

APACER TECHNOLOGY INC.
Operational Procedures for Loaning Funds to Others

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

Article 1 The party that the Company may lend its funds

For business transactions, or the need for short-term financing for subsidiaries in which the Company holds more than 50% of the shares, or the need for short-term financing between overseas companies in which the Company directly and indirectly holds 100% of the voting shares, or the need for short-term financing for capital loans which are intended to be converted into equity investments, may the Company lend funds (hereinafter referred to as the "borrower") according to these Procedures.

Article 2 Evaluation standards for loaning funds to others:

- I. For any borrower applying for a loan to the Company due to business transactions, the amount of each loan shall not exceed the total value of the business transactions between the Company and the borrower in the most recent year. The total value of the business transactions means the total amount of purchases or sales, whichever is higher.
- II. For any borrower applying for a loan to the Company due to the need for short-term financing, the loan is limited to the subsidiaries in which the Company holds at least 50% of the shares, or which needs the loan for converting it into equity investment.

Article 3 Total amount of loans and limits for individual borrowers

- I. The total amount of loans shall not exceed 50% of the net worth of the Company as shown in the latest financial statements that have been audited or reviewed by the CPA. Among the loans, the total amount of loans needed for short-term financing shall not exceed 20% of the net worth of the Company as shown in the latest financial statements audited or reviewed by the CPA.
- II. Limits for individual borrowers with business transactions
The limit for each borrower shall be determined based on the following situation:
 - (I) For the companies of which the Company holds more than 50% of the shares, the amount of loans shall not exceed 10% of the net

value of the Company.

- (II) For any company of which the Company holds less than 50% of the shares, the amount of loans shall not exceed 40% of the net value of that company.
- (III) For any other borrower, the amount of loans shall not exceed 25% of the net value of the borrower.

III. Limits for individual borrowers with the need for short-term financing.

The limit for each borrower shall be determined based on the following situation:

- (I) For the companies of which the Company holds more than 50% of the shares, the amount of loans shall not exceed 10% of the net value of the Company.
- (II) For the companies of which the Company holds less than 50% of the shares, the amount of loans shall not exceed 40% of the net value of that company.
- (III) For short-term financing between any overseas companies in which the Company directly or indirectly holds 100% of the voting shares, the amount of loans may exceed 40% of the net value of the company that applied for the loans, and it must be approved by the board of directors of the Company.
- (IV) For other borrowers, the amount of loans shall not exceed 25% of the net value of the borrower.

In the case that short-term financing is intended to be converted into equity investment, the application for the loan shall be submitted on a case-by-case basis to the board of directors for approval, and the amount shall not exceed the above-mentioned limits.

Article 4 Duration of loans and calculation of interest.

The duration of the loan that any borrower acquires from the Company shall not exceed one year. The term may be extended more than one year with the application being submitted to and approved by the board of directors. The chairman is authorized to determine the method of calculating the interest.

Article 5 Procedures for handling loans of funds

- I. To apply for a loan from the Company, the borrower shall prepare relevant certificates of its company and the photocopy of the ID card of its representative and required financial information. The borrower shall

submit a written application along with these documents to the Financial Management Division of the Company for a financing amount. The Financial Management Division shall conduct a credit investigation and submit the application to the board of directors for approval.

- II. After the amount has been approved, the borrower shall fill out an application form and submit it to the Financial Management Division for withdrawing the funds.

Article 6 Loan review procedure

- I. When a borrower applies for a loan to the Company, the borrower shall specify the purpose and necessity of the loan. The Financial Management Division shall decide whether to accept the application.
- II. The Financial Management Division shall conduct a precise credit investigation on the operation condition of the borrower. For any application with a good credit rating and a legitimate loaning purpose, the person who is responsible for handling the application shall fill out a credit investigation report with comments, and the proposal of loaning terms, and submit them to the board of directors for approval.
- III. In addition to conducting a credit investigation on the borrower, the Financial Management Division shall also assess the operational risks, the potential impacts of the financial conditions and shareholders' equities on the Company, after making the loan, and submit its comments along with the credit investigation report of the borrower to the board of directors for approval.
- IV. When the borrower applies to withdraw the funds from the Company, the borrower shall provide a promissory note or collateral with a value that is equivalent to the amount of the loans as a guarantee. The value of the collateral shall be evaluated and determined by the Financial Management Division.
- V. Before the Company makes loans to others, it shall assess the compliance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and these Procedures cautiously. The assessment results in accordance with Article 6 shall be submitted to the board of directors for approval, and shall not be authorized to others to make the decision.

- VI. Any loan agreement between the Company and a subsidiary or between the subsidiaries shall be approved by the board of directors in accordance with the preceding paragraph. The chairman may be authorized to, within one year and under a certain limit approved by the board, loan the funds to the same borrower in installments or on a revolving basis.
- VII. As for the “a certain limit” referred to in the preceding paragraph”, except for the loan between overseas companies in which the Company directly or indirectly holds 100% of the voting shares, the authorized amount is unlimited. The authorized amount of any loan from the Company or its subsidiaries to a single company shall not exceed 10% of the net value shown in the latest financial statements of that company.

Article 7 Announcement and reporting procedures.

- I. The Company shall enter the balance of loans of the Company and its subsidiaries in the previous month in the Market Observation Post System before the 10th of every month.
- II. For the Company and its subsidiaries, any balance of loans fulfilling one of the following criteria shall be entered in the Market Observation Post System within two (2) days from the date of occurrence:
 - (I) The aggregate balance of loans to others by the Company and its subsidiaries reaches more than 20% of the net worth stated in the latest financial statements of the Company which have been audited or reviewed by the CPA.
 - (II) The balance of loans to a single company by the Company and its subsidiaries reaches more than 10% of the net worth stated in the latest financial statements of the Company which have been audited or reviewed by the CPA.
 - (III) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the public company's net worth as stated in its latest financial statement.

The Company shall, on behalf of any of its subsidiaries that are not a public company of the Republic of China, announce and report any matters that such subsidiary is required to announce and report pursuant to Paragraph 2, Subparagraph 3.

The “date of occurrence” referred in Paragraph 2 means the date of contract signing, date of payment, dates of the boards of directors’ resolutions, or other dates that can confirm the counterpart and the transaction amount, whichever date is earlier.

Article 8 Subsequent control measures and overdue loan handling procedures

- I. The Financial Management Division of the Company shall prepare a memorandum book, containing the basic information of borrowers, the dates on which the board of directors gives approval and the approved limits, the date of loans, the loan amounts, collateral, interest conditions, and the methods and dates of loan repayment, for being reviewed by the competent authorities and related persons
- II. After a loan has been provided, the Financial Management Division shall pay attention to the financial, business and related credit conditions of the borrower and guarantor frequently. If the loan is guaranteed by the collateral, it shall pay attention to the value of the collateral for any variation. If there is any significant change, the Financial Management Division shall notify the chairman immediately and take proper measures as instructed.
- III. When the borrower makes a loan repayment on or before the due date, the interest due shall be calculated first. After the interest and the principal are fully repaid, the promissory note may be written off and returned to the borrower, or the mortgage may be canceled.
- IV. The borrower shall repay the principal and interest of a loan when it is due. If the borrower fails to repay the loan on the due date and needs an extension, the borrower shall submit a written request and report to the board of directors for approval. Each loan may be extended twice at most, with the extension period each time not exceeding three (3) months. If the borrower fails to comply with these requirements, the Company may dispose of the collateral provided by the borrower or claim the loan against the guarantor in accordance with applicable laws.

Article 9 Penalties for violation of these Procedures by related persons

Any related persons of the Company who act in violation of these Procedures shall be handled in accordance with the relevant regulations on personnel management of the Company.

Article 10 Procedures for control of subsidiaries

The subsidiaries that the Company has control shall establish its own “Operational Procedures for Loaning Funds to Others”, if it wants to make loans to others. These procedures shall be submitted to the board of directors for approval and reference. The establishment of the procedures by the subsidiary shall follow these Procedures, provided that the total loan amount and the limit for an individual borrower shall not extend the limit of the following criteria:

- I. For the subsidiaries in which the Company directly or indirectly holds 100% of the shares, the total loan amount and the limit to an individual borrower shall be based on the net worth of the Company and calculated in accordance with these Procedures.
- II. For the subsidiaries in which the Company does not directly or indirectly hold 100% of the shares, the total loan amount and the limit for an individual borrower shall be based on the net worth of that subsidiary and calculated in accordance with these Procedures.

Article 11 The Company shall evaluate and recognize the loss contingency of a loan, and shall adequately disclose the information regarding the loan in the financial report, and provide relevant data to the CPA for necessary audit and preparation of proper audit reports.

Article 12 The internal auditors of the Company shall conduct audits at least on a quarterly basis on the Procedures and the implementation, and prepare written records. If any material violation is found, the auditors shall immediately notify each member of the audit committee in writing.

Article 13 When submitting these Procedures to the board of directors for discussion and approval for a loan, the Company shall adequately take every independent director’s opinion into account. Assenting and dissenting opinions and the reasons for the dissent shall be recorded in the minutes of the board meeting.

Article 14 Where a borrower of the Company was originally complied with Article 1 but no longer met the requirements thereof, or the loan amount exceeds the specified limit due to change of the calculation basis, the Company shall adopt a rectification plan and submit it to each member of the audit committee. The company shall make improvements within the schedule according to the plan and report to the board of directors.

Article 15 These Procedures are approved by half of the members of the audit committee, and submitted to the board of directors for resolution, then

submitted to the shareholders' meeting for approval. The same shall apply to any amendments to the Procedures.

Where any director expresses dissent, and it is recorded in the minutes or a written statement, the Company shall deliver the director's dissent to the members of the audit committee. If the matter in the preceding paragraph is not approved by more than half of all the members of the Audit Committee members, these Procedures may be implemented after approved by more than two-thirds of all the directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors' meeting.

The terms "all the members of the audit committee " in the preceding 2 paragraphs, and "all the directors" in the preceding paragraph shall be counted based on the actual number of such members or directors currently holding their positions.

Article 16 The chairman may adopt a more restrictive interpretation or application of the procedures, criteria, restrictions, conditions, limits or other matters stipulated in these Procedures, provided that the interpretation or application shall be implemented only after being approved by two-thirds of the directors at a board of directors meeting at which two-thirds of the directors are present. The same procedure shall be followed when such interpretation or application is amended.

Article 17 "Subsidiary" and "parent company" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

"Net worth" in these Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 18 The Procedures were established on April 24, 2000
The first amendment was made on April 15, 2002.
The second amendment was made on June 23, 2003.
The third amendment was made on June 16, 2009.
The fourth amendment was made on May 26, 2010.
The fifth amendment was made on June 25, 2013.
The sixth amendment was made on May, 30, 2018.