

ENNOSTAR Inc.

Procedures for Loaning Funds to Other Parties

Approved in the founder's meeting on August 7, 2020

Article 1: Legal reference

The Procedure is compliant with Securities & Exchange Act and other related regulations of competent authorities.

Article 2: Targets

Based on Article 15 of Company Act, except for the following situations, the funding of the Company should not loan to any shareholders or others:

1. The companies or firms having business relationship with the Company.
2. Companies or firms with the demand for short-term financing. The so-called "short-term" refers to one year or one business cycle (whichever is longer). The so-called "financing" amount refers to the cumulative balance of the Company's short-term funding for financing.

Foreign companies of which the Company directly or indirectly holds shares for 100% voting rights may loan to each other, or the foreign companies of which the Company directly or indirectly holds shares for 100% voting rights may loan to the Company and the restriction of paragraph 1 Article 4 shall not be applicable. But the total amount of loans and limits of loans to individual shall not exceed forty percent (40%) of the Company's net worth, and the duration of loans shall not be longer than three years.

The person in charge of the company who violates the provisions of paragraph 1 shall be responsible for the return of the loan jointly and severally with the borrower; if the company suffers damage, the person in charge shall also be liable for damages.

Article 3: Necessity of loans of funds to others

When the Company approves loans of funds to other companies or firms in demand for the loaning of fund as a result of business relationship, paragraph 2 Article 4 shall be applicable. Only the companies or firms subject to the following situation is regarded as necessary for the short-term loans for financing:

1. Other companies or firms have the demand for short-term financing as a result of procurement on materials or business turnaround.
2. Other companies or firms approved by the BOD for loans of funds.

Article 4: Limit of total facility of loan and individual target

1. The total facility of the Company to other companies or firms
The total facility of loan of the Company to other companies of firms should be limited to 30% of the net worth of the Company; however, in the case of loans to other companies or firms with the necessity of short-term financing demand, the Company should only approve loans up to 10% of the Company's net worth.
2. The total facility of loan to individual company or firm
 - (1) For company or firm who has business relationship with the Company, the individual loan should not exceed the total transaction amount between both parties in the most recent year. The so-called "total transaction amount" refers to purchase or sales amount, whichever is higher.
 - (2) For companies or firms with the necessity of short-term financing, the Company should not loan more than 10% of the Company's net worth for each individual case.

Article 5: Procedures of loans

1. Crediting
Before the Company proceeds with any loans to others, the creditor is required to provide all necessary data and financial information in order to apply for financing from the Company. After accepting the application, the Company's Treasury Department should investigate and evaluate the company's core business, financial status, solvency, credit, profitability and usage for loans in order to file a report.
2. Security
When conducting any loans to others, the Company should request guaranteed checks equivalent to the loan amount and mortgage of chattel or real estate when necessary. The Board of Directors may take reference from the crediting report from Treasury Department if the debtor provides individual or corporation with qualified financial status as a guarantee. The Company should pay attention to whether there is any clause related to guarantee in the Articles of Incorporation of those corporation.
3. Delegation Scope
Before approving any loan to others, the Company's Treasury Department should submit the application to President and Board of Directors for approval based on the evaluation result of Paragraph 1, Article 5.
Any loan between the Company and any subsidiary, or between

different subsidiaries, should be submitted to the Board of Directors for deliberation and approval based on the evaluation result of Paragraph 1, Article 5. The Chairman is authorized to approve the same debtor within the delegated credit line decided by the Board of Directors for any loan (installment or revolving) under 1-year tenure. Except for stipulated in Paragraph 2, Article 2, the delegated credit line for any single enterprise shall not exceed 10% net worth of the Company or the subsidiary based on the most recent financial statement.

Where the Company has established the position of Independent Directors, when it submits the matters related to loaning funds to other parties for discussion by the Board of Directors, the Company should consider each independent director's comments for any loan to others. If an independent director has objections or reservations, it should be stated in the meeting minutes of the board of directors.

Article 6: Tenure and interest calculation

Each funding is limited in one year or one operating cycle (whichever is longer).

The loan interest should not be lower than the highest interest for the Company's short-term finance from financial institutes. The payment of interest is on a monthly basis unless otherwise approved by the BOD for adjustment based on status quo.

Article 7: Post-debt management and procedures of overdue loan

After loan drawdown, the Company should monitor the financial and business status, as well as related credit updates of the debtor and guarantor. For those providing collaterals, the Company should keep track of any changes to the value of them. In case of any major variation, the Chairman should be notified immediately and observe his/her instructions.

Upon maturity date of the loan or complete pay-off prior to maturity date, the Company should calculate the interest payable. Before canceling the loans by commercial papers or canceling mortgages, the Company shall confirm that debtor settle all the principal and interest.

Upon maturity date, the debtor should repay all debt, including interests. In the case the debtor needs to apply for extension of payment, the debtor shall apply in advance, which should be reviewed and approved by the Board of Directors. Each extension is limited to 3 months and each debtor may only apply once and should comply with tenure limitation in Paragraph 1 Article 6. Otherwise the Company is entitled to impose punishment or compensation from the collaterals or guarantor(s) of the debtor.

- Article 8: Management procedures for loans of funds to others from subsidiaries
1. When any subsidiary of the Company intends to loan to others, such subsidiary should set procedures referring to “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and comply with such procedures.
 2. When any subsidiary of the Company intends to loan to others, such subsidiary should provide related data to the parent company and proceed after consulting with related personnel in the parent company.
 3. After drawdown, the subsidiary should continue to update the parent company on a regular basis for the follow-up status of the loaned credit line.

- Article 9: Procedures of announcement and declaration
1. The Company should announce and declare the endorsement/guarantee balance as of the last month end for the Company and subsidiaries prior to the 10th of each month.
 2. When the Company’s loan balance meets any of the following standards, the Company is required to make promulgation within 2 days after the occurrence date:
 - (1) The loan balance of the Company and subsidiaries to others achieve more than 20% of the Company’s net worth according to the most recent financial statements.
 - (2) The loan balance of the Company and subsidiaries to a single enterprise achieve more than 10% of the Company’s net worth according to the most recent financial statements.
 - (3) The new loans of fund of the Company or subsidiaries is more than NT\$10 millions and above 2% of the Company’s net worth according to the most recent financial statements.

If any subsidiary of the Company is not a listed company and the subsidiary meets any of the requirements as above-stated in section 3 in the preceding paragraph, the Company should make declaration on behalf of the subsidiary.

“The occurrence date” in paragraph 2 means the contract signing date, the payment date, the Board of Directors resolution date, or other dates that can confirm the counterparties of loan and monetary amounts, whichever date is earlier.

3. The Company should evaluate or recognize the contingent loss of the loans and disclose related information in financial reports, offering

related data to CPAs for necessary audit procedures.

Article 10: Filing and retention of documents

For any loans of fund to others, the Company should record the target(s), credit line/ facility, the approval date of the Board of Directors, approval date of the loan and evaluation items on a record book for future reference. The responsible person of each loan case should reserve the evidence of loan rights, such as contracts or commercial papers, and the certificates of collaterals, insurance policies, and documents for correspondence in order in a retention bag. The responsible person should also submit to his or her supervisor for double-check after marking down the content of the documents and the name of the client before sealing the bag. On the seal, the chops of the responsible person and his/her supervisors are required before filing the client's data (and after registering on the registration book).

Article 11: Penalty

In the case of violation of the Company's manager(s) or responsible person(s) against "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" stipulated by competent authorities and the Procedures, the auditors or their supervisors should report such case to the President or Board of Directors immediately. And the President or Board of Directors should impose proper disciplinary action based on the seriousness of such case on related personnel.

Article 12: Audit

The internal auditors should write a written report to include the procedures of endorsement/ guarantee and implementation updates at least on a quarterly basis. If any major violation against rules is discovered, the auditors should notify each supervisor in a written notice.

Article 13: Others

1. The "subsidiaries" and "parent company" referred to in the Procedures should be based on the rules in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
"Net worth" 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.
2. The announcement and declaration of this Procedure means announce to the website appointed by the regulators.
3. In case of any changes resulting in violation against the Procedures for the target of loans or exceeding the limit of balance, the Company should stipulate a plan for improvement and submit such plan to each

supervisor. The Company should also commit to such improvement in compliant with the plan.

Article 14: This Procedure, after approved by Board of Directors, should be submitted to each supervisor and obtain the approval from shareholders in Shareholders' Meeting. If any director expresses objection on a record or a written statement, the Company should submit such objection to each supervisor and Shareholders' Meeting for discussion. Any related amendments should follow the same rules.

Where the Company has established the position of Independent Directors, when it submits the operational procedures related to loaning funds to other parties for discussion by the Board of Directors, the Company should consider each independent director's comment on the procedures. If an independent director has objections or reservations, it should be stated in the meeting minutes of the board of directors.

Where the Company has established an Audit Committee, the Audit Committee shall exercise its functional duties under Article 14-5 of the Securities and Exchange Act. The provisions regarding supervisors in this procedure shall apply mutatis mutandis to the Audit Committee.

If the Company establish an audit committee, the setting or amendments of this procedures shall be approved by majority members of the audit committee and submit to the board of directors for resolution. The second paragraph shall not apply.

If the setting or amendments is not approved by one-half of all members of the Audit Committee, it may be resolved by more than two-thirds of all directors, and the resolutions of the Audit Committee shall be stated in the meeting minutes of the Board of Directors.

All members of the Audit Committee referred to in paragraph 5 and all directors referred to in the preceding paragraph shall be counted as actual incumbents.