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1. Purpose

The Regulations are established to protect the rights of the Company's shareholders, ensure the sound financial management for endorsements and guarantees throughout the Company, and reduce the operating risks.

2. Scope

The Company's endorsements and guarantees include:

2.1 Financing endorsements and guarantees, which refer to bill discount financing, endorsements or guarantees made to meet the financing needs of another company, and the issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company.

2.2 Customs duty endorsements and guarantees, which refer to the endorsements or guarantees for the Company or another company with respect to customs duty matters.

2.3 Other endorsements and guarantees, which refer to endorsements or guarantees beyond the scope of the preceding two paragraphs.

2.4 Any creation by the Company of a pledge or mortgage on the chattel or real property thereof as security for the loans of another company shall also comply with the procedures.

3. Responsibility and authority

3.1 Financial unit: Responsible for amendment and maintenance of the Regulations.

4. Procedure

None

5. Contents

5.1 The Company may make endorsements and guarantees for:

5.1.1 Companies that the Company has business relationships with.

5.1.2 Companies in which the Company directly or indirectly holds more than 50% of the voting shares.

5.1.3 Companies that directly or indirectly hold more than 50% of the voting shares of the Company.

5.1.4 Where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding regulations.

5.2 Limit of endorsements and guarantees:

5.2.1 The total amount of the Company's external endorsements and guarantees shall not exceed 100% of the net worth shown in the most recent financial



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statements of the Company.

- 5.2.2 The amount of the Company's endorsements and guarantees for a single enterprise shall not exceed 100% of the net worth shown in the most recent financial statements of the Company.
- 5.2.3 The total amount of the Company's endorsements and guarantees made for companies due to the needs arising from business dealings shall not exceed 100% of the net worth shown in the most recent financial statements of the Company, and the amount of the Company's endorsements and guarantees for each of the companies shall not exceed the total amount of its transactions with the Company (the amount of its purchase or sales transactions with the Company, whichever is higher) in the most recent year.
- 5.2.4 The total amount of the Company and its subsidiaries' endorsements and guarantees and the amount thereof for a single enterprise shall not exceed 100% of the net worth shown in the most recent financial statements of the Company.
- 5.2.5 Companies in which the Company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of the endorsements/guarantees shall not exceed 10% of the net worth of the Company.
- 5.2.6 The restriction in 5.2.5 does not apply to endorsements/guarantees made between companies in which the Company directly or indirectly holds 100% of the voting shares.
- 5.2.7 The terms, subsidiaries and parent company, used above shall be as defined in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers". As the Company's financial statements are prepared in accordance with the IFRS, the net worth referred to herein refers to the equity attributable to the owners of the parent company in the balance sheet under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 5.2.8 The Company's most recent financial statements and net worth were audited or reviewed by a CPA.

5.3 Hierarchy of decision-making authority and delegation thereof

- 5.3.1 Endorsements/guarantees to be made by the Company shall be approved by resolution of the board of directors, and then the Chairman is authorized to make the endorsements/guarantees. However, if necessary, the board of directors may authorize the Chairman to approve the endorsements/guarantees with a total amount of less than NT\$30 million and present a report on the endorsements/guarantees to the next board of directors meeting for ratification afterwards.
- 5.3.2 Endorsements/guarantees to be made by the subsidiaries in which the Company directly or indirectly holds 90% or more of the voting shares for each other shall be submitted to the board of directors and approved thereby. However, the restriction does not apply to the endorsements/guarantees made between the subsidiaries in which the Company directly or indirectly holds 100% of the voting shares.



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5.3.3 The Company shall take into full consideration each director's opinion and include the directors' opinions specifically expressing assent or dissent and their reasons for dissent in the minutes of the board of directors meeting.

5.4 Procedures for endorsements and guarantees

5.4.1 Where the enterprise for which an endorsement/guarantee is made needs to draw the loan amount within the limit of the endorsement or guarantee, it shall make an application to the Company's financial unit by providing its basic information and financial data and completing the application form. The financial unit shall conduct a careful assessment and check its credit status. The items to be assessed include the drawing's necessity and rationality, the equivalence between the amount of the endorsement/guarantee and the total amount of trading between the two companies, where the endorsement/guarantee is made due to the needs arising from business dealings, the impact on the Company's business operations, financial condition, and shareholders' equity, the acquisition of collateral, and the appraisal of the collateral's value.

5.4.2 The memorandum prepared by the financial unit for endorsements and guarantees shall record in detail the following information for reference: the entity for which the endorsement/guarantee is made, amount, the date of approval by the board of directors or of decision-making by the Chairman, the date the endorsement/guarantee is made, matters to be carefully assessed under this regulation, collateral and its appraised value, and the conditions or date for discharging the responsibility of the endorser or guarantor.

5.4.3 When the enterprise for which the endorsement/guarantee is made repays the loan, it shall submit the information of the repayment so that the Company may be relieved of its responsibility as a guarantor, and the information shall be included in the list of endorsements and guarantees.

5.4.4 The financial unit shall assess and recognize the contingent loss of endorsements/guarantees, and shall adequately disclose the information on the endorsements/guarantees in the financial statements of the Company and provide certified public accountants with relevant information to proceed with necessary audit procedures and issue a proper audit report.

5.4.5 The Company's internal auditors shall audit the Endorsement and Guarantee Management Regulations and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit committee of any material violation found by presenting a report.

5.5 The corporate chop shall be kept and used pursuant to the "Management Regulations Governing the Use of Chops" (CMP-203).

5.5.1 The corporate chop registered with the Ministry of Economic Affairs shall be used for making endorsements/guarantees. The chop shall be under the custody of a designated person approved by the board of directors. The change of the person shall also be approved by the board of directors. The chop may be used to seal or issue negotiable instruments only following the completion of the Company's procedures.

5.5.2 When making a guarantee for an overseas company, the Company shall have the Guarantee Agreement signed by a person authorized by the board of



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directors.

5.6 Timeframe and contents for announcement and reporting

- 5.6.1 The Company shall enter the balance of its and its subsidiaries' endorsements/guarantees from the previous month into the Market Observation Post System by the 10th day of each month.
- 5.6.2 In the event that the balance of the Company and its subsidiaries' endorsements/guarantees reaches one of the following thresholds, the balance shall be announced and reported within two days commencing immediately from the date of occurrence:
- 5.6.2.1 The balance of endorsements and guarantees reaches 50% or more of the net worth shown in the most recent financial statements of the Company.
- 5.6.2.2 The balance of endorsements and guarantees for a single enterprise reaches 20% or more of the net worth shown in the most recent financial statements of the Company.
- 5.6.2.3 The balance of endorsements and guarantees for a single enterprise reaches NT\$10 million or more, and the aggregate amount of all endorsements/guarantees for, carrying value of investments accounted for using the equity method in, and balance of loans to such enterprise reaches 30% or more of the Company's net worth shown in the most recent financial statements.
- 5.6.2.4 The amount of new endorsements and guarantees reaches NT\$30 million or more and 5% of the net worth shown in the most recent financial statements of the Company.
- 5.6.3 The Company shall, on behalf of any subsidiary thereof that is not a public company in the Republic of China, enter any matters that shall be entered into the Market Observation Post System by such subsidiary pursuant to the regulations in 5.6.2.4 into such system.
- 5.6.4 The date of occurrence as referred to herein refers to the date of contract signing, date of payment, dates of boards of directors resolutions, or other dates that can confirm the entity for which the endorsement/guarantee is made and endorsement/guarantee amount, whichever is earlier.

5.7 Control procedures for subsidiaries' endorsements and guarantees

- 5.7.1 The Company's subsidiaries intending to make endorsements or guarantees for others shall formulate their management regulations for endorsement and guarantees and comply with such management regulations.
- 5.7.2 The subsidiaries shall prepare a detailed list for their endorsements or guarantees made for others in the previous month and submit it to the Company for review by the 10th day (exclusive) of each month.
- 5.7.3 The subsidiaries' internal auditors shall audit their management regulations for endorsement and guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly



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notify the Company's audit unit of any material violation found by delivering a report, and the audit unit shall submit the written information to the audit committee.

5.7.4 The Company's auditors shall also check the implementation of the subsidiaries' operational procedures for endorsements and guarantees for others when conducting audits at the subsidiaries according to the annual audit plan. They shall keep following up the improvement of any deficiency found, and shall prepare a follow-up report accordingly and submit it to the audit committee.

5.8 The Company shall assess or recognize the contingent loss of endorsements/guarantees, and shall adequately disclose the related information in the financial statements and provide certified public accountants with relevant information to proceed with necessary audit procedures.

5.9 Where, as a result of changes in circumstances, the entity for which an endorsement/guarantee is made no longer meets the requirements of the Regulations, or the amount of the endorsement/guarantee exceeds the limit, the Company shall develop rectification plans and submit the plans to the audit committee, and shall complete the rectification according to the timeframe set out in the plans.

5.10 Where the entity for which an endorsement/guarantee is made is a subsidiary whose net worth is lower than half of its paid-in capital, control measures shall be carried out in accordance with the "Management Regulations for the Supervision of Subsidiaries" (CMP-404). In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital shall be calculated as the sum of the share capital plus additional paid-in capital in excess of par.

5.11 The managers and responsible persons who act in violation of the Regulations shall be punished according to the "Rewards and Penalties Management Regulations" (CMP-110).

5.12 Where submission of the Regulations to the board of directors for discussion is required as per regulations, the consent of one-half or more of all audit committee members is required before submitting the Regulations to the board of directors for resolution. If the consent of one-half or more of all audit committee members is not obtained, the Regulations may be submitted to the board of directors upon the approval of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All members or directors shall be counted as the number of persons currently holding those positions.

6. Relevant regulations

6.1 Regulations Governing the Preparation of Financial Reports by Securities Issuers

6.2 Management Regulations Governing the Use of Chops (CMP-203)

6.3 Rewards and Penalties Management Regulations (CMP-110)



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6.4 Management Regulations for the Supervision of Subsidiaries (CMP-404)

7. Forms to be used

None

8. The Regulations and the amendments thereof shall be approved by the board of directors following the approval of the audit committee and are subject to the consent of the shareholders' meeting.

When the Regulations are submitted to the board of directors for discussion, each independent director's opinion shall be taken into full consideration, and the independent directors' assenting or dissenting opinions and their reasons for dissent shall be included in the minutes of the board of directors meeting.

[History of the "Endorsement and Guarantee Management Regulations of Jia Wei Lifestyle, Inc."](#)

1. [The Regulations was established on July 1, 2006.](#)
2. [The first amendment was made on June 16, 2009.](#)
3. [The second amendment was made on November 10, 2010](#)
4. [The third amendment was made on June 17, 2011.](#)
5. [The fourth amendment was made on June 19, 2012.](#)
6. [The fifth amendment was made on June 18, 2013.](#)
7. [The sixth amendment was made on June 29, 2015.](#)
8. [The seventh amendment was made on May 28, 2019.](#)
9. [The eighth amendment was made on October 15, 2019.](#)
10. [The ninth amendment was made on April 23, 2021.](#)