

Zhen Ding Technology Holding Limited

Procedures for Lending Funds to Other Parties

Article 1: Purpose

In order to comply with the relevant matters relating to the loan of funds and other matters of the Company, this operation is determined in accordance with the relevant "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies " (hereinafter referred to as the Processing Guidelines) issued by the Financial Supervisory Committee of the place where the Company is listed. However, if the relevant laws and regulations are otherwise provided, the regulations shall be complied with.

Article 2: Loans and objects

- I. The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:
 - (1) Where an inter-company or inter-firm business transaction calls for a loan arrangement.
 - (2) Where an inter-company or inter-firm short-term financing facility is necessary
- II. The term "short-term" as used in the preceding paragraph means one year. where the company's operating cycle exceeds one year, one operating cycle.

Article 3: The reasons and necessity of loaning funds to others::

Where funds are lent to a company or business with business relationships with the Company, such loans shall be granted in accordance with Paragraph 4.1 and 4.2 of Article 4. Loans may be granted due to short-term financing need only under one of the following circumstances:

- I. The company's investment company evaluated by the equity method is required to repay bank loans, purchase equipment or business turnover.
- II. The company that directly or indirectly holds 50% of the company is required to repay bank loans, purchase equipment or business turnover.
- III. The company that directly or indirectly holds 50% of the company's investment needs, and the transfer of the investment industry is related to the company's business, which will help the company's future business development.
- IV. A company or firm is necessary for short-term financing due to purchase or operational turnover.

Article 4: The aggregate amount of loans and the maximum amount permitted to a single borrower

- I. The accumulated total of loans granted shall not exceed 50% of the net worth of the Company.
 - (1) Where funds are lent to a company or firm with business relationship, the accumulated amount of such loan shall not exceed 10% of the net worth of the Company.
 - (2) Where funds are lent to a company or business with a short-term financing need, the accumulated amount of such loans shall not exceed 20% of the net worth of the Company.
- II. The amount of an individual loan granted by the Company to a company or firm with business relationship with the Company shall not exceed the business transaction amount in the past year between the parties. "Business transaction amount" refers to the amount of purchase or sale between the parties, whichever is higher. And each individual loan shall not exceed 10% of the net worth of the Company.
- III. 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.
- IV. The restriction of "financing amount shall not exceed 40 percent of the lender's net worth" 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 or loan funds from overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares to the Company. However the aggregate amount of loans and the maximum amount permitted to a single borrower should still be set up.

Article 4-1: Subsidiaries and parent company

The subsidiaries and parent companies referred to in this operating procedure shall be determined in accordance with the provisions of the financial report preparation standards for securities issuers in the place where the company is listed.

Article 4-2: Net Worth Determined

The net worth referred to in this operating procedures refers to the equity attributable to the owners of the parent company in the most recent audited financial statements audited and attested by the CPA or reviewed by the financial statements.

Article 5: Loan Operations Procedures:

I. Credit Investigation:

- (1) When the Company handles the loan and the matter, the borrower shall first attach its company information and financial information as necessary documents, and apply to the Company in writing for the financing quota.
- (2) After the Company accepts the application, the Finance Department shall investigate, assess the applicant's business, financial status, solvency, and credit, profitability and purpose of loan, then make a report.
- (3) The Financial Department shall make detailed assessment to the object of the loan. The assessment items shall at least include:
 1. The necessity and reasonableness of the loaning funds to others.
 2. To measure the necessity of the amount of loan funds by the financial status of the object of loan funds.
 3. Whether the aggregated amount of the loan funds is still within the limit.
 4. Impact on the Company's operational risks, financial conditions and shareholders' equity.
 5. Whether the collateral and collateral are required to obtain.
 6. Attach the credit-object credit and risk assessment records.

II. Security:

The Company shall obtain the same amount guarantee promissory notes, and/or set up the collateral or real estate for the purpose of handling the Company's capital lending. In the case of the credit guarantee of the preceding paragraph, if the debtor provides a pledge or substitute for the person or company that provides considerable capital and credit, instead of providing the collateral, the board of directors may refer to the credit report of the Financial department; if the Company is a guarantor, it shall be noted that the provision for guarantee is in its Article of Association.

III. Scope of Authorization:

For the Company handling the loan funds and related matters, the loan shall be process after the credit is checked by the financial unit of the company, then approved by the chairman of the board of directors and submitted to the board of directors for approval. The other party may not be authorized to decide. The opinions of each independent director shall be fully considered and the reasons for dissent or objection shall be included in the minutes of the Board of Directors' meeting. Loans to the parent company or subsidiaries, or loans to subsidiaries, shall be determined by related regulations in accordance with relevant regulations. The Board of Directors may also delegate the Chairman to make a transfer of the same loan or reversed a certain amount of the same item and not more than one year.

- IV. The authorized limit of the aforementioned credit line in the preceding paragraph shall not exceed 10 percent of the Company's net worth in the latest financial statements except those that meet the provisions stipulated in Paragraph 4, Article 4.

Article 6: Duration of loans and calculation of interest:

- I. The duration of each loan shall be limited to one year from the date of loan.
- II. The interest rate of loans and borrowings shall be determined by the Company's financial institutions and the interest rate levels for borrowings. The Company shall, in the event of a subsidiary that holds 100% of the shares, is applicable to the local subsidiary, and the calculation of the interest-bearing method of funds is applicable to the local laws and regulations, and shall not be subject to the aforementioned restrictions. The interest of the Company's loans is calculated as principle for interest accrued at a monthly interest.
- III. Due to necessity of financing funds, the restriction of " the financing duration shall be limited within one year" 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 or loan funds from overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares to the Company. However the duration shall be limited within three years and the calculation of interest shall be conducted in accordance with this Article, paragraph 2.

Article 7: Subsequent control measures and overdue loans processing procedures:

- I. After the loan is appropriated, the Company shall pay attention to the financial, business, and related credit status of the borrower and guarantor. If the collateral is provided, shall pay attention to the changes in collateral valuation. If there any significant changes happen, should immediately notify the Chairman of the Board of Directors and follow the instruction as appropriate.
- II. When the borrower repays the loan due or before maturity, the interest accrued shall be calculated first. After the borrower is fully repaid, the Company shall affix the repayment of the promissory notes or cancel the mortgage to cancel the loan.
- III. The borrower shall immediately repay the principal and interest on the loan maturity. If the repayment fails to be repaid due to the repayment, the Company may dispose and recover the collateral or guarantor

provided by the law.

Article 8: Internal Control:

- I. For handling loaning funds, the Company shall set up a memorandum to record the objects, amount, the date approved by the Board of Directors, the date of loaning and the matters shall be carefully evaluated for audit and reference.
- II. Internal auditors shall perform auditing on the Procedures and the implementation of the Procedures every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee. Should there be any violation of related regulations or the Procedures, subsequent discipline is subject to the managers and persons-in-charge of the Company.
- III. Where as a result of changes of condition the entity no longer meets the requirements of these Regulations, or the balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to them And it Committee, and shall complete the rectification according to the timeframe set out in the plan.

Article 9: Public Announcement:

- I. The Company shall make a public announcement on the status of loaning funds to the extent that the Company shall handle in accordance with the regulations.
- II. 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:
 - (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.
 - (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.
 - (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.
- III. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company in where the Company's is listed, any matters that such subsidiary is required to announce and report pursuant to the preceding paragraph. The calculation of portion of the fund loans and balance of the subsidiary in the preceding paragraph to the net value is calculated based on the ratio of the fund loan and balance of the subsidiary to the net value of the Company.
- IV. "Date of occurrence" in the Operational Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and amount of the loan, whichever date is earlier.

Article 10: Loans to subsidiaries

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

- I. For a subsidiary of the Company intends to loan funds to other parties, the operating procedures for loaning funds to others shall be established by the local laws, the Procedures and the Guidelines for Handling the Procedures, and shall be handled according to the prescribed operating procedures.
- II. If a subsidiary of the company intends to loan funds to others, it shall send it to the relevant audit committee and/or Board of Directors and/or shareholders meeting in accordance with the specified operating procedures, its articles of association and relevant internal regulations and local laws and regulations.
- III. The accounting department shall obtain the subsidiary's details of the loans to other parties at the beginning of each month.
- IV. The Finance Department shall evaluate the subsequent control measures taken by each subsidiary for the loans and the appropriateness of the procedures for handling overdue loans.
- V. The internal auditor of the Company shall regularly review the compliance of its subsidiaries' compliance with the "Operational Procedures of Loan Funds ". The Audit Report shall be prepared to report the findings and recommendations of the audit report. The Company shall inform the subsidiary to improve and set up a following report to make sure that the appropriate improve measures have been taken in a timely manner.

Article 11: Accounting Treatment

Accounting department shall evaluate the situation and set aside sufficient allowance for bad debts and provide relevant information in the financial statements. And provide relevant information for the auditor to implement the necessary auditing procedures.

Article 12: Penalties

- I. The Company's managers and persons-in-charge shall follow the procedures of handling loans to other

parties. Should there be any violation of related regulations or the Procedures, subsequent discipline is subject to the rewards and punishments of the company's employee handbook, and shall be fined according to the circumstances.

- II. If the person in charge of the Company has been in violation of Article 2, Paragraph 1, Article 4, Paragraph 1, subparagraph 2, the person in charge shall bear the liability and return the liability. If the company suffers damage, it shall also be liable for damages.

Article 13: Implementation and Revision

- I. The Procedures shall be effective upon approval by the Audit Committee first and then by Board of Directors, subject to the ordinary resolution in the general meeting. The Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Any objection by the Directors which is recorded or in writing shall be submitted to Audit Committee and for discussion by the Shareholders' Meeting. The same shall apply to any amendments to the Procedures.
- II. The Audit Committee shall agree with the consent of the Audit Committee in a manner more than half of the Audit Committee's members. If one-half of all members of the audit committee do not agree, it may be agreed by more than two-thirds of all directors, and the resolutions of the audit committee shall be stated in the minutes of the board meeting.
- III. The terms "all Audit Committee members" and "all directors" as stated herein shall be counted as the actual number of persons currently holding those positions.