CHENG FWA INDUSTRIAL CO., LTD.

Procedures for Endorsements and Guarantees

Article 1 Purpose

These Procedures are established to provide a basis for the Company's endorsement and guarantee operations (hereinafter referred to as the "Procedures"). Any matters not provided for herein shall be governed by the applicable laws and regulations.

Article 2 Legal Basis

These Procedures are established in accordance with 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.

Article 3 Definitions

1. Unless otherwise defined herein, the terms "subsidiary" and "parent company" shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. Where the Company's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), the term "net worth" as used herein refers to the equity attributable to owners of the parent as stated in the balance sheet prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. The term "public announcement and reporting" as used herein means the entry of information into the reporting website designated by the Financial Supervisory Commission (FSC).
4. The term "date of occurrence" as used herein refers to the earliest date among the date of contract execution, payment, board resolution, or any other date on which the counterparty and transaction amount of the endorsement or guarantee are confirmed.

Article 4 Scope of Application

The term "endorsements and guarantees" as used in these Procedures refers to the following:

1. **Financing endorsements and guarantees**, including:

   (1) Endorsements or guarantees made for the purpose of financing another company.

   (2) Issuance of negotiable instruments by the Company as security for its own financing to a non-financial enterprise.

2. **Other endorsements and guarantees**, referring to endorsements or guarantees that cannot be classified under the preceding paragraph.

Where the Company creates a pledge or mortgage over its movable or immovable property as collateral for another company's borrowings, such transactions shall also be governed by these Procedures.

Article 5 Eligible Parties for Endorsements and Guarantees

The Company may provide endorsements and guarantees only to companies in which it directly or indirectly holds 100% of the voting shares.

Article 6 Limits on Endorsements and Guarantees

1. The aggregate amount of endorsements and guarantees provided by the Company shall not exceed **100%** of the Company's net worth as stated in its most recent financial statements. The amount of endorsements and guarantees provided to any single enterprise shall not exceed **80%** of the Company's net worth. The net worth shall be based on the most recent financial statements audited or reviewed by a certified public accountant (CPA).
2. The aggregate amount of external endorsements and guarantees provided by the Company and its subsidiaries shall not exceed **100%** of the Company's net worth as stated in its most recent financial statements. The amount of endorsements and guarantees provided to any single enterprise by the Company and its subsidiaries shall not exceed **80%** of the Company's net worth. The net worth shall be based on the most recent financial statements audited or reviewed by a CPA.

Article 7 Procedures and Review Process for Endorsements and Guarantees

1. Credit Investigation and Risk Assessment

The company receiving the endorsement or guarantee shall provide its basic information and relevant financial information. The Company's Finance Department shall conduct periodic credit investigations, evaluate the associated risks, and maintain assessment records as the basis for the Board of Directors' risk evaluation. The assessment shall include:

(1) The necessity and reasonableness of the endorsement or guarantee.

(2) Whether the amount of the endorsement or guarantee is appropriate based on the financial condition of the guaranteed company.

(3) Whether the cumulative amount of endorsements and guarantees remains within the prescribed limits.

(4) The impact on the Company's operational risks, financial position, and shareholders' equity.

(5) Whether collateral should be obtained and the appraised value of such collateral.

2. Collateral

The Chairperson shall determine whether collateral is required for each endorsement or guarantee.

3. Scope of Authorization

(1) Any endorsement or guarantee shall first be approved by the Board of Directors. However, the Board may authorize the Chairperson to approve such matters within a specified authorization limit, subject to subsequent ratification by the Board. Where the Company has established an Audit Committee, any material new endorsement or guarantee shall first be approved by more than one-half of all Audit Committee members before being submitted to the Board for resolution.

(2) As the Company has established Independent Directors, when the Board deliberates on endorsements or guarantees for others, it shall fully consider each Independent Director's opinion. Any explicit opinions of approval or dissent, together with the reasons for dissent, shall be recorded in the minutes of the Board meeting.

(3) Where the Company or its subsidiaries provide endorsements or guarantees for a subsidiary whose net worth is less than one-half of its paid-in capital, in addition to conducting the reviews specified above regarding necessity, reasonableness, and risk assessment, the Company shall also evaluate, on a quarterly basis, the latest developments regarding the subsidiary's operations, financial condition, credit status, and repayment

sources for the previous quarter, and report the results to the Chairperson in order to control the risks arising from such endorsements and guarantees.

(4) For subsidiaries with no par value shares or shares with a par value other than NT$10 per share, the calculation of paid-in capital shall be based on the sum of share capital and capital surplus—share premium.

Article 8 Custody and Use of Corporate Seal

1. The Company shall use the corporate seal registered with the Ministry of Economic Affairs as the exclusive seal for endorsements and guarantees. Such seal shall be kept by designated personnel and may only be affixed or negotiable instruments issued in accordance with the Company's regulations governing the use and management of corporate seals.
2. When providing an endorsement or guarantee for an overseas subsidiary, the guarantee letter issued by the Company shall be signed by the Chairperson under the authorization of the Board of Directors.

Article 9 Internal Control

1. When processing endorsements and guarantees, the Finance Department shall establish and maintain a register recording the counterparty, amount, Board approval date, endorsement or guarantee date, and all matters requiring prudent evaluation under these Procedures.
2. The Company's internal auditors shall audit the implementation of these Procedures and the status of endorsement and guarantee transactions at least quarterly, prepare written audit reports, and promptly notify the Audit Committee in writing if any material violations are discovered.

Article 10 Public Announcement and Reporting

1. The Company shall publicly announce and report the balance of its endorsements and guarantees for the preceding month by the 10th day of each month.
2. Where the balance of endorsements and guarantees reaches any of the following thresholds, the Company shall make a public announcement and report within two days from the date of occurrence:

(1) The aggregate balance of endorsements and guarantees provided by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its most recent financial statements.

(2) The balance of endorsements and guarantees provided by the Company and its subsidiaries to a single enterprise reaches 20% or more of the Company's net worth.

(3) The balance of endorsements and guarantees provided to a single enterprise reaches NT$10 million or more, and the aggregate of such endorsement or guarantee balance, the carrying amount of investments accounted for under the equity method, and the balance of loans to such enterprise reaches 30% or more of the Company's net worth.

(4) A new endorsement or guarantee provided by the Company or its subsidiaries reaches NT$30 million or more and accounts for 5% or more of the Company's net worth.

3. Where any subsidiary of the Company that is not a domestic public company is subject to the reporting requirement under Subparagraph (4) of the preceding paragraph, the Company shall make the required public announcement and report on its behalf.
4. The Company shall evaluate or recognize any contingent losses arising from endorsements and guarantees, disclose relevant information appropriately in its financial statements, and provide the relevant information to the CPA for the performance of necessary audit procedures.

Article 11 Penalties

Managers and responsible personnel who violate these Procedures shall be subject to disciplinary actions in accordance with the Company's Work Rules, depending on the nature and severity of the violation.

Article 12 Control Procedures for Subsidiaries

The Company's subsidiaries shall not engage in endorsement or guarantee activities.

Article 13 Miscellaneous

1. These Procedures shall be approved by more than one-half of all members of the Audit Committee, adopted by the Board of Directors, and submitted to the shareholders' meeting for approval. If approval by more than one-half of all Audit Committee members is not obtained, the Procedures may be adopted with the approval of at least two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting. Any objections or written statements by Directors shall be submitted to the shareholders' meeting for discussion. The same shall apply to any amendments hereto.

When these Procedures are submitted to the Board of Directors for discussion, full consideration shall be given to the opinions of the Independent Directors. Any objections or qualified opinions expressed by the Independent Directors shall be recorded in the minutes of the Board meeting.

2. Any matters not provided for herein shall be governed by the applicable laws and regulations and the Company's relevant internal rules.

Article 14 Supplementary Provision

These Procedures were adopted on **June 26, 2026**.