

Procedures for loaning Funds to Others

1. Purpose:

In order to ensure that the company's management of fund loans to others is adhered to and to reduce operating risks, these procedures are specially formulated.

2. Scope:

This applies to any company that borrows funds from others.

3. Definition:

3.1 Parent company and subsidiaries: identified in accordance with the financial reporting standards for securities issuers.

3.2 Short-term: refers to the period of one year or one business cycle (whichever is longer).

3.3 Net worth: refers to the equity attributable to the owners of the parent company on the balance sheet as stipulated in the financial reporting standards of the securities issuer.

3.4 Business transaction amount: refers to the purchase or sales amount between our company and other companies, whichever is higher.

3.5 Financing amount: refers to the cumulative balance of the company's short-term financing funds.

3.6 Announcement reporting: refers to entering the information reporting website designated by the Financial Supervisory Commission.

3.7 The date of occurrence: refers to the signing date, payment date, board resolution date or other date when sufficient funds are available to determine the object and amount of the loan, whichever is the earlier.

3.8 All directors (members): refers to all directors or members during their term of office.

4. Reference documents:

4.1 Article 15 of the Company Law.

4.2 The provisions of Article 36-1 of the Securities and Exchange Law.

4.3 The guidelines for handling capital loans and endorsement guarantees for publicly issued companies promulgated by the Financial Supervisory Commission of the Executive Yuan.

5. Rights and Responsibilities:

5.1 Financial unit: conduct credit analysis based on the borrowing company's financial status, profitability, solvency, etc., prepare a credit report, formulate the interest rate and financing period, and be responsible for establishing a loan record for funds and others.

5.2 Audit Committee: Responsible for the review and approval of funds loaned to others.

5.3 Board of Directors: Responsible for passing resolutions on capital loans to others.

6. Flowchart:

(not applicable).

7. Procedure/Method:

7.1 Objects of loans and funds

The company's funds may not be loaned to shareholders or any other person except in the following circumstances: the responsible person who violates the regulations

shall be jointly and severally liable with the borrower for the return:

7.1.1 Those who have business dealings between companies or banks.

7.1.2 There is a need for short-term financing between companies or banks.

7.2 Evaluation criteria for lending funds to others

7.2.1 Those who lend funds due to business relationships shall comply with the provisions of 7.3.2.1.

7.2.2 Those who need to provide short-term financing and lend funds shall be limited to the following circumstances:

7.2.2.1 A company in which the company holds more than 50% of the shares has the need for short-term financing due to business needs.

7.2.2.2 Other companies or firms need short-term financing due to material purchase or operational turnover needs.

7.2.2.3 Other fund loans approved by the company's board of directors.

7.3 Total amount of capital loans and limits for individual objects

7.3.1 Limit on the total amount of funds loaned

Including business transactions between companies or banks and the need for short-term financing, the company's total loan amount shall not exceed 40% of the company's net worth.

7.3.1.1 For those who have business transactions between companies or banks, the total loan amount shall not exceed the business transaction amount. The total amount or 40% of the company's net worth, whichever is lower.

7.3.1.2 If there is a need for short-term financing between companies or banks, the total loan amount shall not exceed

7.3.2 Limits of capital loans and individual objects

7.3.2.1 For those who have business relationships between companies or banks, the amount of individual loans shall not exceed the amount of business transactions between the two parties.

7.3.2.2 If there is a need for short-term financing between companies or banks, the individual loan amount shall not exceed 10% of the company's net worth.

7.3.3 The Company's foreign companies that directly and indirectly hold 100% of the voting shares engage in capital loans, or foreign companies that directly and indirectly hold 100% of the voting shares engage in capital loans to the Company are not subject to 7.3.1 and 7.3. 2 restrictions. However, the total amount of capital loan and the limit for individual objects should still be set, and the period of capital loan should be clearly specified.

7.4 Capital loan, term and interest calculation method

7.4.1 The term of each capital loan shall not exceed one year from the date of disbursement.

7.4.2 The interest on loan funds is calculated on a daily basis. The sum of the daily loan balances (i.e. the total accumulated amount) is first multiplied by its annual interest rate, and then divided by 365 to determine the interest amount. The annual interest rate shall not be lower than the maximum interest rate for short-term borrowings from the company's financial institutions.

7.4.3 Unless there are special provisions, interest on loaned funds shall be charged once a month as a principle. In special circumstances, it may be adjusted based on the actual situation with the approval of the board of directors.

7.5 Fund loan and processing procedures

7.5.1 The borrower should provide the necessary basic company information, financial information and guarantee information, fill out an application describing the purpose of the funds, the loan period and the amount, and then submit it to the company's financial department.

7.5.2 If funds are loaned due to business relationships, the person in charge of the company's financial unit should evaluate whether the loan amount is equivalent to the business amount; if short-term financing is necessary, the reasons and circumstances for obtaining the loan should be listed, conduct a credit investigation, and submit relevant information and proposed loan conditions to the head of the financial unit and the general manager before submitting it to the board of directors for resolution.

7.6 Detailed review procedure

7.6.1 Necessity and rationality of lending funds to others:

The financial unit conducts a detailed investigation and evaluation review of the loan target. The evaluation matters should at least include:

7.6.1.1 The necessity and reasonableness of lending funds to others.

7.6.1.2 The financial status of the loan recipient shall be used to determine whether the amount of the loan is necessary.

7.6.1.3 Whether the accumulated loan amount is still within the limit.

7.6.1.4 Impact on the company's operational risks, financial status and shareholders' equity.

7.6.1.5 Whether collateral and the assessed value of the collateral should be obtained.

7.6.1.6 Attach loan and counterparty credentials and risk assessment records.

7.6.2 Credit reference and risk assessment of loan recipients:

After the company accepts the application, the financial unit shall conduct an investigation and evaluation based on the borrower's business, financial status, profitability, solvency, credit and loan purpose, etc., prepare a credit report, and formulate the interest rate and financing period, submit it to the general manager and chairman for approval, and submit it to the board of directors for resolution.

7.6.3 Preservation

When the company handles capital loans, in addition to providing financing to subsidiaries, it should obtain a guaranteed promissory note of the same amount and, if necessary, set up a mortgage on movable or immovable property. For the debt guarantee mentioned in the preceding paragraph, if the debtor provides an individual or company with considerable financial resources and credit as a guarantee in lieu of providing collateral, the board of directors may refer to the credit report of the financial unit. If a company is used as a guarantee, attention should be paid to whether there is any provision in its articles of association. The terms may be determined as guarantees.

7.6.4 Scope of authorization:

7.6.4.1 Fund loan matters handled by the company shall be submitted to the general manager for approval after credit investigation by the company's financial unit, approved by the audit committee, and approved by the board of directors. No other person shall be authorized to make decisions.

7.6.4.2 Fund loans between the company and its subsidiaries, or between subsidiaries, shall be approved by the audit committee and approved by the board of directors. The chairman of the board may be authorized to lend to the same loan object within a certain amount and shall not exceed the board of directors' resolution. The loan can be loaned in installments or used on a recurring basis within one year. The certain quota mentioned in the preceding paragraph, except for those that meet the provisions of 7.3.3, the company and its subsidiaries' capital loan and authorization quota for a single enterprise shall not exceed 10% of

the company's latest financial statement net worth.

7.7 Announcement and application procedures

7.7.1 Announce and report the balance of funds loaned to others by the company and its subsidiaries in the previous month before the tenth day of each month. If the balance of funds loaned to others reaches one of the following standards, an announcement shall be made within two days from the date of occurrence of the fact.

7.7.1.1 The balance of funds loaned by the company and its subsidiaries to others exceeds 20% of the net value of the company's most recent financial statements.

7.7.1.2 The loan balance of the company and its subsidiaries to a single enterprise exceeds 10% of the net value of the company's most recent financial statement.

7.7.1.3 The amount of new capital loans of the company or its subsidiaries exceeds NT\$10,000,000 and exceeds 2% of the net value of the company's most recent financial statements.

7.7.2 If the company's subsidiaries are not domestic publicly issued companies, if the subsidiary has matters that should be announced and reported in 7.7.1.3, the company shall handle them.

7.8 Follow-up control measures for loaned amounts and procedures for handling overdue claims

7.8.1 The financial unit should establish a review book and record the details of the objects to which funds are loaned, the amount, the date approved by the board of directors, the date of fund lending, and matters that should be carefully evaluated in accordance with these operating procedures for future reference.

7.8.2 After the funds are loaned, you should always pay attention to the financial, business and related credit status of the borrower and the guarantor. If any collateral is provided, you should also pay attention to whether there is any change in the value of the guarantee. In case of major changes, you should Immediately notify the chairman of the board and take appropriate action according to instructions.

7.8.3 When the borrower repays the loan at or before the maturity of the loan, he should first calculate the interest payable and repay the principal together with the principal before canceling the promissory note and returning it to the borrower or canceling the mortgage.

7.8.4 The borrower shall repay the principal and interest immediately when the loan matures. In case of violation, the Company may take disciplinary action and recover compensation in accordance with the law with respect to the collateral or guarantor provided.

7.8.5 If the balance of the company's capital loans to others originally complied with the regulations, but subsequently changed due to circumstances such as a decrease in net worth, causing the loan recipients to fail to comply with the provisions of this procedure or the balance exceeded the limit, an improvement plan should be formulated and submitted to all members of the audit committee, and Complete improvements according to planned schedule.

7.9 In order to strengthen the company's control over fund lending and operations, the company's internal audit should audit the operating procedures and implementation of fund lending to others at least quarterly, and make written records. If major violations are discovered, a written notification should be issued immediately All members of the Audit Committee.

- 7.10 The company should evaluate the situation of capital loans and set aside adequate provisions for bad debts, appropriately disclose relevant information in financial reports, and provide relevant information to certified accountants to perform necessary verification procedures.
- 7.11 If a subsidiary of the Company intends to lend funds to others, the subsidiary shall establish operating procedures for lending funds to others in accordance with regulations, and shall handle the matter in accordance with the prescribed operating procedures.
- 7.12 The Company shall follow prescribed procedures when lending funds to others. If major violations are discovered, managers and sponsors shall be punished based on the violation.
- 7.13 This operating procedure shall be approved by the Audit Committee, passed by the Board of Directors, and implemented after being reported to the shareholders' meeting for approval. If any director expresses objections and has a record or written statement, the company shall submit the objections to the Audit Committee and report to the shareholders. It will be discussed, and the same goes for revisions.
- 7.14 When this operating procedure is submitted to the board of directors for discussion, the opinions of each independent director should be fully considered. If the independent directors have objections or reservations, they should be stated in the minutes of the board meeting.
- 7.15 The company's formulation or revision of operating procedures for lending funds to others must be approved by more than half of all members of the audit committee and submitted to the board of directors for approval. If there is no consent from more than one-half of all members of the Audit Committee, it may be carried out with the consent of more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.

8. Related documents:

8.1 Documentation:
(not applicable)

8.2 Form:
(not applicable)

8.3 Records and Others:
(Inspection book)