

## **Inventec Corporation**

### **Regulations Governing Loaning of Funds**

(This English version is a translation based on the original Chinese version. Where any discrepancy arises between the two versions, the Chinese version shall prevail.)

#### Article 1

The company shall comply with these Regulations when making loans to others.

#### Article 2

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.

#### Article 3

Short-term financing facility refers to the following:

1. A company in which the company directly and indirectly holds more than 50% of the voting shares having a business need for short-term financing.
2. Where an inter-company or inter-firm short-term financing facility is necessary due to purchase of materials or operational needs..
3. Other approval by the board of directors.

#### Article 4

Financing amount shall not exceed 50% of the Company's net worth on the most current financial statements.

1. Where an inter-company or inter-firm short-term financing facility is necessary, provided that total financing amount shall not exceed 40% of the company's net worth of latest financial report , individual financing amount shall not exceed 50% of loanable funds.
2. Where funds are loaned for reasons of business dealings, shall consider whether the amount of a loan is commensurate to the total amount of trading between the two companies, provided that total financing amount shall not exceed 50% of the company's net worth of latest financial report, individual financing amount shall not exceed trading amount in recent year." Trading amount" means the amount of purchase or sale between the parties, whichever is higher.

The restriction in the preceding paragraph 1 shall not apply to loan made between foreign companies in which the company holds, directly or indirectly, 100% of the voting shares, or a foreign company in which the Company directly and indirectly holds 100% of

the voting shares, loaning of funds to the Company. Total financing amount shall not exceed 50% of the company's net worth of latest financial report, individual financing amount shall not exceed 50% of loanable funds. The durations of loans means one year, or where the company's operating cycle exceeds one year, one operating cycle.

#### Article 5

Loans of funds between the public company and its subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the Article 8, 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 shall be in compliance with Article 4. In addition, the authorized limit on 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.

#### Article 6

The durations of loans means one year, or where the company's operating cycle exceeds one year, one operating cycle. The borrower has been already reimbursed of borrowing, if need to be renewed, should re- apply.

#### Article 7

Interest, as agreed interest rate, but didn't must be lower than bank short term loan rate or money market rate.

#### Article 8

When the borrower applies for a loan, the company shall evaluate its business conditions, finance finance and solvency , borrow purpose etc and create credit information by detailed review procedure. After signing by chairman and approval of the board of directors ,the company can lend to the borrower . Total financing amount reaches 2% or more than the Company's net worth as stated in its latest financial report shall be subject to the consent of audit committee and be submitted to board of director for a resolution.

Detailed review procedures, including:

1. The necessity of and reasonableness of extending loans to others.
2. Borrower credit status and risk assessment.
3. Impact on the company's business operations, financial condition, and shareholders' equity.

4. Whether collateral must be obtained and appraisal of the value thereof.

The company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated.

The company's internal auditors shall audit the Operational Procedures for Loaning Funds to 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.

#### Article 9

To ensure the creditor's rights of the company, the borrower should provide a promissory note in order to present to bank for payment. Besides, the company can request the borrower to provide the chattels, real property as collateral in necessary. Except for land and securities, the collateral should be insured.

#### Article 10

Above-mentioned loan funds to others, the finance should establish the detail ledger to post, its contents includes borrower name, amount and directorate resolution date, loan date and projected pay date, balance in the end of this month and pledge.

#### Article 11

The company shall announce and report the previous month's loan balances of its and subsidiaries by the 10th day of each month.

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 public company and its subsidiaries reaches 20% or more of the company's net worth as stated in its latest financial statement.
2. The balance of loans by the public company and its subsidiaries to a single enterprise reaches 10% 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 its subsidiaries reaches NT\$10 million or more, and reaches 2% 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 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 subparagraph 3 of the preceding

paragraph. The expression "public disclosure and filing" or "publicly disclose and file" as used in this article means entering the information into the website specified by the FSC for the submission of electronic filings. Net worth under these Regulations means the balance sheet equity attributable to the owners of the parent company.

#### Article 12

After allocate funds, the company shall appraisal finances, operating and credit standing regularly of the borrower and sponsor. Where collateral is provided, changes in its values shall be noted, and any material change shall be immediately reported to the chairman and be dealt with according to the instruction to ensure the creditor's right. The company shall adopt appropriate conservatory measures when there is a likelihood of overdue claims

#### Article 13

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

The company shall comply with these Regulations when making loans to others. Any material violation found, punishment being imposed on the managers or personnel in charge.

#### Article 14

If, as a result of a change in circumstances, an entity for which loan is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the company shall adopt rectification plans and submit the rectification plans to audit committee, and shall complete the rectification according to the timeframe set out in the plan.

The company shall execute the following control activities when supervising its subsidiaries' audit management:

1. Where a subsidiary intends to loan funds to others, the company shall instruct it to formulate its own regulations which approved by resolution at a board meeting and the shareholders' meeting , and it shall comply with the regulations.
2. File statements of loaning of funds made by the subsidiaries for the preceding month each calendar month.
3. The company's internal audit shall conduct subsidiary audits. Upon submission of the audit findings and recommendations in reports, the company shall notify the audited subsidiary to make corrections and prepare follow-up reports.

#### Article 15

The regulations shall subject to the consent of audit committee, and submit to board of directors for a resolution and submit them for approval by the shareholders' meeting. The same shall apply to any amendments to the procedures, where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion for discussion by the shareholders' meeting.

(The Regulations were amended on Jun. 14<sup>th</sup>, 2019.)