



Giant Heavy Machinery Service Corporation

Procedures for Endorsement and Guarantee

Article 1 Purpose

In order to safeguard shareholders' interests, improve the financial management of endorsement guarantees, and reduce operational risks, Giant Heavy Machinery Service Corporation (hereinafter referred to as this Corporation) has established these Procedures.

This Corporation 's external endorsement guarantee matters shall be handled in accordance with the procedures set forth in these Procedures.

Article 2 Legal Basis

These Procedures are established in accordance with the Securities and Exchange Act and the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission's Securities and Futures Bureau (SFB).

Article 3 Scope of Application

The words “endorsement and/or guarantee” used herein are defined as:

1. Financing endorsement and/or guarantee, including:
 - (1) Endorsement/guarantee to customers' notes for cash financing with a discount;
 - (2) Endorsement/guarantee for another company for its financing needs
 - (3) Endorsement/guarantee to the notes issued by this Corporation to non-financial institutions and entities for this Corporation's own financing needs.
2. Endorsement/guarantee of customs duties due from this Corporation.
3. Other endorsements/guarantees which are not included under paragraphs 1 and 2.
4. The lien or mortgage provided by this Corporation against its assets and properties for guaranteeing another company's loan should also follow the policies and procedures set forth herein.

Article 4 Endorsement Guarantee Object

The party to whom this Corporation may provide endorsement and/or guarantee include the following:

- (1) Any company who has business relationship with this Corporation.
- (2) Any subsidiary whose voting shares are fifty percent (50%) or more owned, directly or indirectly by this Corporation.
- (3) Any companies who directly or indirectly holds more than 50% of the voting shares.
- (4) Subsidiaries whose voting shares are at least 90% owned, directly or indirectly, by this Corporation may provide endorsement and/or guarantee to each other, and the total amount of such endorsement/guarantee shall not exceed 10% of this Corporation's net worth. The limit restriction shall not apply to endorsement/guarantee when such subsidiaries' voting shares are 100% owned, directly or indirectly, by this Corporation.

This Corporation may provide endorsement guarantees in the following situations without being subject to the limitations set forth in the previous item:

- When the company and its counterparties or co-builders are required to mutually guarantee each other under a contract for construction projects.
- When all shareholders jointly guarantee the company in which they have invested in proportion to their shareholding due to a co-investment relationship.

The term "investment" in the preceding item refers to this Corporation's direct investment or investment through a wholly owned subsidiary.

The terms "subsidiary" and "parent company" shall be defined in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

The financial reports of publicly listed companies are prepared in accordance with International Financial Reporting Standards. The term "net worth" in this procedure refers to the equity attributable to the parent company's owner in the

balance sheet as defined in the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Article 5 Endorsement Guarantee Amount and Evaluation Standards

The total amount of external endorsement guarantees provided by this Corporation and the limit for endorsement guarantees provided to a single enterprise are as follows:

1. The total amount of external endorsement guarantees provided by the company shall not exceed 40% of the company's current net worth.
2. The amount of endorsement guarantee provided to a single enterprise shall not exceed 30% of the higher of the guaranteed company's most recent annual business dealings with this Corporation or 120% of the most recent three months of business dealings, and shall not exceed 20% of the company's current net worth. If the endorsement guarantee is provided due to a parent-subsidary relationship, it shall not exceed 30% of this Corporation's net worth. For endorsement guarantees provided between contractors due to construction project needs or by shareholders in proportion to their shareholding due to co-investment relationships, it shall not exceed 10% of this Corporation's net worth.
3. The total amount of external endorsement guarantees provided by this Corporation and its subsidiaries as a whole shall not exceed 50% of the company's net worth, and the limit for endorsement guarantees provided to a single enterprise shall not exceed 40% of this Corporation's net worth.
4. If the total amount of endorsement guarantees provided by this Corporation and its subsidiaries as a whole after this Corporation's public issuance reaches 50% or more of this Corporation's net worth, the necessity and reasonableness of such guarantees shall be explained at the shareholders' meeting to inform shareholders of the risks associated with this Corporation's endorsement guarantees.
5. If the endorsement guarantee is provided to a subsidiary with a net worth lower than half of its paid-in capital, subsequent related control measures

shall be clearly defined.

The term “net worth” shall be based on the most recent financial statements audited or reviewed by a certified public accountant.

Article 6 Decision-Making and Authorization Levels

1. When this Corporation handles endorsement guarantee matters, it shall follow the signature approval procedure set forth in Article 7 of these Procedures and obtain a resolution from the board of directors, or the chairman may decide within the authorization limit set forth in item 4 of this article, and subsequently report to the most recent board of directors for ratification. The handling circumstances and related matters shall be reported to the shareholders meeting for record.
2. If this Corporation needs to handle endorsement guarantees exceeding the limits set forth in the previous article due to business needs and meets the conditions set forth in the endorsement guarantee operating procedure, it shall obtain the consent of the board of directors and have more than half of the directors jointly and severally guarantee the possible losses that may be incurred by this Corporation beyond the limit. The operating procedure shall be amended and reported to the shareholders meeting for ratification. If the shareholders' meeting does not approve, a plan shall be formulated to eliminate the excess portion within a certain period.
3. When this Corporation discusses endorsement guarantee matters for others and has independent directors, it shall fully consider the opinions of each independent director and record their clear consent or dissent and the reasons for dissent in the minutes of the board of directors.
4. The amount of external endorsement guarantees authorized by the chairman shall not exceed 10% of this Corporation's current net worth.

Article 7 Procedures for the Handling and Review of Endorsement Guarantees

1. Execution unit

The finance unit is responsible for handling endorsement guarantee

operations. The general manager may appoint other dedicated personnel to assist when necessary.

2. Review Procedures

(1) For endorsement guarantees handled by this Corporation, the responsible unit shall prepare a detailed evaluation report, which shall include the following items:

- i. Necessity and reasonableness of the endorsement guarantee.
- ii. Creditworthiness and risk assessment of the guarantee recipient.
- iii. Impact on the company's operational risk, financial situation, and shareholder equity.
- iv. Whether to obtain collateral and its assessed value.

(2) When this Corporation handles endorsement guarantees, the responsible unit shall submit a proposal for approval detailing the endorsing company, recipient, type, reason, and amount, along with the evaluation report mentioned in preceding Item 1. After approval by the chairman and president, it should be submitted to the board of directors for approval. However, in case of business needs, the chairman may make a decision within the authorized amount specified in Article 6 of this procedure, subject to subsequent ratification by the most recent board of directors, and the handling circumstances and related matters should be reported to the shareholders meeting for reference.

3. When handling endorsement guarantees, the responsible unit shall assess the risk and obtain collateral from the guaranteed company when necessary.
4. The finance unit shall establish a record book for endorsement guarantees, detailing the recipient, amount, date of board approval or chairman's decision, endorsement guarantee date, items requiring careful evaluation as specified in Paragraph 2, Item 1, and conditions and date for releasing the guarantee responsibility.
5. When an endorsed enterprise repays a loan, the repayment information shall

be notified to this Corporation in order to relieve this Corporation from the liability of the guarantee, and shall be published in the endorsement guarantee record book.

6. The financial unit shall prepare a statement of changes in the amount of external endorsement guarantees for the previous month at the beginning of each month and submit it to the board of directors.

Article 8 Information Disclosure Procedure

1. After this Corporation's public offering, it shall announce and report the balance of the endorsement guarantees of this Corporation and its subsidiaries for the previous month before the tenth of each month.
2. If the balance of this Corporation's endorsement guarantee reaches one of the following standards, it shall make an announcement within two days from the date of the fact:
 - (1) The remaining endorsement guarantee balance for this Corporation and its subsidiaries reaches 50% or more of this Corporation's net worth in its most recent financial report.
 - (2) The remaining endorsement guarantee balance for this Corporation and its subsidiaries for a single enterprise reaches 20% or more of this Corporation's net worth in its most recent financial report.
 - (3) The remaining endorsement guarantee balance for this Corporation and its subsidiaries for a single enterprise reaches NTD 10 million or more, and the total of the remaining endorsement guarantee balance, long-term investments, and loans for that enterprise reaches 30% or more of this Corporation's net worth in its most recent financial report.
 - (4) The new endorsement guarantee amount for this Corporation and its subsidiaries reaches NTD 30 million or more and reaches 5% or more of this Corporation's net worth in its most recent financial report.
3. If a subsidiary of this Corporation is not a domestic public offering company and has any of the items mentioned in the previous paragraph that require

announcement and report, this Corporation shall make on behalf of the subsidiary.

4. The calculation of the ratio of the remaining endorsement guarantee balance of the subsidiary to net worth should be based on the ratio of the remaining endorsement guarantee balance of the subsidiary to the net worth of this Corporation.
5. The term “announcement and report” in this procedure refers to entering the information into the information reporting website designated by the Financial Supervisory Commission. The term “date of occurrence” refers to the earlier of the date of signing, payment, board resolution, or any other date that can confirm the recipient and amount of the endorsement guarantee.

Article 9 Internal Audit

Internal auditors shall perform auditing on this Corporation’s endorsement/guarantee profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the supervisors.

Article 10 Control Procedures for Endorsement Guarantees for Subsidiaries

1. If a subsidiary of this Corporation intends to endorse a guarantee for others, this Corporation shall also order it to formulate these procedures and handle them in accordance with the prescribed operating procedures; however, the net worth shall be calculated based on the net worth of the subsidiary.
2. The subsidiary shall prepare a detailed list of endorsement guarantee for others in the previous month before the 5th of each month (exclusive) and submit it to this Corporation.
3. If a subsidiary of this Corporation intends to endorse or provide a guarantee for others, this Corporation shall order it to formulate procedures for endorsement guarantee and submit them to its supervisor and/or the board of directors and/or shareholders meeting for resolution in accordance with regulations before implementation and shall order the subsidiary to this Corporation handles the matter in accordance with the prescribed operating

procedures. If this Corporation's subsidiaries provide endorsement guarantees for others, they should regularly provide relevant information to this Corporation for review.

If a subsidiary in which this Corporation directly or indirectly holds 90% or more of the voting shares plans to provide an endorsement guarantee, it should first obtain approval from this Corporation's board of directors before proceeding. However, this requirement does not apply to endorsement guarantees between subsidiaries in which this Corporation directly or indirectly holds 100% of the voting shares.

4. If the subsidiary's shares have no par value or the par value per share is not NT\$ 10, the paid-in capital calculated according to the previous paragraph should be based on the sum of the capital stock and the capital surplus.

Article 11 Penalties

If the manager or the person in charge of endorsement guarantee operations at this Corporation violates these procedures, they will be reported for assessment according to this Corporation's personnel management rules and will be penalized based on the severity of the violation.

Article 12 Miscellaneous

1. If there are changes in circumstances that cause the endorsement guarantee recipient to not meet the requirements or the guarantee amount to exceed the limit, this Corporation shall establish a corrective plan and submit it to the supervisors and complete the improvement on planned schedule.
2. This Corporation shall evaluate or recognize any potential losses from endorsement guarantees and disclose relevant information in financial reports. This Corporation shall also provide relevant data to certified public accountants (CPA) for necessary auditing procedures and obtain a fair audit report.
3. Article 165-1 of the Securities and Exchange Act stipulates that foreign companies that endorse or provide guarantees for others shall apply the

provisions of these Procedures. If a foreign company does not have a company seal, it is exempt from the provisions of Article 12, paragraph 1, item 7 and Article 17, paragraph 4 of the “Regulations Governing the Handling of Loans and Endorsement Guarantees by Public Companies.” The net worth of a foreign company calculated according to these Procedures refers to the equity belonging to the parent company's owner in the balance sheet.

Article 13 Supplementary Provisions for Relevant Laws and Regulations

Any other matters not set forth in these Procedures shall be governed by the applicable laws, rules, and regulations.

Article 14 Enforcement

These Procedures shall be established upon approval by the board of directors and submitted to the supervisors and shareholders meeting for approval. They shall be implemented after approval. Any amendments shall follow the same process.