

# YA HORNG ELECTRONIC CO., LTD.

## Operational Procedures for Loaning of Company Funds

Article 1 For the funds of the scale Board company to lend to others (hereinafter referred to as borrowers) operations, to ensure the rights and interests of the company, special provisions of the operation procedures, if there are outstanding matters, in accordance with the relevant laws and regulations.

Article 2 The limits of the loan and object of funds, the total amount of funds and the individual objects:

1. the provisions of the company law, the funds of the corporation shall not be lent to shareholders or any other person except in the following cases:

a. A company or line number that has business dealings with the company; the aforementioned "business dealings" means those who have an purchase or sales act with the company.

b. A company or line number necessary for short-term financing of the company, and a company or line number with a proportion of more than 20% of the shares in which the company directly or indirectly holds voting rights is necessary for short-term financing due to business needs.

The proportion of shares alleged to be directly and indirectly holding voting rights in this operating procedure is stipulated in letter No. 0970004761 of the six word of the gold certificate, which is calculated by the direct shareholding ratio of the public offering company, together with the shares of the same invested company held by the company with a proportion of its investment shareholding of more than 50%, which is said to be his company, Including his company itself and the way forward to calculate the direct and indirect shareholding ratio of more than 50% of another his company, by analogy.

The amount of financing refers to the accumulated balance of the company's short-term financing funds and shall not exceed 40% of the net value of the company's most recent financial statements.

The aforementioned "short term", according to the pre-release letter of the Ministry of Economy, refers to the period of one year or one business cycle (whichever is older).

2. The aggregate amount of loans and the maximum amount permitted to a single borrower shall each be prescribed separately for business transactions and for short-term financing respectively.

(1) If the funds are credited to a company or line number, the total amount shall be limited to no more than 40% of the net value of the company, and the amount of individual loans and amounts shall not exceed the amount of business transactions between the two parties in the most recent year. The amount of business transaction referred to is the higher the amount of goods purchased or sold between the two parties.

(2) The loan is limited to a company or line number necessary for short-term financing and the total amount shall not exceed 40% of the net value of the company's most recent financial statements, and the amount of individual loans and amounts shall not exceed 40% of the company's net financial statements for the most recent period.

(3) The restriction in paragraph 1, subparagraph 2 shall not apply to inter-company loans of Funds between overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares. However, the limits of the loan and total amount and the individual target should still be set, and the loan and duration of the funds should be specified. Company leader violates first but book rules Shall be jointly and severally liable for the return of the borrower, and shall also be liable for damages if the company is injured.

Article 3 Duration of loans and calculation of interest:

1. the loan and duration of each fund from the date of the loan, in no more than one year or one business cycle (whichever is the older person) as the principle.

2. Interest on the loan of funds is calculated on a daily basis, with the sum of the daily loan balance (that is, the total accumulation) multiplied by its annual interest rate and divided by 365 days as the interest amount. The annual interest rate must not be lower than the company's average bank short-term borrowing rate as the principle, in case of special circumstances, with the consent of the Board of directors, according to the actual situation needs to be adjusted.

3. In addition to the special provisions, the interest rate on loans is based on the principle of monthly payment of interest, and the borrower is notified to pay the interest on time one week before the agreed payment date.

Article 4 review procedures:

1. Application process

(1) The borrower shall provide basic data and financial data and fill out an application for the purpose of the funds, the period and amount of the loan, and send them to the financial

department of the company.

- (2) If the fund is engaged in the loan of funds, the company's finance department personnel shall assess whether the loan and amount are equivalent to the amount of business transaction; If necessary for short-term financing, the reasons and circumstances of the loan and funds shall be enumerated, and the relevant data and the proposed loan conditions will be reported to the Head of Finance unit and the general manager after , And then report to the Board of Directors resolution.
- (3) when it submits its Operational Procedures for Loaning Funds to Others for discussion by the board of directors under the preceding paragraph, 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 included in the minutes of the board of directors' meeting.

## 2. Letter of Credit investigation

- (1) For the first borrower, the borrower shall provide basic data and financial data for the processing of the credit.
- (2) In the case of continuing borrowers, in principle, the re-processing of the credit investigation at the time of renewal, if it is a major or urgent event, will be handled at any time as necessary.
- (3) If the borrower is in good financial condition and the annual financial statements request the accountant to complete a financing visa, the investigation report which has not been in place for more than one year shall be followed and the visa report will be checked with the accountant of that period for the purposes of the loan.
- (4) The company shall also assess the impact of the loan and on the operating risks, financial position and shareholders ' equity of the company when it investigates the borrower's credit.

## 3. Loan Approval and notification

- (1) After the investigation and evaluation of the letter, the Board resolution does not intend to lend the case, the agent should be declined to justify the prompt reply to the borrower.
- (2) After the investigation and evaluation of the letter, the Board of Directors agreed to the loan case, the agent should inform the borrower as soon as possible, detailing the company's lending conditions, including the amount, duration, interest rate, collateral and guarantor, etc., ask the borrower to complete the signing process within the time limit.

## 4. Signing to Bao

- (1) The loan case shall be prepared by the operator to prepare the terms and conditions, after examination by the competent personnel and sent to the Legal Counsel will be approved before the signing procedures.
- (2) The contents of the information shall be consistent with the approved borrowing conditions, and the borrower and the associated guarantor shall, after the signing of the contract, be completed by the operator to ensure the formalities.

## 5. Value assessment and rights setting of collateral

If a loan case is secured, the borrower shall provide the collateral and complete the formalities for the establishment of the pledge or mortgage, and the company will also need to evaluate the value of the collateral to ensure the company's claims.

## 6. Insurance

- (1) In addition to land and securities, the collateral shall be insured against fire insurance and related insurance, the amount of which shall be based on the principle of not less than the quality of the guarantee, and the insurance policy should indicate that the company is the beneficiary. The name, quantity, place of storage, insurance conditions, insurance grant and so on of the subject matter contained in the policy shall be in conformity with the original nuclear loan conditions of the company.
- (2) The operator shall take care to notify the borrower of the continuation of the insurance before the expiry of the insured period.

## 7. Funding

After the loan conditions have been approved and the borrower has signed the contract to complete the guarantee quality (offset) to set the registration, etc., after the full formalities have been checked correctly, the funds can be allocated.

## Article 5 Repayment:

After the loan is placed, you should always pay attention to the financial, business and credit status of the borrower and the guarantor, such as the provision of collateral, and should pay attention to the change of its security value, and before the loan expires one months ago, the borrower should be notified duration to settle the principal and interest.

1. When the borrower pays the loan due, it shall first calculate the interest payable and, together with the principal, begin to write off the promissory note, debit and other debt service vouchers and return them to the borrower.
2. If the borrower applies for the right to apply the mortgage, he should first find out if there is a loan

balance to decide whether or not to agree to the mortgage coating.

Article 6 Roll:

The borrower shall, if necessary, apply for renewal of the extension one month before the expiry date of the loan, and to the extent that it is limited to one (one year), the company will re-process the relevant formalities after the adoption of the resolution of the Board of Directors.

Article 7 Registration and custody of cases:

1. A public company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the 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 of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under of the preceding article.
2. In the case of a loan case, the agent shall, after the loan, apply the certificates of Claim, promissory notes and other claims, as well as the collateral documents, insurance policies, correspondence documents, after finishing in sequence, load them into the custody bag, and after the contents of the deposit and the name of the customer on the bag, petition the supervisor of the Finance department. Both parties shall be kept after signing or stamping the register of Custody goods.

Article 8 Handling funds and other people should pay attention to matters:

1. Before making a loan of funds to others, a public company shall carefully evaluate whether the loan is in compliance with these Regulations and the company's Operational Procedures for Loaning Funds to Others. The company may loan funds to others only after the evaluation results under this paragraph have been submitted to and resolved upon by the board of directors. The company shall not empower any other person to make such decision.
2. The public company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify in writing of any material violation found, Independent directors shall be notified in writing together.
3. The company shall set up an improvement plan to send the relevant improvement plans to the monitors, who shall send them to the independent directors the improvement according to the planned schedule, if the loan and the object do not conform to the requirements of this operating procedure or the time limit for the balance due to the change of circumstances.
4. Personnel shall, by 10th of each month, prepare a schedule of funds and other companies for the previous month and make a petition for review.
5. Loans of funds between the public company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended by the public company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company, except in cases of companies in compliance with Article 2, paragraph 2.

Article 9 Procedures for controlling and managing loans of funds to others by subsidiaries:

1. Where a subsidiary of a public company intends to make loans to others, the public company shall instruct it to formulate its own Operational Procedures for Loaning Funds to Others in compliance with these Regulations, and it shall comply with the Procedures when loaning funds; However, net worth is based on the net value of the subsidiary.
2. The subsidiary shall, on 10th of each month (excluding), prepare a schedule of funds and other companies for the previous month and make a written summary of the declaration to the company.

Article 10 Information Disclosure:

1. A public company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month.
2. A public company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:
  - (1) The aggregate balance of loans to others by the public company and its subsidiaries reaches 20 percent or more of the public company's net worth as stated in its latest financial statement.
  - (2) The balance of loans by the public company and its subsidiaries to a single enterprise reaches 10 percent or more of the public company's net worth as stated in its latest financial statement.
  - (3) The amount of new loans of funds by the public company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the public company's net worth as stated in its latest financial statement.

3. The public 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 subparagraph 3 of the preceding paragraph.

4. A public company shall evaluate the status of its loans of funds 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.

Article 11 Penalties:

The manager and the organizer of the company, in violation of this operating procedure, in accordance with the company's "rules of work" provisions to report the assessment, according to its circumstances and severity of punishment.

Article 12 A public company intending to loan funds to others shall formulate its Operational Procedures for Loaning Funds to Others in compliance with these Regulations, and, after passage by the board of directors, submit the Procedures to submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures. This operating procedure shall give full consideration to the views of the independent directors when they report to the Board for discussion, and the Independent director shall include in the proceedings of the board if he has objections or reservations.

Article 13 Previous revision Records:

This method of operation was established September 1, 2000, the First Amendment on June 10, 2002, the Second Amendment on June 10, 2003, the third amendment on June 10, 2005, the fourth Amendment to June 14, 2007, the fifth Amendment to June 9, 2008, The sixth amended on June 12, 2009, the seventh on June 11, 2010, the eighth on June 10, 2013, the ninth on June 14, 2016, the tenth Amendment on June 6, 2019 and the eleventh Amendment on June 9, 2020.