



Sino-American Silicon Products Inc.

Procedures for Endorsement and Guarantee

Article 1

The Procedures set forth below are the guidelines for the Company to provide endorsement and/or guarantee to outside parties. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article 2

The party 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 3

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 4

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 the single of its net worth.
- 2 The amount of endorsement/guarantee for one single company provided by the Company is limited to ten percent (10%) of its net worth. However, the amount of endorsement/guarantee for any subsidiaries is limited to the single of its net worth.
- 3 The limits of the Company and its subsidiaries' endorsement/guarantee to any single enterprise shall not exceed five times of the Company's net worth.
- 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. Business amount refers to the total purchase or sales whichever is higher.

Article 5

- 1 The Company shall make an announcement on the balance of endorsement and/or guarantee 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 percent 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 twenty percent (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 millions or more and the aggregate amount of all endorsements/guarantees for, carrying amounts of investments using equity method in, and balance of loans to, such enterprise reaches thirty percent (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 millions or more and the aggregate amount of all endorsements/guarantees reaches five percent (5%) or more of Company's net worth as stated in its latest financial statement.
- 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 evaluate or recognize the contingent loss for endorsement and/or guarantee, and shall adequately disclose information of endorsement/guarantees in its financial reports or provide its certified public accountants with relevant information for implementation of necessary auditing procedure.

Article 6



Any endorsement/guarantee provided by the Company shall be approved by more than half of all members of the audit committee before submitting to the board of directors for resolution. Without the consent of more than half of the members of the audit committee, it may be implemented under the consent of more than two-thirds of the directors, and the resolution of the audit committee shall be set out in the minutes of the board. A pre-determined limit of US\$1 million delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most upcoming Shareholders' Meeting for ratification.

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 2, the proposal shall be submitted to the Board of Directors for approval. 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 7

- 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 8

- 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 Chairman for approval. Collateral shall be obtained when necessary.
- 2 The Finance Department shall make an impact assessment based on the possibility of operation risk. The items to be evaluated include:
 - (1) The necessity and reasonableness of the endorsement and guarantee.
 - (2) Whether the endorsed amount is necessary in the light of the financial status of the company endorsed or guaranteed.
 - (3) Whether the accumulated amount of endorsement and guarantee is still within the limit.
 - (4) Whether the collateral shall be acquired and the assessed value of the collateral.
 - (5) The possibility of harming the Company's equity.
- 3 Finance Department shall establish and maintain a reference book for endorsement/ guarantee matters and shall record in detail for future reference including the recipient, amount, date of passage by the Board of Directors or decision by the Chairman 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 party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in the Procedures herein, or the amount of endorsement and/or guarantee exceeded the limits due to changes of basis on which the amounts of limits are calculated, 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 finance department and submit to the board. 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 9

- 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 relevant 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 10

- 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 11

- 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.
- 3 The subsidiary's, a public company, 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 Chairman.

Article 12

The Procedures shall be implemented after the approval of more than half of all the members of the audit committee and the resolution of the board of directors shall be submitted to the shareholders meeting for approval. If any director expresses any objection and with a record or written statement, the company shall submit such objection to the shareholders meeting for discussion, and the same shall apply to amendments.

Without the consent of more than half of the members of the audit committee, the preceding paragraph may be implemented under the consent of more than two-thirds of the directors, and the resolutions of the audit committee shall be set forth in the minutes of the board of directors.

All members of the audit committee and all directors referred to in the preceding paragraph shall be the actual incumbents.

Article 13

The procedure was approved on May 29, 1990.

The 1st amendment was made on March 19, 1999.

The 2nd amendment was made on December 22, 1999.

The 3rd amendment was made on June 13, 2003.

The 4th amendment was made on June 19, 2008.

The 5th amendment was made on June 3, 2009.

The 6th amendment was made on June 15, 2010.

The 7th amendment was made on June 25, 2013.

The 8th amendment was made on June 25, 2015.

The 9th amendment was made on June 27, 2017.



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The 10th amendment was made on June 27, 2019.