

APACER TECHNOLOGY INC.

Procedures for Endorsements/Guarantees

All matters of the Company related to endorsements/guarantees shall be implemented by the provisions of these Procedures.

Article 1 Scope of endorsements/guarantees

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

- I. Financing endorsements/guarantees, including:
 - (I) Bill discount financing.
 - (II) Endorsement or guarantee made to meet the financing needs of another company.
 - (III) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
- II. Customs duty endorsement/guarantee: meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
- III. Other endorsements/guarantees: meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
- IV. Any creation of pledge or mortgage on the chattel or real property of the Company as a security for the loans of another company.

Article 2 Counterparts of endorsements/guarantees

The Company shall only make an endorsement/guarantee to the entities meeting following conditions, and may require it to provide collateral if necessary:

- I. A company with which it does business.
- II. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- III. 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/guarantees may not exceed 10% of the net worth of the Company. However, this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

- IV. Capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

Article 3 Evaluation standards for endorsements/guarantees

For any party applying for an endorsement/guarantee to the Company due to business, the amount of each endorsement/guarantee shall not exceed the total value of the business transactions between the Company and the applicant in the most recent year. The total value of the business transactions shall mean the total amount of purchases or sales, whichever is higher.

Article 4 Amount limits of endorsements/guarantees

- I. The total amount of making endorsements/guarantees to other companies shall not exceed **40%** of the net worth of the Company as stated in the latest financial statements audited or reviewed by the CPA.
- II. The total amount of making endorsements/guarantees to a single company shall not exceed 20% of the net worth of the Company as stated in the latest financial statements audited or reviewed by CPA.
- III. The total amount of making endorsements/guarantees by the Company and its subsidiaries to other companies shall not exceed **40%** of the net worth of the Company as stated in the latest financial statements audited or reviewed by the CPA.
- IV. The total amount of making endorsements/guarantees by the Company and its subsidiaries to a single company shall not exceed 20% of the net worth of the Company as stated in the latest financial statements audited or reviewed by the CPAs.
- V. The limits specified in Subparagraphs 3 and 4 above shall also apply to an endorsement/guarantee made by the Company to any company in which the Company holds at least 50% of the shares through reinvestment.

Article 5 Procedures for making endorsements/guarantees

- I. Any company applying for an endorsement/guarantee to the Company shall fill out the "Endorsement/Guarantee Application Form" containing the subjects of the endorsement/guarantee, the name of the applying company, the result of risk assessment, the amount of the endorsement/guarantee, the content of the collateral, and the criteria and date of discharging the liability. The application form shall be reviewed by

the Financial Management Division of the Company and submitted to the chairman for approval, and submitted to the board of directors for ratification after the fact. If the amount of the endorsement/guarantee exceeds the limit that the chairman is authorized to approve, then the endorsement/guarantee shall be made until obtaining the approval of resolution by the board of directors.

- II. An endorsement/guarantee is automatically canceled after the due date. To cancel an endorsement/guarantee before it is due; the applicant company shall fill out and submit the "Cancellation Form".

Article 6 Procedures for reviewing the endorsements/guarantees

- I. Any company applying for an endorsement/guarantee to the Company shall specify the necessity and reasonableness of the endorsement/guarantee. The Financial Management Division shall decide whether to accept the application.
- II. The Financial Management Division is responsible for conducting a credit investigation and risk assessment on the applicant company. For any application with good credit rating and legitimate purpose of endorsement/guarantee, the personnel responsible for processing the application shall prepare a credit investigation report along with comments and a proposal of endorsement/guarantee criteria, and submit them to the board of directors for approval.
- III. In addition to conducting a credit investigation and risk assessment on the applicant company, the Financial Management Division shall assess the possible impact on the operational risks, financial conditions and shareholders' rights after making the endorsement/guarantee, and submit comments along with the credit investigation report to the board of directors for approval.
- IV. Depending on the credit rating of the applicant company, the Company may require the applicant company to provide a promissory note or collateral with the value of which is equivalent to the amount of the endorsement/guarantee as a security. The value of the collateral shall be evaluated and determined by the Financial Management Division.
- V. The endorsement/guarantee between the companies in which the Company directly or indirectly holds at least 90% of the voting shares shall be approved by a resolution made by the board of the directors, if it is an endorsement/guarantee specified in Paragraph 4 of Article 2. However, it is not apply to an endorsement/guarantee between the

companies in which the Company directly or indirectly holds 100% of the voting shares.

- VI. In case of an endorsement/guarantee made by the Company and subsidiaries to a subsidiary whose net worth is lower than 50% of its paid-in capital, the date and condition for discharging the liability shall be clearly indicated. The financial condition of the subsidiary shall be reviewed, and the risk assessment shall be conducted on a regular basis.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under Paragraph 6, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 7 Procedures for control of subsidiaries

- I. The subsidiaries in which the Company has reinvested and held at least 50% of the shares shall establish its own "Procedures for Endorsements/Guarantees", and it shall be submitted to the board of directors of the Company for approval and reference. The provisions of the procedures established by the subsidiary shall follow those in these Procedures.
- II. For the endorsement/guarantee made by a subsidiary in which the Company has reinvested and held at least 50% of the shares, or the endorsement/guarantee made between the companies in which the Company directly and indirectly holds 100% of the voting shares, the endorsement/guarantee shall be approved by the chairman of the Company, and submit to the board of directors for reference. The Company shall make public announcement and report of the endorsement/guarantee in accordance with these Procedures

Article 8 Procedures for use and custody of corporate chops.

- I. The corporate chop registered with the Ministry of Economic Affairs shall be the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a person designated by the chairman, and approved by the board of directors. The same shall apply to any change. It shall be used to seal or issue negotiable instruments only in accordance with the procedures of the Company.

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

Article 9 Hierarchy of decision-making authority and delegation thereof.

Risk assessment shall be conducted in accordance with Article 5 before an endorsement/guarantee is approved and resolved upon by the board of directors. However, the board of directors may authorize the chairman to give approval of an endorsement/guarantee within a specific limit, and submit to the board of directors for ratification after the fact.

Article 10 Announcement and reporting procedures.

- I. On or before the 10th day of every month, the Company shall report the balance of endorsements/guarantees of the Company and subsidiaries in the previous month to the Market Observation Post System.
- II. For the Company and its subsidiaries, the balance of endorsements/guarantees fulfilling one of the following criteria shall be entered in the Market Observation Post System within two (2) days from the date of occurrence:
 - (I) The balance of endorsements/guarantees of the Company and its subsidiaries reach 50% or more of the net worth stated in the latest financial statements of the Company.
 - (II) The balance of endorsements/guarantees made by the Company and its subsidiaries to a single company reach 20% or more of the net worth in the latest financial statements of the Company.
 - (III) The aggregate amount of endorsements/guarantees made by the Company and its subsidiaries to a single enterprise is NT\$10 million or more, and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature, and balance of loans to such enterprise reach 30% or more of the net worth stated in the latest financial statements of the Company.
 - (IV) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's or its subsidiaries' net worth as stated in its latest financial statement.
 - (V) The Company shall, on behalf of its subsidiaries that are not a public company of the Republic of China, announce and report

any matters that such subsidiary is required to announce and report pursuant to Paragraph 2, Subparagraph 4.

The “date of occurrence” referred to in Paragraph 2 means the date of Signing the contract, date of payment, dates of boards of directors’ resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Article 11 Penalties for violation of these Procedures by related persons

Any related persons of the Company who act in violation of these Procedures shall be handled in accordance with the relevant regulations on personnel management of the Company.

Article 12 The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures, and issue proper review reports.

Article 13 I. The Company shall prepare a memorandum book for its endorsement/guarantee activities and record the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairman, the date the endorsement/guarantee is made, and the matters to be carefully evaluated in accordance with these Procedure, in detail.

II. The Company's internal auditors shall audit these Procedures for Endorsements/Guarantees and the implementation thereof no less frequently than quarterly, and prepare written records accordingly. They shall promptly notify each member of the audit committee in writing of any material violation found.

Article 14 I. Where the Company needs to exceed the limits set out in these Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in these Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend these Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders'

meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.

- II. When discussing above-mentioned matters in the board of directors, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.
- III. When the Company submits Procedures for Endorsements/Guarantees to the board of directors for discussion, and the approval of making endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 15 Where a counterpart of the endorsement/guarantee was originally in conformity with Article 2, but no longer met the requirements thereof latter, or the endorsement/guarantee amount exceeds the specified limit due to change of the calculation basis, the Company shall adopt a rectification plan and submit it to each member of the audit committee. The Company shall make improvement within the schedule specified in the plan and report to the board of directors.

Article 16 These Procedures shall be approved by more than half of the members of the audit committee, and sent to the board of directors for resolution, then reported to the shareholders' meeting for approval. The same procedure shall be followed when these Procedures are amended.

Where any director expresses dissent, and it is recorded in the minutes or a written statement, the Company shall deliver the director's dissent to the members of the audit committee. If the matter in the preceding paragraph is not approved by more than half of all the members of the Audit Committee members, these Procedures may be implemented after approved by more than two-thirds of all the directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors' meeting.

The terms "all the members of the audit committee " in the preceding 2 paragraphs, and "all the directors" in the preceding paragraph shall be counted based on the actual number of such members or directors currently holding their positions.

Article The chairman may establish more conservative management principles in

17 accordance with these Procedures. These principles shall be implemented after they are approved by two-thirds of the directors at a board of directors meeting at which two-thirds of the directors are present. The same procedures shall be followed when these principles are amended.

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

Article These Procedures was established on June 22, 2000.

19 The first amendment was made on June 23, 2003.
 The second amendment was made on May 24, 2004.
 The third amendment was made on May 31, 2007.
 The fourth amendment was made on June 16, 2009.
 The fifth amendment was made on May 26, 2010.
 The sixth amendment was made on June 25, 2013.
 The seventh amendment was made on May 30, 2018.