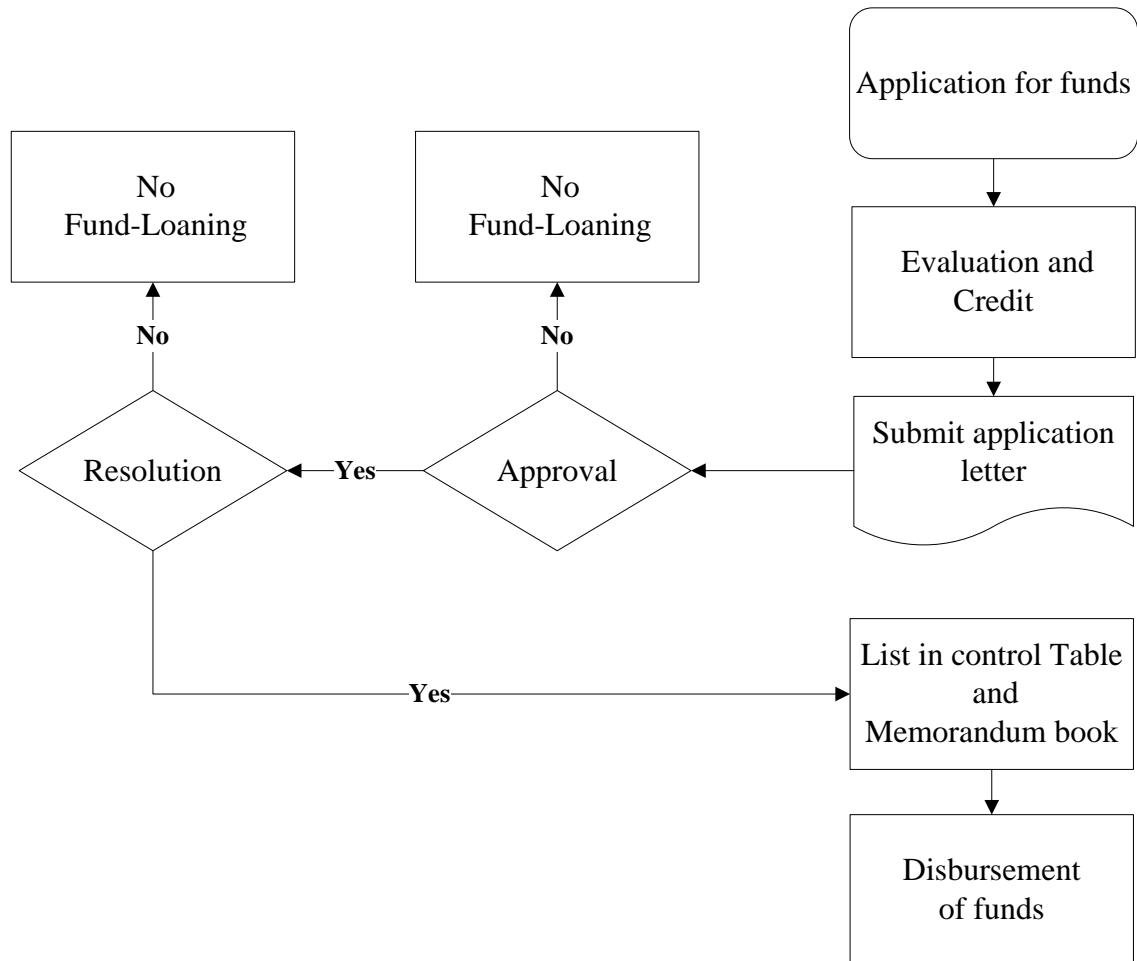


Board of Directors

Chairman/President

Financial Department





Operational Procedures for Loaning Funds to Others

File No.

CA-011

Issue Date

2020/6/19

Version

10

1. Purpose of operation for loaning funds to others:

The Operational Procedures are made for the abidance of processing loaning funds to others of the Company.

2. Responsible unit of operation for loaning funds to others

Financial Department: Verification and credit investigation on recipients of loans of funds

Chairman and President: Review the application of loans of funds

Board of Directors: Approval of the application of loans of funds

Refer to the flow chart of Operation for Loaning Funds to Others

3. Goal of operation for loaning funds to others:

Providing funds loaning to relevant companies to facilitate business operations.

4. Risk of operation for loaning funds to others:

Financial condition of the fund-loaning recipients.

5. Control points of operation for loaning funds to others:

5-1. Loaning funds to others shall be evaluated carefully and not exceed the limit.

5-2. Loaning funds to others shall be submitted and approved by the board of directors.

5-3. When loaning funds to others, the Company shall receive the Banker's acceptance or collateral from the borrower.

5-4. The value of fund-loaning collateral shall be reviewed as existing.

5-5. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall disclose relevant information in its financial reports

5-6. The Company shall follow the regulations to prepare a control table for fund-loaning to others and a memorandum book for fund-loaning to others and truthfully record the following information: borrower, amount, lending date, and date of approval by the board of directors.

5-7. The Company shall record in detail the related parties' receivables exceeded usual credit terms, which shall be approved by the responsible managers.

5-8. The Company shall recognize the related parties' receivables exceeded usual credit terms as other receivables – related parties, which shall be approved by the responsible managers.

5-9. When the Company loan funds to others, the Company shall follow Operational Procedures for Loaning Funds to others and related regulations to proceed information announcement.

6. Operational Procedures

6-1. Recipients of Loans of funds and assessment standards

The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

- (1) Companies or firms have business relations with the Company; The “business relations” means the sales or purchases of goods the Company.
- (2) Companies or firms in need of short-term financing with the Company are necessary; such financing amount shall not exceed 40 percent of the Company’s net worth.

The term “short-term” as used in the preceding paragraph means within one year.

The term “financing amount” as used in the paragraph 1, sub-paragraph 2 of this Article means the cumulative amount of the Company’s short-term financing.

The restriction in the paragraph 1, sub-paragraph 2 shall not apply to inter-company loans of funds between foreign companies which the Company holds, directly or indirectly, 100% of the voting shares.

6-2 Total amount of funds loaning and limits for individual recipients

- (1) The total amount of the Company’s loans of funds to others may not exceed 40 percent of net worth.
- (2) When lending funds to other companies or firms with which the Company has business relations, the amount loaned to single recipient may not exceed the amount of the business transacted between the two parties. The “amount of the business transacted between the two parties” means the sales revenue or the amount spent on purchases of goods whichever is higher.
- (3) The amount loaned to a single company or firm in need of short-term financing may not exceed 10 percent of the Company’s current net worth.
- (4) Total amount of loaning to subsidiaries shall not exceed 40% current net worth of the Company.
- (5) Inter-company loans of funds between foreign companies which the Company holds, directly or indirectly, 100% of the voting shares, amount of loaning to individual company shall not exceed 40% current net worth of the Company.

6-3. Durations of loans and calculation of interests.

- (1) The term of each loan shall not exceed one year from the date of lending; yet the inter-company loans of funds between foreign companies which the Company holds, directly or indirectly, 100% of the voting shares, the maximum term of loan could be three years.
- (2) The interest rate shall be determined by the negotiation of the dual parties and shall not be lower than the Company’s average short-term bank borrowing rate in the same currency. The interests shall be calculated on a monthly basis.

6-4. Procedures for handling and reviewing loans of funds

Review procedures shall include:

1. The necessity of and reasonableness of loaning funds to others.



Operational Procedures for Loaning Funds to Others

File No.

CA-011

Issue Date

2020/6/19

Version

10

2. Borrower's credit status and risk assessment.
3. Impact on the company's business operations, financial condition, and shareholders' equity.
4. Whether collateral must be obtained and appraisal of the value thereof.

(1) Application Procedures

- (1)-1. Any borrower, when requesting for a loan, shall submit an application letter describing the loan purpose, term, and amount, together with certain basic information and financial data, to the Financial Department of the Company.
- (1)-2. Financial Department shall draft the loaning terms and conditions based on credit investigation report and opinion, submit a petition with relevant information to President and Chairman for approval, and submit to the Board of Directors for a resolution before the loan may be made.
- (1)-3. Loaning funds to the counterparties with business relations, the responsible personnel of the Financial Department in the Company shall assess if the loaning amount corresponds to the amount of the business transacted. The counterparties in need of short-term financing shall list the reasons and conditions for fund-loaning and accompanied credit investigation. The relevant information and the drafted loaning terms and conditions shall be submitted to managers and submitted to board of directors for resolution afterwards.
- (1)-4. When the Company has established the position of independent director, loaning funds to others shall take into full consideration of each independent director's opinion and the opinions specifically expressing assent or dissent and the reasons of dissent shall be included in the minutes of the board of directors' meeting.
- (1)-5. In accordance with the regulation of Legal interpretation No. 167 of Accounting Research and Development Foundation, the usual credit terms of the Company with its investee enterprises or related parties significantly exceed the usual terms with non-related parties, the circumstance shall be considered as financing. It is suggested to recognize the receivables exceeding usual credit terms for a certain period as other receivables and disclose the differences and reasons of the credit terms for the Company with its investee enterprises or related parties, the amount of outstanding account receivables, the amount which has been recognized as other receivables, and the status of the aging distribution of receivables.
- (1)-6. The related parties' receivables exceeded usual credit terms shall be regarded as financing. Accounting Department shall consolidate the receivables and their aging schedule to compile "Lists of fund deemed loaning to others", compile reclassification adjustment entries after the approval of Chairman, and submit to the latest board of directors' meeting for subsequence ratification. Financial Department shall make announcement and report procedures for loaning funds to others according to the regulations.

(2) Credit Investigation

- (2)-1. The first time borrower shall provide basic information and financial data to facilitate credit investigation procedures.
- (2)-2. For the extending borrowers, the credit investigation shall be processed in principal when applying for extended borrowing. In material or emergency cases, credit investigation shall be processed if needed.

- (2)-3. In the case of good financial conditions of borrowers together with the auditing and attestation of annual financial statements by certified public accountants, the credit investigation within a year could be used, together with the latest auditing and attestation of financial statements by certified public accountants, as the reference of fund-loaning.
- (2)-4. In addition to credit investigation on the borrower, Financial Department shall assess the impact resulted from fund-loaning to the Company on operation risk, financial condition, and shareholders' rights.

(3) Loan verification and notification

- (3)-1. After the credit investigation and evaluation, upon the board of directors disapprove the loan case, the responsible personnel shall promptly reply the reason of disapproval to the borrower.
- (3)-2. After the credit investigation and evaluation and approval of the loan case by the board of directors, the responsible personnel shall promptly inform the borrower by letter and describe in detail the Company's loaning terms and conditions, including the amount, duration, interest rate, collateral, and guarantor requirements. The borrower shall complete the procedures of signing loan agreement within the time limit.

(4) Verification of the parties and signing of the agreement

- (4)-1. The personnel responsible for handling the loan case shall draw up the terms and conditions of the loaning agreement. The agreement shall be signed after supervisory personnel have reviewed and submitted the agreement for review and discussion with legal consultants.
- (4)-2. The content of the loaning agreement shall conform to the terms and conditions approved for the loan. After the borrower and the joint guarantors have signed the loan agreement, the responsible personnel shall complete the procedures for verifying and documenting the identities of the borrower and guarantors.

(5) Value evaluation of collaterals and creation of pledges

- (5)-1. Shall the loaning terms request the borrower to provide collaterals, legal procedures for mortgage or pledge shall be fulfilled against the collateral and the value of the collateral must be evaluated by the Company to protect the Company's interests.
- (5)-2. To ensure the borrower repay the loan within the terms, the Company, as the condition needed, could request the borrower to provide a promissory note which is signed and issued by the borrower's company with the amount stated equals to the total amount of loans, no specific date of maturity, specify the payee as the Company, a waiver of protest, and time limit for presentment extends one more year. The promissory note shall return promptly to the borrower after the loan repaid.

(6) Insurance

- (6)-1. Fire insurance and insurances considered to be necessary shall be procured for each collateral, except for land and securities. The insurance limits shall be in principle no less than the mortgage of the collateral. Each insurance policy shall designate the Company as the beneficiary and the title, quantity, location, insurance terms, attached

endorsements of the insured subject on the insurance policy shall be consistent with the original terms and conditions of the loaning funds made by the Company.

(6)-2. The responsible personnel shall notify the borrower of continuing the insurances before the due date of insurances.

(7) Disbursement of funds

(7)-1. Once a loaning case has been approved and the borrower has signed the agreement, and completed registration of the mortgage (or pledge) of the collateral, and all of the procedures have been checked to be correct, the funds may be disbursed.

(7)-2. The disbursement of funds shall be recorded on the control table for fund-loaning to others and the memorandum book for fund-loaning to others to control the loan balance. The same procedure shall be applied to repayment.

(7)-3. Fund-loaning between the Company and its subsidiaries, or between the subsidiaries, shall be submit and approved by the board of directors of the Company, which board may authorize its chairman to loan funds to a specific borrowing counterparty, within a certain pre-approved monetary amount and within a period not exceeding on year from the approval of the board, in one or several disbursements or via a revolving credit line.

The term “a certain pre-approved monetary amount” as used in the preceding paragraph means, except for the recipients of loans of funds and assessment standards stated in Article 6-1, the restriction in the paragraph 1, sub-paragraph 2 shall not apply to inter-company loans of funds between foreign companies which the Company holds, directly or indirectly, 100% of the voting shares, the pre-approved monetary amount of the Company or its subsidiaries loaning for individual company shall not exceed 10% net worth stated in the latest financial reports of the Company’s or its subsidiaries.

6-5. Subsequent measures for control and management of loans, and procedures for handling delinquent creditor’s rights

(1) The responsible personnel shall compile the previous month’s detail list for fund-loaning of the Company before 10th of each month.

(2) After a loan has been disbursed, the financial, business, and credit condition of the borrower and the guarantors shall be monitored on irregular basis. If collateral has been provided, it shall be monitored for any changed in the collateral value. In the event of any material change it shall be immediately reported and adopted security measures.

(3) Shall the borrower apply for cancelling collateral registration, the Company shall check the loan balance before assenting the cancellation of the collateral registration.

(4) If the borrower cannot make repayment on the due date, the Company may take enforcement actions against the collaterals or guarantors in accordance with applicable laws for recovery.

(5) If, as a result of change in circumstances, an entity for which a loan has been lent does not meet the requirements of these Operational Procedures or the loan balance exceeds the limit, Financial Department of the Company shall adopt rectification plans and submit the rectification plans to Audit Committee, and shall complete the rectification according to the schedule set in the plan.

6-6. Case registration and custody



Operational Procedures for Loaning Funds to Others

File No.

CA-011

Issue Date

2020/6/19

Version

10

- (1) The Company when operating fund-lending shall prepare a control table for fund-lending to others and a memorandum book for fund-lending to others and truthfully record the following information for further inspection: borrower, amount, date of approval by the board of directors, lending date, and matters to be carefully evaluated in accordance with the Operating Procedures.
- (2) Internal auditors of the Company shall audit the implementation of the operation of lending funds to others no less frequently than quarterly and prepare written records accordingly. The auditors shall promptly notify Audit Committee in writing of any material violation found.
- (3) If, as a result of changes in circumstances, the loan balance of the Company exceeds the limits the auditors shall urge the Financial Department to withdraw the excess amount within a specified period and submit a rectification plan to Audit Committee.

6-7. Procedures for controlling and managing loans of fund to others by subsidiaries.

- (1) If a subsidiary of the Company intends to loan funds to others, the subsidiary shall adopt the Operational Procedures for Loaning Funds to Others, and any loaning shall be done in compliance with those operational procedures; while the “net worth” as calculation basis shall be the net worth of the Company.
- (2) Subsidiaries of the Company shall compile the previous month’s detail list for fund-lending to other entities before 8th of each month and submit to the Company.
- (3) Internal auditors of the Company’s subsidiaries shall audit the implementation of Operational Procedures for Loaning Funds to Others no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the auditors in headquarter in writing of any material violation found. The auditors in headquarter shall submit the auditing report to Audit Committee.
- (4) Auditors of the Company shall clarify the implementation status of loaning funds to others of each subsidiary when auditing to subsidiaries following the annual audition plan. If any deficiency is found, auditors shall keep tracking its improvement status and submit the tracking report to managers.

The term “subsidiary” as used in the Regulations shall be determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

6-8. Announce and report

- (1) The Company shall announce and report the previous month’s loan balances of its head office and subsidiaries before 10th of each month.
- (2) The loan balances of the Company reach one of the following standards shall report the event on the website of Market Observation Post System within 2 days immediately from the date of occurrence:
 - (2)-1. The accumulative loan balances to others of the Company and its subsidiaries reaches 20% or more of the Company’s net worth as stated in the latest financial statement.
 - (2)-2. The accumulative loan balance of the Company and its subsidiaries to a single enterprise reaches 10% or more of the Company’s net worth as stated in the latest financial statement.
 - (2)-3. The amount of new loans of the Company and its subsidiaries reaches NTD 10 million or more, and reaches 2% or more of the Company’s net worth as stated in the latest financial statement.
- (3) The term “date of occurrence” as used in the preceding paragraph means the date of agreement signing, date of payment, date of board of directors resolutions, or other date that



Operational Procedures for Loaning Funds to Others

File No.

CA-011

Issue Date

2020/6/19

Version

10

can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

- (4) The Company shall announce and report on behalf of any subsidiary which is not a public company of the Republic of China any matter that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.
- (5) The Company shall evaluate the status of its loans of fund and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

The term “announce and report” as used in this Article means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC), which is the website of Market Observation Post System.

6-9. Penalty

If the responsible personnel processing fund-loaning of the Company violate the Operational Procedures, the personnel with his or her direct supervisor shall be punished based on the severity of violation in accordance with the personnel management regulations of the Company; the Company may take legal actions against such violations depending on the circumstances.

6-10 Implementation and Amendment

- (1) The Procedures shall be implemented after passage by the board of directors, submission of the Procedures to Audit Committee and for approval by the shareholders’ meeting; where any director expresses dissent and the opinion is contained in the minutes or in a written statement, the company shall submit the dissenting opinion to Audit Committee and for discussion in the shareholders’ meeting. The same procedures shall be applied to any amendments to the Procedures.
- (2) When the Company submits the Operational Procedures for discussion by the board of directors under the preceding paragraph shall take into full consideration of each independent director’s opinion and the opinions specifically expressing assent or dissent and the reasons of dissent shall be included in the minutes of the board of directors’ meeting.
- (3) Any matters which are not regulated herein the Operational Procedures shall be governed by “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies” and relevant laws.

7. Documents

- 7-1. A control table for fund-loaning to others.
- 7-2. A memorandum book for fund-loaning to others.
- 7-3. Lists of fund deemed loaning to others.



Operational Procedures for Loaning Funds to Others

File No.

CA-011

Issue Date

2020/6/19

Version

10

盈正豫順電子股份有限公司

資金貸與他人控管表

- 1 借款公司名稱：
- 2 董事會核准日期：
- 3 核准貸款金額：
- 4 資金貸與最高限額：
- 5 借款到期日：
- 6 貸放利率：
- 7 擔保條件：
- 8 還款方式：
- 9 資金貸放明細表：

日期	貸放金額	收回金額	貸放餘額	匯率	新台幣貸放餘額	審核

盈正豫順電子股份有限公司

資金貸與他人備查簿

貸放日期	董事會核准日期	貸與公司名稱	核准貸款金額	貸放利率	還款方式	擔保品	到期日	個別貸放限額	資金貸與他人最高限額	審核



Operational Procedures for Loaning Funds to Others

File No.

CA-011

Issue Date

2020/6/19

Version

10

視同資金貸與他人一覽表

日期：

註1: 應收帳款-關係人帳齡達211天以上者轉列其他應收款-關係人。

註2: 請核准後,會計部依此表製重分類傳票。財務部依法令要求辦理公告及申報之相關作業。

NO.	關係人名稱	關係說明	應收帳款金額(本幣需為匯率評價後)			帳齡分佈(天)					轉列其他應收款-關係人
			原幣USD	原幣EUR	本幣	1-120	121-210	211-365	366-730	731以上	211天(含)以上者
1											-
2											-
3											-
4											-
5											-
6											-
7											-
8											-
9											-
10											-
合計											-

核准:

財務主管:

審核:

製表: