

Jia Jie Biomedical Company Limited
Procedures for Lending of Funds to Others

Amended on October 8, 2020

I. Purpose

In order to provide a basis for Jia Jie Biomedical Co., Ltd. (the “Company”) in handling its lending of funds to others, these Procedures are adopted. Where other laws or regulations provide otherwise, such provisions shall prevail.

II. Content

Article 1 Parties to Whom Funds May Be Lent

1. Companies that have business dealings with the Company.
2. Companies that have a need for short-term financing. The aggregate financing amount shall not exceed 40% of the net worth of the enterprise extending the loans.

The term “short-term” in the preceding paragraph means a period of one year; however, if the Company’s operating cycle exceeds one year, the operating cycle shall apply.

The term “financing amount” in Subparagraph 2 of Paragraph 1 refers to the cumulative outstanding balance of short-term financing extended by the Company.

Lending of funds between foreign companies in which the Company directly and indirectly holds 100% of the voting shares, or lending of funds by such foreign companies to the Company, shall not be subject to the restriction set forth in Subparagraph 2 of Paragraph 1. However, the total lending amount and the limit for each counterparty shall still be stipulated, and the term of the lending shall be clearly defined. Such provisions shall also be set forth in the operating procedures of the subsidiaries.

Where the responsible person of the Company violates Paragraph 1, such person shall bear joint and several liability with the borrower for repayment. If the Company suffers any damage, the responsible person shall also be liable for damages.

Article 2 Reasons and Necessity for Lending of Funds

Where the Company lends funds to another company due to business dealings, such lending shall be handled in accordance with Subparagraph 2 of Article 3.

Where the Company lends funds due to a need for short-term financing, such lending shall be limited to the following cases:

1. A company in which the Company holds 50% or more of the shares and which has a need for short-term financing due to business requirements.
2. Another company that has a need for short-term financing due to material purchases or operating turnover.
3. Any other case approved by the Board of Directors of the Company for lending of funds.

Article 3 Total Lending Amount and Limits for Individual Counterparties

1. The total amount of lending by the Company shall not exceed 40% of the Company's net worth.
2. For companies having business dealings with the Company, the total amount of lending shall not exceed 20% of the Company's net worth, and the amount lent to any individual counterparty shall not exceed the amount of business dealings between the parties. The "amount of business dealings" refers to the higher of the purchase or sales amount between the two parties.
3. For companies with a need for short-term financing, the total amount of lending shall not exceed 20% of the Company's net worth, and the amount lent to any individual counterparty shall not exceed 10% of the Company's net worth.

Article 4 Lending Procedures

When lending funds, the following items shall be specified, and the relevant procedures shall be followed:

1. Parties eligible to receive loans.
2. Evaluation criteria for lending of funds to others:
 - (1) For lending based on business dealings, standards shall be prescribed to evaluate whether the lending amount is commensurate with the amount of business dealings.
 - (2) For lending based on a need for short-term financing, the reasons and circumstances under which funds may be lent shall be listed.
3. The total lending amount and limits for individual counterparties shall be prescribed separately for lending based on business dealings and for short-term financing.
4. Lending term and interest calculation method.
5. Lending procedures.

Where the Company engages in short-term financing pursuant to Paragraph 5 of Article 3, in addition to complying with the provisions of the preceding paragraph, the Company shall strengthen risk assessment and set lending limits with respect to

unsecured loans, loans to enterprises in the same industry, and loans to the same related party or group enterprise.

In handling lending of funds, the Company shall require the borrower to submit necessary corporate and financial information and apply in writing to the Company for a credit line.

Upon receipt of the application, the Finance Department shall investigate and assess the borrower's business, financial condition, debt-servicing ability, credit status, profitability, and intended use of funds, and prepare a report.

6. The Finance Department shall conduct detailed investigation, evaluation, and review of the lending counterparty, including at least the following:

(1) The necessity and reasonableness of lending funds to others.

(2) Credit investigation and risk assessment of the lending counterparty.

(3) The impact on the Company's business risk, financial condition, and shareholders' equity.

(4) Whether collateral should be obtained and the appraised value of such collateral.

7. Collateral:

When the Company handles lending of funds, it shall obtain a promissory note in an amount equal to the loan, and, where necessary, establish a pledge or mortgage on movable or immovable property.

Where the debtor provides a guarantor with sufficient financial capacity and credit in lieu of collateral, the Board of Directors may handle the case with reference to the Finance Department's credit investigation report. Where a company acts as guarantor, due attention shall be paid to whether its Articles of Incorporation allow it to provide guarantees.

8. Delegation of authority:

When handling lending of funds, the Company shall proceed only after the Finance Department has completed a credit investigation, the Chairperson has approved the case, and the Board of Directors has adopted a resolution in favor thereof. No other person may be authorized to make such decisions.

The Company shall give full consideration to the opinions of the Independent Directors; if any Independent Director expresses dissenting or qualified opinions, such opinions shall be recorded in the minutes of the Board meeting.

Article 5 Lending Term and Interest Calculation Method

1. Lending of funds between the Company and its subsidiaries, or between subsidiaries, shall be submitted to the Board of Directors for a resolution in

accordance with the preceding provisions. The Board may authorize the Chairperson to disburse the funds in installments or on a revolving basis to the same counterparty within a certain amount approved by the Board and within a period not exceeding one year. The term “certain amount” (except in cases complying with Paragraph 4 of Article 1) means that the authorized lending amount of the Company or its subsidiaries to any single enterprise shall not exceed 10% of the net worth shown in the most recent financial statements of the lending company.

2. The interest rate on loans shall not be lower than the highest short-term borrowing rate from financial institutions available to the Company. As a general principle, loan interest shall be collected on a monthly basis. In special circumstances, with the approval of the Board of Directors, the collection method may be adjusted according to actual needs.

Article 6 Post-Lending Control Measures and Procedures for Handling Overdue Claims

1. After a loan is disbursed, the Company shall continuously monitor the borrower’s and guarantor’s financial condition, operations, and credit status. Where collateral has been provided, the Company shall also monitor any changes in the value of the collateral. In the event of any material change, the Chairperson shall be notified immediately and appropriate measures shall be taken in accordance with instructions.
2. When the borrower repays the loan on or before maturity, the Company shall calculate the interest payable, and the borrower shall settle both principal and interest in full before the promissory note is cancelled and returned or the mortgage is discharged.
3. The borrower shall repay the principal and interest in full upon maturity. If the borrower is unable to repay at maturity and requires an extension, a request must be submitted in advance and approved by the Board of Directors. Each loan may be extended only once, for a period not exceeding three months. In case of violation, the Company may dispose of the collateral or pursue claims against the guarantor in accordance with law.

Article 7 Internal Control

1. The Company shall maintain a register for lending of funds, recording in detail the counterparties, amounts, dates of Board approval, dates of disbursement, and matters subject to prudential evaluation as required.

2. Internal auditors shall audit at least quarterly the procedures and implementation status of the Company's lending of funds and prepare written records. If any material violation is found, written notice shall be given to the Audit Committee. Depending on the seriousness of the violation, managerial officers and personnel in charge may be subject to disciplinary action.
3. If, due to changes in circumstances, a lending counterparty no longer meets the requirements of these Procedures or any lending balance exceeds the prescribed limits, the Company shall formulate an improvement plan, submit the plan to the Audit Committee, and complete the improvements according to the planned schedule.

Article 8 Public Disclosure and Reporting

For purposes of these Procedures, "public disclosure and reporting" means entering information into the information reporting website designated by the Financial Supervisory Commission ("FSC").

"Date of occurrence" means the earlier of the contract signing date, payment date, date of Board resolution, or any other date sufficient to determine the counterparty and amount of the lending of funds.

1. The Company shall, by the 10th day of each month, publicly disclose and report the outstanding balance of lending of funds by the Company and its subsidiaries for the previous month.
2. Where the outstanding balance of lending of funds meets any of the following thresholds, the Company shall make a public disclosure and filing within two days from the date of occurrence:
 - (1) The outstanding balance of lending of funds by the Company and its subsidiaries reaches 20% or more of the Company's net worth as shown in the most recent financial statements.
 - (2) The outstanding balance of lending of funds by the Company and its subsidiaries to any single enterprise reaches 10% or more of the Company's net worth as shown in the most recent financial statements.
 - (3) The new lending amount by the Company or any subsidiary reaches NT\$10 million or more and reaches 2% or more of the Company's net worth as shown in the most recent financial statements.

Where a subsidiary of the Company that is not a domestic public company meets the condition set forth in Subparagraph (3) of the preceding paragraph, the Company shall make the required public disclosure and filing on behalf of such subsidiary.

III. Other Matters

1. Where any subsidiary of the Company intends to lend funds to others, the Company shall require such subsidiary to adopt its own procedures for lending of funds in accordance with the FSC “Regulations Governing the Lending of Funds and Making of Endorsements/Guarantees by Public Companies,” and such subsidiary shall handle lending in accordance with its procedures.
2. The Company shall evaluate its lending of funds and set aside adequate allowance for bad debts, appropriately disclose related information in its financial reports, and provide relevant information to the attesting CPA for necessary audit procedures.
3. Any matters not covered by these Procedures shall be handled in accordance with applicable laws and regulations and the Company’s relevant rules.
4. Foreign companies referred to in Article 165-1 of the Securities and Exchange Act (the “Foreign Companies”) that engage in lending of funds to others shall, mutatis mutandis, apply these Procedures.

For the purpose of calculating net worth under these Procedures, net worth of a Foreign Company means “equity attributable to owners of the parent” as stated in the balance sheet.

IV. Enforcement and Amendment

These Procedures shall be adopted with the consent of one-half or more of all members of the Audit Committee, then submitted to the Board of Directors for approval, and further submitted to the Shareholders’ Meeting for ratification. If any Director expresses an objection and it is recorded or submitted in writing, the Company shall submit such objection to the Audit Committee and the Shareholders’ Meeting for discussion. The same procedure shall apply to any amendment.

When these Procedures are submitted to the Board of Directors for discussion, full consideration shall be given to the opinions of all Independent Directors. If any Independent Director expresses dissenting or qualified opinions, such opinions shall be recorded in the minutes of the Board meeting.

Where the Company adopts or amends these Procedures with the consent of one-half or more of all members of the Audit Committee, the Board of Directors may resolve not to apply the requirement in the preceding paragraph.

For purposes of these Procedures, “all members of the Audit Committee” and “all Directors” shall be calculated based on the actual number of persons in office.