

Procedures for Endorsement and Guarantee of ADDcn Technology Co., Ltd

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1. Goals and Applicable Laws and Regulations

The Procedure is established for the Company to operate accordingly while making external endorsements/guarantees.

2. The endorsement guarantee mentioned of the measures refers to the following items

1. Financing endorsement/guarantee, including:
 - Discount note;
 - Endorsement/guarantee for the purpose of financing other companies;
 - Issuing separate bills for non-financial undertakings for the purpose of financing the Company.
2. Endorsements/guarantees of custom duties due from the Company or other companies.
3. Other endorsements/guarantees that are not classified as prior two types.

Where this company provides movable property or immovable property to set a pledge or mortgage for the loan of another company, it shall be also handled in accordance with the measures.

3. The Company may make endorsements/guarantees for the following companies

1. Companies or business with business relationship with the Company.
2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the Company.

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 or guarantees may not exceed 10% of the net worth of the Company, 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.

"Subsidiary" and "parent company" as referred to in the Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of Taiwan.

"Net worth" as referred to in the Procedures shall be equity attributable to owners of the parent company in the balance sheet as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of Taiwan.

4. Amount of Endorsement and Guarantee

The Procedures set forth below are the guidelines for the Company to provide endorsement and/or guarantee to outside parties:

1. The total amount of the company's external endorsement and guarantee shall not exceed 40% of the net worth of the most recent financial statements.
2. The aggregate amount of endorsement and guarantee provided to any single enterprise shall not exceed 20% of the net worth of the most recent financial statement. However, if the endorsement/guarantee is provided to any individual due to business relationships, the amount shall not exceed the total amount of business transactions between the two parties of the past 12 months. The business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher.

5. Hierarchy of Decision-making Authority and Delegation Thereof

1. When making any endorsement/guarantee pursuant to a subsidiary in which the Company holds, directly or indirectly, 100% or more of the common stocks, the Company shall submit the proposal to the COB to facilitate execution and reported to the Board of directors' Meeting for ratification.
2. Except for Paragraph 1, other matters of guarantee/endorsement within 20% of the current net worth shall be submitted to the COB to facilitate execution and reported to the Board of directors' Meeting for ratification. The relevant situation shall be reported to the shareholders' meeting for future reference.
3. When the Company handles endorsements and guarantees to exceed the amount stipulated in these measures due to business needs and meet the conditions stipulated in these measures, it shall be approved by the Board of Directors, and more than half of the directors shall jointly guarantee the company's losses that may be caused by exceeding the limit, and the measures shall be amended and reported to the Board of Shareholders for approval; If the Shareholders' Meeting does not agree, it shall make a plan to cancel the excess within a certain period of time.

6. Procedures for Making Endorsement and Guarantee

1. Basic information and financial statements shall be provided when an enterprise needs a guarantee deposit, which is the amount set forth in the endorsement/ guarantee provided by the Company, and fill in the application form and submit it to the finance and accounting department. The department shall undergo careful evaluation and credit reporting.

The evaluation items shall be included: the necessity and rationality of the endorsement/guarantee, consistency in amount of endorsement/guarantees and that of business transactions in the case, the impact on the Company's operational risks, financial condition and shareholders' equity, and the necessity to acquire collateral and appraisal of collateral.

2. The Financial Affairs Department of the Company shall submit the preceding information and evaluation results, along with opinions provided by other related departments, to the Board of directors Meeting for approval. The COB shall be authorized by the Board of directors to facilitate execution within a certain amount, and Board of directors' Meeting shall be reported to for ratification.

3. A log book recorded endorsement/guarantee established by the Finance and Accounting Department shall detail information including target customers, the amount of the endorsement, board of directors or COB's approval dates, and the matters required to be carefully evaluated in accordance with the Procedure, the collateral items and the evaluation, and the liability and date for the cancellation of the endorsement.
4. When an enterprise whom the endorsement/guarantee was made with repay, the Company shall be represented with the documents for repayment to cancel the guarantee liability of the Company and record on a log book.
5. The Finance and Accounting Department shall regularly evaluate, and list the contingent loss of the endorsement, properly disclose the endorsement/guarantee information in the financial statements, and provide relevant information of the CPA for the accountants to adopt the necessary checking procedures and issue an appropriate check report.

7. Custody and Procedures of Company Seal

The Company shall apply to the Ministry of Economic Affairs for registering its company seal designated for endorsement/guarantee. A designated person shall be granted guardianship to the seal by the board of directors, and seal would be available and notes would be issued in accordance with the regulations.

The designated person who keeps the company chop used for endorsement/guarantee shall not be the person who conducts the endorsement/ guarantee.

When providing endorsements/guarantees to a foreign company, the endorsement/guarantee letter should be executed and signed by the person delegated by the Board of directors.

8. Guidelines for Making Endorsement and Guarantee

1. Internal auditors of the Company shall perform auditing and the Procedures and implementation of loans to others every quarter, and produce written auditing reports. If any serious violation is found, the Audit Committee in writing form.
2. In the event of any change to the Company, resulting in any differences between the endorsement and Article 3, or the amount of endorsement and guarantee exceeds the amount specified in Article 4 of the measures due to the change of the basis for limit calculating, the audit unit shall urge the Accounting Department to eliminate all the amount or the part of excess of the guarantee endorsed by the target at the expiration of the time limit stipulated in the contract or within a certain time limit, and then submit the improvement plan to the Audit committee, and complete the improvement according to the schedule.
3. When the Company handles endorsements and guarantees to exceed the amount stipulated in these measures due to business needs and meet the conditions stipulated in these measures, it shall be approved by the Board of Directors, and more than half of the directors shall jointly guarantee the company's losses that may be caused by exceeding the limit, and the measures shall be amended and

reported to the Board of Shareholders for approval; If the Shareholders' Meeting does not agree, it shall make a plan to cancel the excess within a certain period of time.

9. Announcement and Reporting Procedures

1. The Company shall announce and report the previous month's loan balances of endorsements/guarantees to its head office and the Subsidiaries by the 10th day of each month.
2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such an event within two days commencing immediately from the date of occurrence of the fact:
 - The balance of endorsements/guarantees reaches at least 50 percent of the Company's net worth as stated in its latest financial statement.
 - The balance of endorsements/guarantees by the Company to a single enterprise reaches at least 20 percent of the Company's net worth as stated in its latest financial statement.
 - The balance of endorsements/ guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements / guarantees for, carrying value of the equity method to account for its investment in, and balance of loans to, such enterprise reaches 30% or more of Company's net worth as stated in its latest financial statement.
 - The amount of added endorsements/guarantees by the Company reaches NT\$30 million or more, and reaches at least 2 percent of the Company's net worth as stated in its latest financial statement.
3. If there is any reporting and announcement required for the Company's Subsidiary which is not a Taiwan public company, the Company will follow the requirement on behalf of its Subsidiary.

The ratio of the amount of endorsements/guarantees to the Company's net worth as referred above is calculated by an aggregate of balance of endorsements/guarantees by the Company and its Subsidiaries.
4. The Company shall regularly evaluate and list the contingent loss of the endorsement, properly disclose the endorsement/guarantee information in the financial statements, and provide relevant information to the CPA for the accountants to adopt the necessary checking procedures.
5. The term "date of occurrence of the fact" as used in the as used in Paragraph 2 of this Article refers to the date of contract signing, date of payment, dates of resolutions of the Board of directors, or other date that can confirm the subject of endorsements/guarantees and monetary amount of the loan, whichever date is earlier.

10. Control Procedures for Endorsements/Guarantees to Others by the Subsidiaries

1. If the subsidiary of the Company intends to endorse and guarantee for others, it shall also work out the methods and handle them in accordance with laws; However, the net value is calculated on the basis of the net value of the subsidiary.
2. The Company shall announce and report the previous month's loan balances to its head office and the Subsidiaries by the 10th day of each month.

3. The internal auditors of the subsidiaries shall audit the endorsement and guarantee work measures and their implementation at least quarterly, and make written records. In case of major violations, they shall immediately notify the auditing unit in writing form. And the auditing unit of the Company shall send the written record to the Audit Committee.
4. When the auditors of the Company visit the subsidiaries for auditing in accordance with the annual audit plan, they should understand the implementation of the subsidiary's endorsement and guarantee methods for others. If any missing items are found, they should continue to track for improvement, prepare a tracking report to the General Manager, and submit it to the Audit Committee for reference.
5. If the object of endorsement and guarantee of the Company and its subsidiaries is a subsidiary that has the net value less than half of the paid in capital, the Finance and Accounting Department and relevant departments shall evaluate the implementation of control risks and corresponding plans, and periodically report to the Audit Committee and the Board of Directors.

If the Subsidiary as referred to with shares having no par value or a par value other than NT\$10, for the paid-in capital in the aforementioned calculation, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

11. Penalty

Any managers or sponsors of the Company who violate these Regulations shall be punished in accordance with the personnel management regulations of the Company based upon the seriousness of the case.

12. Implementation and Amendment

1. The provisions of these Methods shall be approved by more than half of the members of the Audit Committee. The provisions hereof shall be submitted to the Board of Directors for resolution. After the approval of the Board of Directors, it shall be submitted to the Shareholders' Meeting for approval. And the amended ones shall be done at the same way. If any director has objection and has record or written statement, the Company shall submit the objection to the Audit Committee and the Shareholders' Meeting for discussion.
2. If the preceding paragraph is not approved by more than half of the members of the Audit Committee, it should be approved by more than two thirds of the directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Meeting of the Board.
3. All members of the Audit Committee referred to in the preceding two paragraphs and all directors referred to in the preceding paragraph shall be calculated by the actual incumbent.
4. Any matters not covered in the Rules shall be handled in accordance with relevant laws and regulations.