



Sino-American Silicon Products Inc.

Procedures for Lending Funds to Other parties

Article 1

The Company shall follow the Procedures set forth below for lending funds to other parties. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article 2

The party to whom the Company may lend its funds shall be limited to:

- 1 Companies or firms having business relationship with the Company.
- 2 Companies or firms in need of funds for a short-term period; Fund-lending to companies which need funds for a short-term period shall be limited to companies or firms in which the Company holds or be held 50 percent or more of the shares. The aforementioned "short-term period" shall mean the period of one year or business operation, whichever is longer. Loan amount shall mean the aggregate fund-lending balance of the Company for a short-term period.

Article 3

The total loan amount to others shall be varied according to the situations as follows.

1. The total amount for lending to a company/firm having business relationship with the Company shall not exceed the 40% of the net worth of the Company. The amount lent to a single recipient may not exceed the amount of the business transacted between the two parties in the most recent year. The transaction amount shall mean the sales or purchasing amount between the parties, whichever is higher. For transaction except sales and purchasing, a mutual agreement shall be signed beforehand and the total amount lent shall not exceed the definition of the agreement.
2. The total amount for lending to a company/firm for funding for a short-term period shall not exceed 40% of the net worth of the Company. The amount lent to a single recipient shall not exceed the 40% of the net worth of the Company.

Inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares are neither subject to the restriction in the preceding paragraph, section 2, nor subject to the restriction of capital loan and term of one year as set forth in Article 4, paragraph 1. However, capital loan limits and terms are still required to be described in its internal operation procedure.

Article 4



The term of each loan extended by the Company shall not exceed one year from the loan origination date. The interest rate shall be determined on the basis of the Company's funding, but in no event shall it be higher than the Company's highest short-term bank borrowing rate at the time of lending. The interests shall be calculated on a daily basis. Interest payment period and method are based on the mutual agreement.

With special circumstance and the approval of Board of Directors, the term of loan may be extended depending on its actual situation. Same applied to 100% holding foreign subsidiary of the Company.

Article 5

Review Process

1. When applying a loan from the Company, the borrower shall submit to the company/firm and financial information as well as an application form stating the purpose of the funds, duration and amount.
2. After the financial department of the Company receives the application from the borrower, items to be reviewed are as follows:
 - (a) Necessity and rationality
 - (b) Reviews of the background investigation and risk estimation of the borrower.
 - (c) Impact to the operational risks, financial status and shareholders' equity of the Company.
 - (d) Necessity of requesting for a guarantee and value estimation review of the guarantee.
 - (e) Comply with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and this Procedures. Restrictions aforesaid shall not be applied to borrowers from its subsidiaries.
- 3 After reviewed by the financial department of the Company that the borrower is in need of the loan and capable of redemption, the financial department shall compile the review data and submit for the approval of more than half of all members of the audit committee before submitting to the board of directors for resolution. Without the consent of more than half of the members of the audit committee, it may be implemented with the consent of more than two-thirds of the directors, and the resolution shall be recorded in the minutes of the board of directors.
- 4 Loans between the Company and its subsidiary or the subsidiaries themselves shall comply with the aforesaid procedures to submit to the board meeting for resolution of authorizing the chairman to execute appropriation or revolving the certain amount of the loan within one year to the same borrower. The so-called certain amount shall follow the Procedure and not exceed 10% of the net value in the latest financial performance of the company that provides the loan.
- 5 After the loan is approved, the financial department shall inform the borrower to sign the contract before the expiry date including the amount, duration, interest, securities and guarantees etc. The aforesaid restriction on the securities and guarantees shall not apply for the loan between the overseas companies 100% owned by the Company or with the Company.
- 6 After the loan contract is signed, the borrower is able to apply for the appropriation from the Company.



- 7 The borrower shall provide a guarantee note or security of equal value if necessary when apply for the appropriation of the loan. The security shall be set in pledge or mortgage with insurance except for lands and securities. The duration of the insurance shall cover the loan duration with the Company noted as the beneficiary.

Article 6

Internal Control

1. The Company shall establish and maintain a reference book to record all its fund-lending information, including the identity of the borrower, amount, the date on which the lending was approved by the Board of Directors, dates to advance the amount of the loan and related information regarding the assessment in accordance with the relevant regulations of the Procedures.
2. The internal auditing personnel of the Company shall audit the execution of the operation of lending of funds of the Company at least every quarter and produce a written auditing report. In the event of a material breach, the audit committee shall be notified in writing immediately. In case of any major violation, the manager and the organizer shall be punished according to the violation.
3. If the borrower no longer meets the requirements of the Procedures, or the total outstanding lending amount exceeds the lending limit approved by the Board of Directors due to unforeseeable changes of circumstances, the Company shall produce an improvement plan and submit to the audit committee of the Company for review. The aforesaid improvement plan shall be accomplished according to the planned schedule thereof

Article 7

- 1 The Company shall announce and report the previous month's balance of loans of funds made by itself and its subsidiaries by the 10th day of each month.
- 2 If the Company's loans of funds reach one of the following levels, the Company shall announce and report such fact within 2 days commencing immediately from the date of occurrence of the event.
 - (1) The balance of loans of funds by the Company and the Company's subsidiaries to others reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of loans of funds by the Company and the Company's subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
 - (3) The amount of new loans of funds by the Company or any of the Company's subsidiaries reaches NT\$10 million or more and also reaches 2 percent or more of the Company's net



worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any of its subsidiaries that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

- 3 The financial department shall review comply with the GAAP to review the loan and appropriate sufficient allowance for bad debts and disclose related information in the financial report as well as related data for necessary auditing procedure by the certified public accountant.

Article 8

- 1 After a loan has been disbursed by the Company, the financial, business, and credit condition of the borrower and the guarantor shall be monitored by the finance department on a regular ongoing basis. If collateral has been provided, it shall be monitored for any changes in the collateral value. In the event of any material change, it shall immediately be reported to the chairman of the board of directors, and appropriate measures shall be taken in accordance with the chairman's instructions.
- 2 If the borrower repays the loan when or before it becomes due, the interest payable shall first be calculated, and shall be paid together with the principal, before the promissory note and other related documents may be cancelled and returned to the borrower or the mortgage cancelled.
- 3 When a loan becomes due, the borrower shall promptly repay the principal and interest in full. If the borrower is unable to make repayment on the due date and deferral is required, the application for deferral shall be made in advance, and submitted to the board of directors for approval before implementation. For any given repayment, deferral shall not exceed three months, and only one deferral may be given. In the event of breach, the Corporation may duly dispose of, or pursue recovery from, the borrower's collateral or guarantor.

Article 9

- 1 If a subsidiary of the Company intends to lend funds to others, the Company shall require its subsidiaries to establish relevant procedures for lending funds in accordance with the Procedures and to comply with such procedures; Net worth shall be calculated based on the subsidiary's net worth.
- 2 The subsidiaries shall compile and submit the schedule which includes the details of lending funds made in the previous month to the Company for review by the tenth day of the current month.
- 3 The subsidiary's, if an public company, internal auditor personnel shall perform auditing on the Company's lending profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Company's audit department. The Company's audit department shall submit written report to the audit committee.
- 4 The internal audit personnel of the Company shall audit the operational procedures of the subsidiaries according to the yearly audit plan so as to understand the implementation status of lending funds to others. Corrections of any defects discovered shall be continuously tracked and a follow-up report shall be made to submit to the chairman.

Article 10



The Procedure shall be implemented after the approval of more than half of the audit committee and the resolution of the board of directors is submitted to the board of shareholders for approval. If any director expresses any objection and there is a record or written statement, the company shall submit such objection to the board of shareholders for discussion, and the same shall apply to amendment.

Without the consent of more than half of the members of the audit committee, the preceding paragraph may be implemented under the consent of more than two-thirds of the directors, and the resolutions of the audit committee shall be set forth in the minutes of the board of directors.

All members of the audit committee and all directors referred to in the preceding paragraph shall be the actual incumbents.

Article 11

The Procedure was enacted on May 29, 1990

The 1st amendment was made on March 19, 1999

The 2nd amendment was made on December 22, 1999

The 3rd amendment was made on March 25, 2002

The 4th amendment was made on June 13, 2003

The 5th amendment was made on June 19, 2008

The 6th amendment was made on June 3, 2009

The 7th amendment was made on June 15, 2010

The 8th amendment was made on June 27, 2012

The 9th amendment was made on June 25, 2013

The 10th amendment was made on July 6, 2017.

The 11th amendment was made on July 6, 2019.