

## **Niko Semiconductor Co., Ltd.**

### **Procedures for Lending Funds to Others**

#### **I. Subject:**

In order to follow the operating procedures of the company's funds lending to others, this procedure is specially formulated.

#### **II. Content:**

##### **Article 1: Objects of loans and funds:**

1. Companies that have business dealings.
2. If there is a need for short-term financing, the amount of financing shall not exceed 40% of the company's net value, and shall be limited to the following companies:
  - (1) A company in which the company directly or indirectly holds more than 50% of the voting shares.
  - (2) A company that directly or indirectly holds more than 50% of the voting shares of the company.

The term "short-term" as mentioned in the preceding paragraph refers to one year.

The financing amount referred to in the second paragraph of Paragraph 1 refers to the accumulated balance of short-term financing funds of the company.

The net worth mentioned in this operating procedure refers to the equity attributable to the owner of the parent company in the balance sheet stipulated in the financial reporting standards for securities issuers.

##### **Article 2: Evaluation Criteria for Fund Loans to Others:**

1. If the company engages in fund lending due to business relationship, it shall be limited to those whose business transactions have already occurred.
2. If the company needs to engage in capital lending due to short-term financing funds, the following circumstances are limited:
  - (1) A company in which the company directly or indirectly holds more

than 50% of the voting shares and needs short-term financing due to business needs.

- (2) A company that directly or indirectly holds more than 50% of the voting shares of the company and needs short-term financing due to business needs.

Article 3: The total amount of capital loan and the limit of individual objects:

1. For companies necessary for short-term financing, the individual loan amount shall not exceed 10% of the net value of the company's most recent audited and certified financial statements or financial statements at the time of the loan; The period is limited to 40% of the net value after the accountant has verified the visa or reviewed the financial statements.
2. For companies that have business dealings with this company, the amount of individual loans shall not exceed the amount of business dealings between the two parties; the so-called business dealing amount refers to the purchase or sale of goods between the two parties in the latest year or as of the time of capital loan in the current year. whichever is higher. The total amount shall not exceed 20% of the net value of the company's most recent audited and certified financial statements or financial statements at the time of lending.

If the company directly or indirectly holds 100% of the voting shares and engages in the lending of funds, or the foreign company directly and indirectly holds 100% of the voting shares to engage in the lending of funds to the company, it is not subject to the restrictions of (2) of Paragraph 1 of Article 1, but the total amount of capital loan and the limit of individual objects shall be determined in accordance with Article 5 of this operating procedure and the provisions of this article, and the time limit of capital loan shall be clearly specified.

Article 4: Loan and operation procedures:

1. Application:

When this company handles fund loan matters, the borrower shall submit the necessary company information and financial information first, and apply to the company in writing for a financing amount.

2. Credit:

After the company accepts the application, the financial unit shall investigate and evaluate the business, financial status, solvency and credit, profitability and loan purpose of the loan object, and prepare a report.

The financial unit shall conduct a detailed evaluation and review of the funds loaned to the object, and the evaluation and regular follow-up matters shall at least include:

- (1) The necessity and rationality of lending funds to others.
- (2) Whether or not the amount of the loan is necessary based on the financial status of the target of the loan.
- (3) Whether the accumulated capital loan amount is still within the limit.
- (4) Impact on the company's operational risks, financial status and shareholders' rights and interests.
- (5) Whether the collateral should be obtained and the appraised value of the collateral.
- (6) Attach the records of capital loan and credit and risk assessment.

### 3. Security:

- (1) When handling capital loan matters, the company shall obtain the same amount of guaranteed promissory note or other collateral provided by the borrower, and when necessary, handle the establishment of the mortgage of movable or immovable property. Except for land, securities and intellectual property rights, it shall For fire insurance and related insurance, the insurance amount should not be less than the collateral and the pledged value. The insurance policy should indicate that the company is the beneficiary.
- (2) For the current creditor's rights guarantee, if the debtor provides an individual or company with considerable capital and credit as the guarantee, instead of providing collateral, the board of directors may refer to the credit report of the financial unit for handling; Whether the articles of association have provisions that can be guaranteed.
- (3) Mortgage or collateral shall be counted from time to time and kept by persons not responsible for lending funds to others.

This company is not subject to the restriction of Paragraph 3 of Article 4 when it engages in capital lending to companies that directly and indirectly hold more than 50% of the voting shares.

#### 4. Scope of authorization:

The company handles fund loans and matters. After the company's financial unit has obtained credit, it will be submitted to the general manager for approval and submitted to the board of directors for approval. No other person may be authorized to make decisions. The opinions of each independent director shall be fully considered, and the clear opinions of their agreement or objection and the reasons for their objection shall be recorded in the board records.

Fund loans between the company and its subsidiaries or between subsidiaries shall be subject to the resolution of its board of directors, and the chairman of the board is authorized to allocate or revolve loans to the same loan object within a certain amount determined by the board of directors and within a period not exceeding one year.

The certain amount mentioned in the preceding paragraph, except for those in compliance with the provisions of this operating procedure, the amount of capital loan and authorization granted by the company or its subsidiaries to a single enterprise shall not exceed 10% of the net value of the company's most recent financial statement, but the company directly and For foreign companies that indirectly hold 100% of the voting shares, the amount of capital lending and authorization shall be handled in accordance with the operating procedures for capital lending to others.

#### Article 5: Loan and term and interest calculation method:

1. Each capital loan and term: The principle is not to exceed one year. In special circumstances, with the approval of the board of directors, the loan term may be extended according to the actual situation. However, if the loan is required for short-term financing, The loan period shall not exceed one year.
2. Fund loan and interest rate: It is determined by reference to the lending rate standard of the company's financial institutions, and may be adjusted according to the company's capital cost.

Article 6: Follow-up control measures for the loaned amount, overdue claims handling procedures:

1. After the loan is disbursed, the borrower and the guarantor's financial, business and relevant credit status should be paid attention to frequently. If there is any collateral provided, the guarantee value should be paid attention to whether there is any change. If there is a major change, it should be reported immediately. Chairman, and follow the instructions for proper handling.
2. When the borrower repays the loan at or before the maturity of the loan, it shall first calculate the interest payable, and repay the loan together with the principal before canceling the loan by promissory note and returning it to the borrower or canceling the mortgage.
3. The borrower shall repay the principal and interest immediately when the loan matures. If the repayment is not due and needs to be postponed, a request must be made in advance and reported to the board of directors for approval. Each deferred repayment shall not exceed three months and shall be limited to one time. The collateral or guarantor shall be punished and recovered in accordance with the law.

Article 7: Internal Control:

1. When handling fund loan matters, the company shall establish a reference book, and record the details of the fund loan object, amount, approval date of the board of directors, fund loan date, mortgage or collateral, and matters that should be carefully evaluated according to regulations. Approved by the responsible supervisor.
2. The company's internal auditors shall at least quarterly audit the operating procedures of capital loans to others, whether the amount of capital loans to others exceeds the limit, and whether the objects comply with the regulations of the competent authorities and their implementation, and make written records. The Audit Committee shall be notified in writing immediately.

If there are any violations of this procedure or the laws and regulations, the managers and organizers will be punished according to the seriousness of the circumstances in accordance with the company's personnel management regulations.

3. The company shall formulate an improvement plan and submit the relevant improvement plan to the audit committee when the loan does not conform to the provisions of this operating procedure or the balance exceeds the limit due to changes in circumstances, and complete the improvement according to the planned schedule.

#### Article 8: Announcement and declaration procedures:

For matters related to the loan of funds, which shall be reported or announced to the competent authority in accordance with the regulations, the Company shall handle it in accordance with the relevant regulations. If the subsidiary company of this company is not a domestic public offering company, if there are matters that should be announced and reported according to regulations, this company will announce and report on its behalf.

#### III. References and other matters:

1. When a subsidiary of the company intends to lend funds to others, the company shall instruct the subsidiary to formulate operating procedures for lending funds to others in accordance with regulations, and shall handle the procedures in accordance with the prescribed operating procedures.
2. The company shall evaluate the situation of capital loan and make appropriate provision for bad debts, properly disclose relevant information in the financial report, and provide relevant information to the certified accountant to carry out the necessary verification procedures.
3. Matters not covered in this operating procedure shall be handled in accordance with relevant laws and regulations and the relevant rules of the company.

#### IV. Entry into Force and Amendment:

This operating procedure shall be approved by the audit committee and then submitted to the board of directors for approval and submitted to the shareholders' meeting for approval. If a director expresses dissent and there is a record or written statement, the company shall submit his dissent to the shareholders' meeting for discussion, and the same applies to amendments.

When submitting to the Audit Committee for discussion in accordance with the provisions of the preceding paragraph, it shall be approved by more than half of all members of the Audit Committee, and a resolution shall be submitted to the board of directors. If not approved by more than one-half of all members of the audit committee, it may be implemented with the consent of more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors.

All members of the audit committee and all directors referred to in Paragraph 2 shall be counted on the basis of the actual incumbents.