

# **ChipMOS TECHNOLOGIES INC. (the "Company")**

## **Operational Procedures for Endorsements and Guarantees**

### **Article 1. Purpose**

This Operational Procedures for Endorsements and Guarantees (this "Operational Procedures") is promulgated in order to regulate the procedures for making endorsements and guarantees by the Company.

### **Article 2. Applicable Laws and Regulations**

This Operational Procedures are stipulated in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies" promulgated by the competent authority.

### **Article 3. Scope of Application of this Operational Procedures**

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

1. Financing endorsements and guarantees, including:
  - (1) Endorsement/guarantee to customers' notes for cash financing with a discount.
  - (2) Endorsement or guarantee made to meet the financing needs of another company.
  - (3) Endorsement or guarantee to the notes issued by the Company to non-financial institutions and entities for the Company's own financing needs.
2. Customs duty endorsement and guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
3. Other endorsements and guarantees, meaning endorsements or guarantees beyond the scope of the above two Subparagraphs.

Any creation by the Company of a pledge or mortgage on its chattel or real estate as security for the loans of another company shall also be performed in compliance with this Operational Procedures.

### **Article 4. Parties to whom the Company May Make Endorsements/Guarantees**

1. A company with which the Company does business.
2. A company in which the Company directly or indirectly holds more than 50 percent of the

voting shares.

3. A company that directly or indirectly holds more than 50 percent of the voting shares in the Company.

Companies in which the Company holds, directly or indirectly, 90 percent or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10 percent of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction real estate pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restrictions of the preceding two Paragraphs.

Capital contribution referred to in the preceding Paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100 percent of the voting shares.

#### **Article 5. The Amount of Endorsements and Guarantees**

1. The total amount of endorsements and guarantees shall not exceed 50 percent of the Company's current net worth. The total amount of the endorsement and guarantee provided by the Company to any individual entity shall not exceed 40 percent of the Company's current net worth. The total amount of endorsements and guarantees provided by the Company and its subsidiaries shall not exceed 50 percent of the Company's current net worth, while the amount of endorsement and guarantees to any individual entity shall not exceed 40 percent of the Company's current net worth. The "net worth" mentioned above is that reported in the Company's most-recently issued latest financial statements attested or reviewed by the certified public accountant.
2. In addition to restrictions stated above, the total amount of endorsement and guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such entity and the Company for the twelve-month period immediately before the making of such endorsement and guarantee. The business amount refers to purchase amount or sales amount of the goods between the

parties, whichever is higher.

#### **Article 6. Approval and Authorization Levels**

1. Endorsements/guarantees by the Company shall be approved by the Audit Committee and submitted to the Board of Directors for a resolution. The Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be recorded in the minutes of the Board of Directors' meeting. Within a specific limit stipulated in the internal authorization and approval rules, the Chairman of the Board may directly approve an endorsement/guarantee in accordance with this Operational Procedures, provided that such endorsement and guarantee shall be submitted to the next Audit Committee's meeting and Board of Directors' meeting for ratification on an after-the-event basis.
2. Before any subsidiary in which the Company holds, directly or indirectly, 90 percent or more of the voting shares makes any endorsement/guarantee pursuant to Article 4, paragraph 2, the proposal for such endorsement/guarantee shall be submitted to the Company's Board of Directors for a resolution, provided that this restriction shall not apply to endorsements and guarantees made between companies in which the Company holds, directly or indirectly, 100 percent of the voting shares.
3. Where the Company needs to exceed the limits set out in this Operational Procedures for endorsement/guarantee to satisfy its business needs, and where the requirements set out in this Operational Procedures are complied with, the Company shall obtain approval from the Audit Committee and 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. The Company shall also amend this Operational Procedures accordingly and submit the report of necessity and reasonableness to the Shareholders' meeting for ratification after the event. If the shareholders' meeting does not give its consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. The Company 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 recorded in the minutes of the Board of Directors' meeting.

#### **Article 7. Operational Procedures for Endorsements and Guarantees**

1. When the Company considers making the endorsement/guarantee for another company, the applicant company shall submit an application attached with its financial statements and other relevant documents to the Company. After the approval by the finance unit of the Company in

accordance with the evaluation procedures, such endorsement/guarantee shall be submitted to the Audit Committee for approval, and then submitted to the Board of Directors for approval. Such endorsement/guarantee shall then be conducted in accordance with the resolutions of the Board of Directors.

2. The finance unit shall conduct a credit investigation and a risk evaluation for the company to be endorsed or guaranteed, and such evaluation shall consider:
  - (1) The necessity and reasonableness of the endorsement/ guarantee.
  - (2) Whether the accumulated endorsement/guarantee amount is within the limit.
  - (3) The impact of the contemplated endorsement/guarantee on the Company's business operations risk, financial condition, and shareholders' equity.
  - (4) The necessity to acquire collateral and appraisal of collateral.
  - (5) The credibility and risk evaluation of the company for which the endorsement or guarantee is contemplated.
3. In the event that, due to a change of circumstances, the party to whom the Company provided endorsement/ guarantee no longer satisfies the criteria set forth herein, or the amount of endorsement/guarantee exceeds the limit due to a change of basis on which the amounts of limits are calculated, the Company shall draw up rectification plan to modify the amount exceeding the limitation of such endorsement/guarantee, and shall eliminate the excessive amount before the time limit stipulated in contract becomes due or within the specific period. The proposed rectification plan shall be submitted to the Audit Committee.
4. In case the Company desires to provide endorsement/guarantee for the benefit of a subsidiary whose net worth is lower than half of its paid-in capital, the Company shall periodically review the credit status of the applicant subsidiary. If the applicant subsidiary has debt that is overdue, or is likely to incur any losses, appropriate measures shall be adopted to safeguard the rights and interests of the Company. In the event that a subsidiary's shares have no par value or a par value other than NT\$10, the paid-in capital referred to in the preceding sentence shall be the sum of share capital plus paid-in capital in excess of par.
5. The Company shall establish and maintain a memorandum book to record all endorsement/guarantee-related information, including name of the company for which the endorsement/guarantee is made, the amount of endorsement/guarantee, the date of the resolution of the Board of Directors or the Chairman's decision, the date when the endorsement/guarantee is made, and the matter to be evaluated under Subparagraph 2 of Article 7.

## **Article 8. Internal Auditing**

Internal auditors of the Company shall conduct a regular audit on this Operational Procedures and the implementation thereof at least every quarter and produce written audit reports. If any material violation is found, the Audit Committee shall be immediately notified in writing.

## **Article 9. Custody of the Dedicated Chop for Endorsements/Guarantees**

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements or guarantees. The corporate chop shall be kept in the custody of a designated person appointed and authorized by the Board of Directors, and the change of such designated person shall also be approved by the Board of Directors. The corporate chop may be used to seal or issue instruments only in accordance with prescribed procedures. When making a guarantee for a foreign company, the Company shall have the guarantee agreement signed by a person authorized by the Board of Directors.

## **Article 10. Procedures for Public Announcement and Report**

1. The Company shall announce and report the previous month's balance of the endorsements/guarantees made by the Company and its subsidiaries by the 10th day of each month.
2. If the balance of the Company's and its subsidiaries' endorsements/guarantees reaches any one of the following criteria, the Company shall announce and report such event within two days commencing immediately from the date of occurrence:
  - (1) The aggregate balance of endorsements/guarantees of the Company and its subsidiaries reaches or exceeds 50 percent of the Company's net worth as stated in its latest financial statement.
  - (2) The balance of endorsements/guarantees of the Company and its subsidiaries for a single company reaches or exceeds 20 percent of the Company's net worth as stated in its latest financial statement.
  - (3) The balance of endorsements/guarantees provided by the Company and its subsidiaries for a single entity reaches or exceeds NT\$10 million, and the aggregate amount of the following reaches 30 percent of the Company's net worth as stated in its latest financial statement: ①all endorsements/guarantees of the Company and its subsidiaries for such company, ②book value of the Company's equity method investment in such company, and ③balance of the Company's loans to such company.
  - (4) The amount of new endorsements/guarantees made by the Company and its subsidiaries reaches or exceeds NT\$30 million and 5 percent of the Company's net worth as stated in

its latest financial statement.

3. If there is any reporting and announcement required for the Company's subsidiary which is not a domestic public company, the Company will comply with such requirements on behalf of its subsidiary.
4. The calculation of the ratio of balance of endorsements/guarantees of the Company's subsidiary to the net worth in the preceding Paragraph shall be based on the ratio of the balance of endorsements/guarantees of the subsidiary to the net worth of the Company.

#### **Article 11. Miscellaneous**

1. When endorsement/guarantee extended to other parties is contemplated by the Company's subsidiary, the Company shall require the subsidiary to establish relevant operational procedures for endorsement/guarantee and to implement such operational procedures accordingly. The Company shall also require the subsidiary to review its operational procedures of endorsement/guarantee to ensure whether such operational procedures comply with the relevant regulations and whether the transactions of the endorsement/guarantee are made in accordance with such operational procedures.
2. The Company shall evaluate its status of endorsement/guarantee and recognize contingent losses, if any, arising from the endorsement/guarantee, in order to adequately disclose information in the financial statements, and to provide certified public accountant performing attestation with necessary information for conducting due auditing and issuing an impartial audit report.
3. Any other matters not set forth in this Operational Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations and the Company's internal policies.

#### **Article 12. Penalty**

In case of any violation of this Operational Procedures by the Company's managers and persons-in-charge, subsequent penalty shall be imposed appropriately.

#### **Article 13. Implementation and Amendment**

1. This Operational Procedures shall be approved by more than half of all Audit Committee members and then be submitted to the Board of Directors and the Shareholders' meeting for approval. If any director expresses dissent that is recorded in the minutes or a written statement, the Company shall submit such dissent opinion to the Audit Committee and report it to the Shareholders' meeting for discussion. The same procedures shall be applicable for

amendments to this Operational Procedures.

2. When this Operational Procedures is submitted to the Board of Directors for discussion, the Company shall take into full consideration the opinion of each independent director. If an Independent Director objects to or expresses reservations about any matter, such opinion shall be recorded in the minutes of the Board of Directors meeting.
3. If the matter mentioned in Paragraph 1 is not approved by half or more of all members of the Audit Committee, it may be approved instead by more than two-thirds of all members of the Board of Directors. The resolution by the audit committee shall be specified in the minutes of the Board of Directors meeting as well.
4. The numbers of the Audit Committee and Board of Directors shall be calculated based on the number of members who are currently incumbent.
5. This Operational Procedures was enacted on June 26, 2003.  
The first amendment thereto was made on June 15, 2006.  
The second amendment thereto was made on April 21, 2008.  
The third amendment thereto was made on April 20, 2009.  
The fourth amendment thereto was made on March 30, 2010.  
The fifth amendment thereto was made on June 24, 2010.  
The sixth amendment thereto was made on June 22, 2012.  
The seventh amendment thereto was made on June 17, 2013.  
The eighth amendment thereto was made on June 10, 2019.