

GlobalWafers Co., Ltd.

Procedures for Endorsement and Guarantee

Article 1

The Company legislates Procedures for Endorsement and Guarantee (the Procedure) to protect shareholders' rights, complete endorsement and guarantee procedure and manage risks.

Article 2

The procedure is legislated in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by competent securities authority and other applicable laws, rules, and regulations.

Article 3

The subsidiaries and parent company referred to in these procedures shall be recognized according to "the Regulations Governing the Preparation of Financial Reports by Securities Issuers."

The net value referred in this procedure shall refer to the Securities Issuers' equity on the parent company's balance sheet of the Company's financial report.

Article 4

The parties to whom the Company may provide endorsement and/or guarantee include the following:

- 1 Any company who has business association with the Company.
- 2 Any subsidiary whose voting shares are fifty percent (50%) or more owned directly and indirectly by the Company
- 3 Any parent company who directly and indirectly owns fifty percent (50%) or more of the Company's voting shares.

Subsidiaries whose voting shares are more than 90% owned, directly or indirectly, by the Company may provide endorsement and/or guarantee to each other. The amount shall not exceed 10% of the net worth of the Company. The limits to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.

The restriction stated in the prior two paragraphs does not include the endorsement and guarantee rendered by all shareholders based on the co-investment relationship in a pro rata basis of their shareholding.

The shareholding mentioned above means the Company makes direct shareholding or through a company in which it holds 100% of its total outstanding common shares.

Article 5

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 the Company to non-financial institutions and entities for the Company's own financing needs.



- 2 Endorsement/guarantee of customs duties due from the Company.
- 3 Other endorsements/guarantees which are not included under paragraphs 1 and 2.
- 4 The lien or mortgage provided by the Company against its assets and properties for guaranteeing another company's loan should also follow the policies and procedures set forth herein.

Article 6 Amount

The amount of endorsement/guarantee provided by the Company is subject to the following limits:

- 1 The aggregate amount of endorsement/guarantee provided by the Company is limited to 300% of its net worth specified in the latest financial statement.
- 2 The amount of endorsement/guarantee for one single company provided by the Company is limited to 10% of its net worth specified in the latest financial statement. However, the amount of endorsement/guarantee for any subsidiaries is limited to 300% of its net worth.
- 3 The limits of the Company and its subsidiaries' endorsement/guarantee to any single enterprise shall not exceed 1,000% of the Company's net worth specified in the latest financial statement.
- 4 For endorsement /guarantee deriving from business relations, the amount provided to any single party shall not exceed the total business amount between the party and the Company in the most recent year or over the twelve-month period before the extension of endorsement/guarantee. Business amount refers to the total purchase or sales whichever is higher.

If the business relation between the party and the Company is not sales/purchase, both parties shall sign contract and the amount of endorsement/guarantee shall not exceed the total amount of that contract.

The net value mentioned above is subject to the data in the financial statements most recently reviewed by the CPA.

Article 7 Authorization

Any endorsement/guarantee provided by the Company shall require the approval of one-half or more of all audit committee members, and furthermore shall be submitted for a resolution by the board of directors, if the approval of one-half or more of all audit committee members as required is not obtained, the endorsement/guarantee may be implemented if approved by 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. A pre-determined limit of US\$1 million to single enterprise is delegated to the Chairperson by the Board of Directors to facilitate execution. Such endorsement/guarantee shall be reported to the most upcoming Board Meeting for ratification.

The limit of the above authorization is US\$10 million to the subsidiaries in which the Company holds 100% of the voting shares directly or indirectly.

If the Company needs to provide endorsement/guarantee exceeding the amount permitted in the Article 6 in the Procedure owing to operation necessity, provided that the prior approval from the Board of the Directors is obtained, and more than half of the directors shall be the joint guarantors for the loss of the company resulting from the amount in excess of the permitted endorsement/guarantee amount. The Company shall also revise the Procedure accordingly and submit it to the Shareholders Meeting for ratification. If the Shareholders Meeting does not pass the



resolution for ratification, the company shall adopt a plan to discharge the amount in excess within a certain period.

Before each of the companies, in which the Company holds more than 90% voting shares directly or indirectly, may make endorsements and/or guarantees for each other in accordance of Article 4, item 2, the proposal shall be submitted to the Board of Directors for approval in compliance with paragraph 1. The limits to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule..

Article 8 Announcement

- 1 The Company shall make an announcement on the balance of endorsement and/or guarantee of itself and its subsidiaries in MOPS before the 10th of each month.
- 2 In the event that the balance of endorsement and/or guarantee meets one of the following standards, the Company shall make an announcement in MOPS within 2 days commencing immediately from the date of occurrence of the event.
 - (1) The aggregate balance of the Company and its subsidiaries' endorsements/guarantees reaches 50% or more of Company's net worth as stated in its latest financial statement.
 - (2) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches 20% or more of Company's net worth as stated in its latest financial statement.
 - (3) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, book value of equity-method 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.
 - (4) The balance of the Company and its subsidiaries' new endorsements/guarantees reaches NT\$30 million or more and the aggregate amount of all endorsements/guarantees reaches 5% or more of Company's net worth as stated in its latest financial statement.

The term “Date of occurrence” means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

- 3 The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the fourth subparagraph of the preceding paragraph.
- 4 The Company shall designate manager and personnel to disclose information in accordance with Article 24 and 25 in “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”



Article 9 Internal Control

- 1 Internal auditors shall perform auditing on the Company'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 Audit Committee.
- 2 Any endorsement and/or guarantee to be provided by the Company shall be conducted in accordance with the procedures. Should there be any violation of related regulations or the Procedures, the Company's managers and persons-in –charge shall be subject to castigation.

Article 10 Procedure

- 1 When providing endorsement/guarantee to another company, the Company may require the endorse/guarantee company to submit application form to the Company's Finance Department. Finance Department shall conduct a credit survey and keep the record of risk assessment. After passage by the Finance Department, it shall be submitted to President and Chairperson for approval. Collateral shall be obtained when necessary.
- 2 The Finance Department shall make credit investigation and impact assessment based on the possibility of operation risk. The items to be evaluated include:
 - (1) The necessity of and reasonableness of endorsements/guarantees.
 - (2) Credit status and risk assessment of the entity for which the endorsement/guarantee is made.
 - (3) Whether the accumulated amount of endorsement and guarantee is still within the limit.
 - (4) Whether collateral must be obtained and appraisal of the value thereof.
 - (5) The impact on the company's business operations, financial condition, and shareholders' equity.
 - (6) Whether it is in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the procedure.
- 3 Finance Department shall establish and maintain a reference book for endorsement/ guarantee matters and shall record in details for future reference including the recipient, amount, date of passage by the Board of Directors or decision by the Chairperson of the Board of Directors as authorized, date of the endorsement/guarantee and the abovementioned assessment data.
- 4 Finance Department shall assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.
- 5 If, due to changes of circumstances, the amount and the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the Procedures herein, a corrective plan shall be provided to the Audit Committee and the proposed corrections shall be implemented within the period specified in the plan.
- 6 When the net value of endorsed or guaranteed companies lower than 50% of its paid-in capital, subsequent precautions of control shall be established by the financial department and be



reported to the Board of Directors. 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 with the sum of the share capital plus paid-in capital in excess of par shall be substituted

Article 11 Seal Management

- 1 The seal used specifically for endorsement/guarantee shall be the company seal registered with the Ministry of Economics Affairs. The person who safeguards the foresaid seal shall be approved by the Board of Directors of the Company and the change is subject to the same procedures. The designated person shall conduct the use of the seal or the issue of notes payable with the seal printing in compliance with the Seal Management Procedures of the Company.
- 2 When providing endorsement/guarantee to a foreign company, the guarantee letter shall be signed by chairman of the company whom is authorized by the Board of Directors of the Company.

Article 12 Cancellation

- 1 If the endorsement or guarantee needs to be cancelled due to performance of debt or change of notes as a result of extension of the term, the endorsed company shall deliver a formal letter with the original notes endorsed and relevant documents to Finance Department to be chopped "cancellation" and returned, the application letter shall be kept for reference.
- 2 Finance department shall register the cancelled notes into the registry to reduce the accumulated amount of the endorsement.
- 3 When the notes are renewed for renewal, financial institution usually requires to endorse the new notes first and then return the old notes. Therefore, Finance Department shall keep a tracing and collecting record and trace the notes back as soon as possible.

Article 13 Procedure of Subsidiary's Endorsement & Guarantee

- 1 When the subsidiaries intend to provide endorsement/guarantee to other companies, the Company shall require its subsidiaries to establish relevant procedures for providing endorsement/guarantee in accordance with the Procedures and to comply with such procedures; Net worth shall be calculated based on the subsidiary's net worth.
- 2 The subsidiaries shall compile and submit the schedule which includes the details of endorsement/guarantee made in the previous month to the Company for review by the tenth day of the current month. Finance & Accounting Departments shall regularly evaluate subsidiaries if their following monitoring is appropriate.
- 3 Where the subsidiary is a public company, its internal auditors shall perform auditing on the Company'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 Company's internal auditors. The Company's internal auditors shall submit written report to the Audit Committee.
- 4 The internal audit personnel of the Company shall regularly audit the subsidiaries operational procedures according to Yearly Auditing plan and understand the implementation status of providing endorsement or guarantees for others. Corrections of any defects discovered shall be continuously be tracked and a follow-up report shall be made to submit to Chairperson.



Article 14

Any other matters not set forth in the Procedures shall be dealt with in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and applicable laws, rules and regulations.

Article 15

After passage by more than half of all audit committee members and submitted to the board of directors for a resolution, the Procedure shall be submitted to the shareholders meeting for approval. If any director expresses an objection and there is a record or written statement of the objection, the Company shall forward the director's objection to the shareholders meeting for discussion. The same procedures shall apply to any amendments to the Procedure.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 16 :

The procedure was approved on October 25, 2011.

The 1st amendment was made on December 20, 2011.

The 2nd amendment was made on June 25, 2013.

The 3rd amendment was made on January 19, 2015.

The 4th amendment was made on June 23, 2015.

The 5th amendment was made on February 20, 2017.

The 6th amendment was made on June 25, 2019.

[The 7th amendment was made on June 23, 2020.](#)