

Title: Guidelines for Governing Loaning of Funds

Date: 2019.06.21 (Amended)

Article 1 (Purpose)

These regulations are formulated to ensure that the Company and its subsidiaries need to lend funds to other companies (hereinafter referred to as borrowers) in response to actual business needs, they will comply with matters related. This procedure is formulated in accordance with the " Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies " issued on March 7, 2019 by Jin-Guan-Zheng-Zhen Letter No. No. 1080304826. Provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 2 (Scope)

2.1 Scope of application: ALLTOP Technology Co., Ltd. (the Company) and its subsidiaries.

2.2 Scope: ALLTOP Technology Co., Ltd. (the Company) and its subsidiaries shall comply with these Regulations when making loans to others.

Article 3 (Responsibilities)

Please refer to Article 5. Description of the authorization levels for each operation in the operation content.

Article 4 (Definition)

4.1 "Parent company" is ALLTOP Technology Co., Ltd. "Subsidiary" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.2 The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

"Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors' resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds, whichever date is earlier.

4.3 "Net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.4 Board of Directors, Chairman, Supervisors, Financial Planning Team and Audit Committee: The functions and powers of the board of directors, chairman of the board, supervisor, financial planning team and audit committee referred to in these regulations may be performed by the board of directors, chairman of the board, supervisor, financial planning team and audit committee of ALLTOP Technology Co., Ltd.

4.5 Competent authority: The term "competent authority relationship" as mentioned in these operating procedures refers to the Financial Supervisory Commission(FSC).

Article 5 (Work Content)

5.1 Entities to which the company may loan funds: Under the Company regulations, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances

5.1.1 Where an inter-company or inter-firm business transaction calls for a loan arrangement; or

5.1.2 Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth. The term "short-term" as used means one year, or where the Company's operating cycle exceeds one year, one operating cycle. The term "financing amount" as used means the cumulative balance of the Company's short-term financing.

5.1.3 The restriction in Article 5.1.2 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, nor to loans of fund to the public company by any overseas company in which the public company holds, directly or indirectly, 100% of the voting shares. However, it should still be handled in accordance with the relevant fund loan limit and period in Articles 5.2 and 5.3.

5.1.4 If the Company has paid-in capital of not less than NT\$1 billion and it furthermore has joined a leasing association and stated that it will comply with the self-regulatory rules, and has complied with the requirements of Article 5.10, , the restriction in Article 5.1.2 shall not apply to its provision of short-term financing, provided, however, that the amount loaned by it may not exceed 100 percent of its net worth.

5.1.5 When a responsible person of the Company violates "Company Law" or the proviso of the preceding paragraph, the responsible person shall bear joint and several liabilities with the borrower for repayment; if the company suffers damage, the responsible person also shall be liable for damages.

5.2 The aggregate amount of loans and the maximum amount permitted to a single borrower:

5.2.1 For those who lend funds to companies or banks with which they have business relationships, the total amount of the loan shall not exceed 20% of the net worth of the loaned enterprise; the amount of individual loans shall not exceed the amount of business transactions between the two parties in the most recent year. The so-called business transaction amount refers to the purchase or sales amount between the two parties, whichever is higher.

5.2.2 For capital loans to companies or banks that need short-term financing, the total amount of the loan shall not exceed 40% of the net worth of the lending company; the individual loan amount shall not exceed 20% of the net worth of the lending company.

5.3 Duration of loans and calculation of interest:

5.3.1 The term of each capital loan shall not exceed one year or one business cycle (whichever is longer) from the date of disbursement. However, if the capital loan

is a business transaction and approved by the board of directors, it may be extended once (one year).

5.3.2 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 calculate the interest amount. The annual interest rate shall not be lower than the Company's average bank short-term borrowing interest rate plus the necessary calculated interest rate.

5.3.3 Unless there are special provisions on the calculation of loan interest, the principle is to pay interest once a month, and the borrower will be notified one week before the agreed interest payment date to pay interest on time.

5.4 Procedures for handling loans of funds and detailed review procedures:

5.4.1 Application procedures and decision-making and authorization levels:

5.4.1.1 The borrower should provide basic information and financial information, fill out an application form, describe the purpose of the funds, the loan period and amount, and then submit it to the finance department.

5.4.1.2 The personnel in charge of the finance department should list the reasons and circumstances for obtaining the loan and funds, conduct a credit investigation, and submit the relevant information and proposed loan conditions to the head of the finance department and the general manager, and then submit it to the board of directors for resolution. The Company shall not empower any other person to make such decision.

5.4.1.3 Loans of funds between the 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 chairman 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 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 5.1.3.

5.4.1.4 Where the Company has appointed independent directors, when it loans funds to others, it shall take into full consideration each independent director's opinions; 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.

5.4.1.5 Where the Company has appointed independent directors, when there is any matter of which it is required to notify the supervisors under Article 5.6.1, it shall at the same time also give written notice to the independent directors. When it submits a rectification plan to the supervisors under Article 5.6.2, it shall at the same time also submit the rectification plan to the independent directors.

5.4.1.6 Where the Company has established an audit committee, the provisions of Articles 5.6.1 and 5.6.2 regarding supervisors shall apply mutatis mutandis to the audit committee.

5.4.2 Borrower credit status and investigation:

- 5.4.2.1 For first-time borrowers, the borrower should provide basic information and financial information for credit investigation.
- 5.4.2.2 If the loan is to be continued, in principle, a new credit investigation will be conducted when the loan renewal is proposed. If it is a major or urgent event, it will be processed at any time based on actual needs.
- 5.4.2.3 If the borrower's financial status is good and an accountant has been appointed to complete the certification of finance for the annual financial statements, the investigation report that is not more than one year can be used, and the COF report can be checked with CPA for that period as a reference for the loan.
- 5.4.2.4 When conducting a credit investigation on a borrower, the Company should also evaluate the necessity of and reasonableness of extending loans to others and the impact on the company's operational risks, financial condition and shareholders' equity.
- 5.4.2.5 When engaging in capital lending due to business relationships, one should evaluate whether the loan amount is equivalent to the business transaction amount. Due to the need for short-term financing, the reasons and circumstances of the loan should be evaluated.

5.4.3 Loan approval and notification:

- 5.4.3.1 After credit investigation and evaluation, the board of directors decides not to lend the case, and the handling staff should respond to the borrower as soon as possible with the reasons for the refusal.
- 5.4.3.2 After credit investigation and evaluation, if the board of directors decides to approve the loan case, the handling personnel should send a letter to the borrower as soon as possible, detailing the Company's loan conditions, including quota, term, interest rate, collateral and guarantor, etc. The borrower is requested to complete the signing procedures within the deadline.

5.4.4 Guarantee for contract:

- 5.4.4.1 For loan cases, the handling personnel shall draw up the terms of the contract, which shall be reviewed by the supervisor and sent to the legal advisor for review before the contract signing procedures are completed.
- 5.4.4.2 The content of the contract should be consistent with the approved loan conditions. After the borrower and the joint guarantor sign the contract, the handling personnel should complete the guarantee procedures.

5.4.5 Collateral value assessment and rights setting: After the board of directors approves the lending of the collateral provided in the loan case, the procedures for setting up a pledge or mortgage must be completed. The company also needs to evaluate the value of the collateral to ensure the company's creditor's rights.

5.4.6 Insurance:

- 5.4.6.1 In addition to land and securities, all collateral should be insured against fire insurance and related insurance. The insurance amount should not be less than

the amount pledged as collateral. The insurance policy should indicate that the company is the beneficiary. The name, quantity, storage location, insurance conditions, insurance endorsement, etc. of the subject matter stated in the policy should be consistent with the company's original loan conditions.

5.4.6.2 The handling personnel should pay attention to inform the borrower to renew the insurance before the expiration of the insurance period.

5.4.7 Funding: Funding will only be approved after the loan conditions have been approved, the borrower has signed a contract, and the registration of guarantee quality (mortgage) setting, etc. has been completed, and all procedures have been verified.

5.5 Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights:

5.5.1 Extension: Before the loan case expires, if necessary, the borrower should apply for extension and renewal one month before the loan expiration date, and subject to compliance with the provisions of Article 5.3.1, submit it to the board of directors for approval, and then go through the relevant procedures again.

5.5.2 Registration and safekeeping of cases:

5.5.2.1 When the Company handles capital loans, it should establish a "Fund Loan to Others Filing Book" (FS007-01), which includes the objects of the capital loan, the amount, the date of approval by the board of directors, the date of the capital loan, and matters that should be carefully evaluated in accordance with these operating procedures. Details will be posted for future reference.

5.5.2.2 For the cases they handle, loan case handlers should sort out the bonds, promissory notes and other debt certificates, as well as collateral certificates, insurance policies, and transaction documents in order after allocating the loan, and put them into a safekeeping bag. After indicating the contents of the deposit and the name of the customer on the bag, submit it to the unit supervisor of the Finance Department for inspection. Once the inspection is correct, it will be sealed. Both parties will sign or seal the deposit register and keep it.

5.5.3 Repay loan: After the loan is disbursed, you should always pay attention to the financial, business and credit status of the borrower and the guarantor. If collateral is provided, attention should be paid to whether there is any change in the value of the collateral. One month before the loan maturity date, the borrower should be notified to repay the principal and interest on due date.

5.5.3.1 When the borrower repays the loan when the loan is due, he should first calculate the interest payable and repay the principal together with the principal before canceling the promissory note, IOU and other debt repayment certificates and returning them to the borrower.

5.5.3.2 If the borrower applies to cancel the mortgage right, he should first find out whether there is a loan balance before deciding whether to agree to cancel the mortgage.

5.6 Matters when applying for a capital loan:

5.6.1 The Company's internal auditors shall audit the Operational Procedures for Loaning of Funds for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.

5.6.2 Where as a result of changes of condition the entity for which an "Loaning of Funds" is made no longer meets the requirements of these Regulations, or the amount of "Loaning of Funds" exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.

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

5.7.1 If the company's subsidiaries intend to lend funds to others, they shall do so in accordance with these operating procedures.

5.7.2 Subsidiaries should prepare a detailed statement of fund loans to other companies for the previous month before the 5th of each month (exclusive) and submit it to the company.

5.8 Information Disclosure (after IPO):

5.8.1 The Company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month in MOPS (Market Observation Post System).

5.8.2 The 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:

5.8.2.1 The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.

5.8.2.2 The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement

5.8.2.3 The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

5.8.3 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 Article 5.8.2 of the preceding paragraph.

5.8.4 The 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.

5.9 Penalty: When the Company's managers and organizers violate laws or these operating procedures, they will be reported for assessment in accordance with the Company's personnel management regulations and employee handbook, and will be punished according to the severity of the case.

5.10 Others: The Company that engages in short-term financing under Article 5.1.4, in addition to complying with Article 5.2, furthermore shall perform enhanced risk assessment for, respectively, unsecured financing, financing to enterprises in any single industry, and financing to any single group of affiliated enterprises or members of a single corporate group, and shall prescribe limits on the amounts that may be loaned in such financing.

Article 6 (Related documents)

None.

Article 7 (Attachments and Forms)

7.1 Attachments and paper forms:

No.	title	item	no
This Regulations Attachments and paper forms			
1	Fund Loan to Others Filing Book	Annex 1	FS007-01
Other Regulations Attachments and paper forms: None.			

7.2 ERP forms: None.

Article 8 (EasyFlow program details)

None.

Article 9 (Promulgate and Implement)

9.1 After this procedure is approved by the board of directors, it will be sent to each supervisor and submitted to the shareholders' meeting for approval. If any director expresses objection and there is a record or written statement, the Company shall send the objection to each supervisor and submit it to the shareholders' meeting for discussion. The same shall apply when making amendments.

9.2 Where the Company has appointed independent directors, when it makes endorsements/guarantees for others, it 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 included in the minutes of the board of directors' meeting.

9.3 Where the Company has established an audit committee, the formulation or amendment of these operating procedures must be approved by more than half of all members of the audit committee and submitted to the board of directors for resolution. The provisions of article 9.2 do not apply.

9.4 Where the preceding paragraph is not carried out without the consent of more than half of all members of the audit committee, it may be implemented 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.

- 9.5 All members of the audit committee referred to in Article 9.3 and all directors referred to in Article 9.4 shall be calculated based on those who are actually in office.