guarantee shall refer to endorsement or guarantee matters that cannot be classified into the preceding two subparagraphs.
4. Any creation by the Company of a pledge or mortgage on its chattels or real property as security for loans of other companies shall also be subject to these Procedures.

Article 3 Definition

The "Subsidiary" as referred to in these Operating Procedures shall be determined in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The "net worth of the Company" as mentioned in these Operating Procedures shall refer to

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

The “date of occurrence” as mentioned in these Operating Procedures shall refer to the contract signing date, payment date, board resolution date, or other dates that are sufficient to confirm the counterparty and transaction amount, whichever date is earlier.

The “public announcement and filing” mentioned in these Operating Procedures shall refer to the process of entering data on the information reporting website designated by the competent authority.

Article 4 Parties to which endorsement and/or guarantee may be provided

1. The Company may provide endorsement and/or guarantee to the following companies:

- (1) A company with which it has business dealings.
- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.

2. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may provide endorsement and/or guarantee between and among themselves, provided that the amount of endorsement and/or guarantee may not exceed 10% of the net worth of the Company, except for the endorsement and/or guarantee provided between and among the companies in which the Company holds, directly or indirectly, 100% of the voting shares.

3. Where the Company provides mutual guarantee among other companies in the same industry or to joint builders under its contractual obligations due to a construction project undertaken; or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, or where all shareholders that contribute funds provide endorsement and/or guarantee to the investee company according to their shareholding ratio due to the joint investment relationship, such endorsement and/or guarantee may be provided without the restrictions set forth in the preceding two paragraphs.

The fund contribution mentioned in the preceding paragraph shall refer to the fund contributed directly by the Company, or through a company in which the Company holds 100% of the voting shares.

Article 5 Endorsement and/or guarantee limit

1. The total amount of the Company's endorsement and/or guarantee liability shall not exceed 30% of its net worth in the most recent financial statement, and such amount provided to a single guaranteed party shall not exceed 30% of its net worth in the most recent financial statement. The aggregate amount for the Company and its subsidiaries to provide endorsement and/or guarantee as a whole, as well as the amount of its endorsement and/or guarantee provided to any single enterprise shall apply to the same limit as prescribed above.
2. If the Company provides endorsement and/or guarantee out of the business relationship, the amount of the endorsement and/or guarantee shall not exceed the amount of business transactions between the two parties. The amount of business transactions as mentioned shall refer to the higher of the purchase or sale amount between the two parties in the most recent quarter.

Article 6 Endorsement and/or guarantee handling and review procedures

1. Application

When an enterprise requests the Company to provide endorsement and/or guarantee within the limit thereof as prescribed in the preceding article, it shall provide basic information and financial information, fill in an application form and submit the application to the department in charge of the Company.

2. Evaluation

The department in charge shall review and evaluate the following items in detail, and prepare a report:

- (1) Necessity and reasonableness of the endorsement and/or guarantee.
- (2) Credit status and risk assessment of the party to which the endorsement and/or guarantee is provided.
- (3) Impact on the Company's business risks, financial conditions, and shareholders' equity.
- (4) Whether collateral is obtained and the appraised value of the collateral.

Article 7 Subsequent control measures for endorsement and/or guarantee

1. The Company shall prepare a reference book for conducting endorsement and/or guarantee matters; matters regarding the guarantee undertaken, the name of the endorsed and guaranteed enterprise, the risk assessment result, the date of adoption by the Board of Directors or the decision made by the chairman, the amount of endorsement and/or guarantee, the content of the collateral obtained, the conditions and dates of releasing the endorsement and/or guarantee obligation, etc., shall be recorded in detail for future reference.
2. The Company shall assess and recognize contingent losses of endorsement and/or guarantee, properly disclose endorsement and/or guarantee information in the financial report, and provide relevant information to the CPA to proceed with necessary audit procedures.
3. Internal auditing personnel of the Company shall audit the endorsement and/or guarantee operating procedures as well as the implementation status at least quarterly, and make written records. If any major violations are found, they shall immediately notify each Audit Committee member in writing.
4. If the party to which the endorsement and/or guarantee is provided fails to meet the requirements of these Procedures or the amount of endorsement and/or guarantee exceeds the limit due to changes in circumstances, the Company shall formulate an improvement plan, send the relevant improvement plan to each Audit Committee member, and complete the improvement according to the planned schedule.
5. If the party to which the Company provides endorsement and/or guarantee is a subsidiary whose net worth is less than one-half of the paid-in capital, the Company shall evaluate the operating status of the subsidiary quarterly, accurately measure the risk tolerance of the Company, and report it to the chairman.

If the stock of the subsidiary has no par value or the par value per share is not NT\$10, the paid-in capital shall be the sum of the share capital plus the capital reserve--the issuance premium.

Article 8 Control procedures for handling endorsement and/or guarantee provided to subsidiaries

1. If a subsidiary of the Company intends to provide endorsement and/or guarantee to others, the Company shall request the subsidiary to formulate the “Operating Procedures for Endorsement and/or Guarantee” in accordance with the Regulations Governing Loaning of Funds and Making of Endorsement and/or Guarantee by Public Companies, and proceed with such matters following the aforementioned operating procedures.
2. When a subsidiary intends to undertake endorsement and/or guarantee, it shall provide the Company with relevant materials and consider opinions of the relevant operating personnel of the Company in order to carry out endorsement and/or guarantee operations.
3. The subsidiary shall compile the endorsement and/or guarantee statement provided to others for last month prior to the tenth (exclusive) of each month, and submit it to the Company.

Article 9 Use and custody of specimen seals procedures

1. The Company uses the company seal registered with the Ministry of Economic Affairs as the special seal for endorsement and guarantee. The company seal shall be kept by a dedicated person designated by the chairman authorized by the Board of Directors, and can only be affixed or used to issue negotiable instruments through certain procedures.
2. If the Company provides guarantee to a foreign company, the guarantee letter issued by the Company shall be signed by the chairman authorized by the Board of Directors.

Article 10 Decision making and level of authorization

1. All external guarantee shall be provided based on the creditworthiness and financial status of the party to be guaranteed. The limit shall be approved by the Audit Committee, then reviewed and adopted by the Board of Directors; however, in order to meet the requirements of timeliness, the directors may authorize the chairman to make decisions within a certain limit, which shall be submitted afterwards to the Board of Directors for retroactive recognition:
2. A subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement and/or guarantee to the Company's Board of Directors for a resolution before providing endorsement and/or guarantee pursuant to Paragraph 2, Article 4 hereof, except for the endorsement and/or guarantee provided between/among companies in which the Company holds, directly or indirectly, 100% of the voting shares.
3. When it is necessary to provide endorsement and/or guarantee due to business needs that exceeds the limit but still meets the conditions prescribed in these Operating Procedures, such endorsement and/or guarantee shall be approved by the Board of Directors as well as jointly signed and guaranteed by at least half of the directors against possible losses caused by the Company's exceeding the limit. In addition, these Operating Procedures shall be revised and submitted to the Shareholders Meeting for retroactive recognition; if the Shareholders Meeting disagrees, the Company shall make a plan to cancel the part exceeding the limit within a certain period of time.

When the Company intends to provide endorsement and/or guarantee, it shall take into full consideration each independent director's opinions, and independent directors' specific opinions of approval or disapproval as well as their reasons for

disapproval shall be included in the meeting minutes of the Board of Directors.

The endorsement and/or guarantee submitted to the Board of Directors for discussion in accordance with regulations shall be approval by at least half of all members of the Audit Committee. If it is not approved by at least half of all members of the Audit Committee, it may be proceeded with the consent of two-thirds or more of all directors, and the resolution of the Audit Committee shall be stated clearly in the meeting minutes of the Board of Directors.

Article 11 Public announcement and filing procedures

1. The balance of endorsement and/or guarantee for the previous month of the Company and its subsidiaries shall be publicly announced and filed by the 10th day of each month.
2. When the balance of endorsement and/or guarantee meets one of the following criteria, a public announcement and filing shall be made within two days upon occurrence of such facts:
 - (1) The aggregate balance of endorsement and/or guarantee provided 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 aggregate balance of endorsement and/or guarantee provided by the Company and its subsidiaries to a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - (3) The aggregate balance of endorsement and/or guarantee provided by the Company and its subsidiaries to a single enterprise reaches NT\$10 million or more, and the aggregate balance of the endorsement and/or guarantee, long-term investment and loans of funds provided thereto reaches 30 percent

or more of the Company's net worth as stated in its latest financial statement.

(4) The amount of new endorsement and/or guarantee provided 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.

3. The Company shall make public announcement and filing on behalf of its subsidiaries that are not public companies in our country on matters that such subsidiaries are required thereto pursuant to Subparagraph 4 of the preceding paragraph.

Article 12 Discipline

When the Company's managers and persons in charge violate these Regulations and these Handling Procedures, they shall be reported for evaluation in accordance with the Company's Personnel Management Guidelines, Employee Handbook and other rules and disciplined according to the severity of the circumstances.

Article 13 Implementation and revision

These Operating Procedures shall be approved by the Audit Committee in accordance with relevant rules, approved by the Board of Directors, and then submitted to the Shareholders Meeting for approval and then implementation. The same shall also apply to subsequent revisions thereof.

When these Operating Procedures are submitted to the Board of Directors for discussion, the opinions of each independent director shall be fully considered. If independent directors raise objections or reserve their opinions, such shall be stated clearly in the meeting minutes of the Board of Directors. The same shall also apply to subsequent revisions thereof.

Article 14 Supplementary provisions

The formulation of these Operating Procedures was approved by the Shareholders Meeting on June 17, 2015.