

FORTUNE INFORMATION SYSTEMS CORPORATION

Operational Procedures for Loaning Funds to Others

December 23, 1997 established
May 15, 2003 amended
June 10, 2009 amended
June 15, 2011 amended
June 18, 2012 amended
June 17, 2013 amended
June 21, 2019 amended
June 24, 2022 amended

Article 1

These Regulations are promulgated pursuant to Article 36-1 of the Securities and Exchange Act and Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Article 2

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

Article 3

Under the Company Act, 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; or
2. Where an inter-company or inter-firm short-term financing facility is necessary.

Article 4

The financing amount that the Company loans funds to others shall not exceed 40 percent of net worth of the Company.

1. The total amount lent to inter-companies or inter-firms business transaction shall not exceed 20 percent of the Company's net worth. The individual amount of the loan shall not exceed the amount of the business transaction between the two parties in the most recent fiscal year, whichever is higher, referred to as the business transaction amount.
2. For funds lent to companies or businesses that require short-term working capital, the total amount of the loan shall not exceed 20% of the Company's net worth. The amount of funds lent to an individual borrower shall not exceed 20% of this limit.

The total amount, that inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or to loans of fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares, shall not exceed 50% of the Company's net worth.

The net worth referred to in this operational procedure refers to equity attributable to owners of the parent in the balance sheet as defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The maximum term for lending funds is one year. However, in the case of lending funds between foreign companies in which our company directly or indirectly holds 100% of the voting shares, the financing period shall not exceed three years.

Article 6

The interest on funds lent shall be calculated on a daily basis and shall not be lower than the average interest rate for short-term loans of financial institutions on the day of the loan, or the Company's cost of funds on the day of the loan.

Article 7

Before providing funding, the borrower should submit the necessary financial and guarantee information, and the relevant department should review its necessity and reasonableness. If the funding is provided due to business transactions, the loan amount should be assessed to see if it is commensurate with the business transaction amount. If the funding is necessary for short-term liquidity, the reasons and circumstances for borrowing should be listed. A credit investigation of the borrower should be conducted, and the impact of the funding on the Company's operational risk, financial condition, and shareholder equity, as well as whether collateral and collateral value assessments are required, should be evaluated. After presenting the relevant information and proposed lending conditions for approval by the general manager and chairman of the board, the funding can be approved by the board of directors.

Funds provided between the Company and its subsidiaries or between subsidiaries should be subject to the above regulations and require board approval. The chairman of the board may be authorized to make disbursements or revolving use of the same loan object within a certain limit and not exceeding one year, subject to board approval.

The above-mentioned limit, except as provided in the paragraph 2 of Article 4, shall not exceed 10% of the net amount of the most recent financial statements of the Company or subsidiary for loans to an individual enterprise.

When the Company has independent directors, their opinions should be fully considered when providing funding to others, and their explicit agreement or opposition and reasons for opposition should be recorded in the board of directors' meeting minutes.

Article 8

Follow-up control measures for the loan amount and procedures for handling overdue debts:

1. When the Company handles the matter of loaning funds, the finance department should record in detail the information related to the loan recipient, loan amount, loan date, expected collection date, date of board of directors' resolution, collateral situation, and matters that need to be carefully evaluated in a ledger for reference.
2. The internal auditors of the company should audit the procedure and execution of loaning funds to others at least every quarter and make written records. If any significant violations are discovered, the auditing committee members should be notified in writing immediately.

3. If the loan recipient no longer conforms to the procedures outlined in this operation due to changes in circumstances or exceeds the limit, the auditing unit should urge the finance department to develop an improvement plan, send the related improvement plan to all auditing committee members, and complete the improvement according to the plan schedule.

Article 9:

Deadline and Content of Public Disclosure and Reporting:

The Company shall, before the 10th day of each month, disclose and report to the Securities and Futures Bureau-designated information website (Public Information Observation Station) the balance of its and its subsidiaries' fund loans from the previous month and related information.

If the balance of the Company's and its subsidiaries' fund loans meets one of the following criteria, relevant information shall be entered into the Market Observation Post System within two days of the occurrence of the event:

1. The balance of the Company's and its subsidiaries' fund loans to others reaches 20% or more of the Company's latest financial statement net worth.
2. The balance of the Company's and its subsidiaries' fund loans to a single enterprise reaches 10% or more of the Company's latest financial statement net worth.
3. The amount of newly added fund loans by the Company or its subsidiaries reaches NT\$10 million or more and 2% or more of the Company's latest financial statement net worth.

The term "occurrence of the event" as used in this operating procedure refers to the date of the contract signing, payment, board resolution, or other date that is sufficient to determine the fund loan object and transaction amount.

If a subsidiary of the Company is not a domestic publicly listed company and meets the criteria for public disclosure and reporting set forth in the preceding paragraph 3, the Company shall be responsible for such disclosure and reporting on behalf of the subsidiary.

The Company shall evaluate the situation of fund loans, make adequate provisions for bad debts, disclose relevant information in its financial reports, and provide related information to the auditor for necessary audit procedures.

Article 10

If a subsidiary of the Company intends to lend funds to others, it shall establish this operating procedure and follow the established operating procedure; however, the net worth shall be based on the subsidiary's net worth for calculation purposes.

The subsidiary shall prepare a detailed list of the funds lent to other companies for the previous month and submit it to the Company by the 6th of each month (excluding the 6th).

The internal auditors of the subsidiary shall audit the lending operation procedure and its implementation and make written records. If major violations are found, they shall immediately notify the internal audit unit of the Company in writing, and the internal audit unit of the Company shall submit the written information to all members of the audit committee.

When the auditors of the Company visit the subsidiary for auditing purposes, they

shall also understand the implementation of the subsidiary's lending procedure. If any deficiencies are found, they shall continue to track the improvement progress and make a follow-up report to the general manager.

Article 11

When the managers and responsible personnel of the Company violate this Operating Procedure, they shall be reported for assessment in accordance with the Company's personnel management regulations and punished according to the seriousness of the circumstances.

Article 12

The "Operational Procedures for Loaning Funds to Others" of the Company shall be approved by the Audit Committee, submitted to the Board of Directors for approval, and then presented to the shareholders' meeting for approval. The same shall apply to any revisions made to the procedures.

When submitting this procedure to the Board of Directors for discussion in accordance with the preceding paragraph, the opinions of each independent director should be fully considered. If any independent director has objections or reservations, it should be recorded in the minutes of the Board of Directors.