



Sercomm Corporation

The Operational Procedures for Loaning of Company Funds

Article 1. "The Operational Procedures for Loaning of Company Funds" is duly enacted to govern all operating procedures, when Sercomm (the Company) extends loans to others.

Any matters not provided for herein shall be subject to the applicable laws and regulations.

Article 2. Entities to which the Company may loan funds

The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

1. Where extending loans to other companies or firms with existing business relationship.
2. Where it is necessary to extend loans to meet the short-term financing needs of other companies or others. The term "short-term" as set forth herein denotes one year or one business term (whichever is longer) in the case of a company whose business term is longer than one year.

Article 3. Evaluation criteria for Loaning of Company Funds

In the event where loans are granted by Sercomm to other companies or firms having existing business transactions, the amount of such loans shall not exceed the amount of the business transactions between the parties. The term "business transactions" means the sales or purchases made by the parties within one year, whichever is higher.

The Company may grant loans as required for short-term financing under the following circumstances:

1. The target borrower, which is deemed as an investee of the Company when being evaluated under equity method, is in need of a loan to repay a bank loan, purchase equipments and facilities or to function as working capital for business operations.
2. The target borrower that the Company indirectly holds more than fifty percent (50%) of the shares, is in need of a loan to repay a bank loan, purchase equipments and facilities or to function as working capital for business operations.
3. The target borrower that the Company directly or indirectly holds more than fifth percent (50%) of the shares, is in need of reinvestment and where the target of reinvestment is related to with the Company's business operations and such a reinvestment proves conducive to the Company's future development.

Article 4. The accumulated total of loans and the limits of the amount of the loans granted to one individual borrower

In the event where it is necessary to extend loans to meet the financing needs of other companies or others, the amount of such loan shall not exceed forty percent (40%) of the net worth of the Company as stated in the financial statement or has been recently audited by the certified public accountants. The limits of the amount of the loans and reasons granted to one individual borrower is set as the following:

1. In the event where loans are granted by Sercomm to other companies or firms having business transactions, the amount of such loans shall not exceed the amount of the business transactions between the parties. The term "business transactions" means the sales or purchases made by the parties within one year, whichever is higher.
2. In the event it is necessary to extend loans to meet the short-term financing needs of other companies or others, the amount of such loans shall not exceed twenty percent (20%) of the net worth of Sercomm as stated in the financial statement or has been recently audited by the certified public accountants. The total amount of such loan shall not exceed forty percent (40%) of the net worth of Sercomm as stated in the financial statement or as per the recent audit by certified public accountants.

For loans extending between overseas companies of which the Company holds 100% voting shares directly or indirectly, or cases in which the overseas companies hold 100% voting shares in the Company directly or indirectly, the total amount of the loan is not subject to the 40% limit of the Company's net worth as stated in the financial statement; however, the total amount of the loan shall not exceed 100% of the company's net worth as stated in the financial statement audited by certified public accountants, and the amount of the loan granted to an individual borrower shall not exceed 50% of the net worth of the Company.

When the responsible officer of the Company violates the provisions of the preceding Paragraph 1, the person shall be liable, jointly or together with the borrower, for the repayment of the loan and for the damages, if any, to the Company resulted therefrom.

Article 5. Duration of loans and calculation of interest:
When there is a need for financing, the standard term of a loan shall be for one year. However, the duration of a loan may be extended if the borrower's actual business cycle length is more than one year.

The interest rate of a loan granted shall not be lower than the average interest rate of the Company's short-term loans from financial institutions and shall be calculated on a monthly basis. The Company shall adjust the interest of a loan according to the circumstances with the approval of the Board of Directors.

Article 6. Procedures for Loaning of Company Funds

1. For loaning and short-term financing, the finance department of the Company shall evaluate and submit the result of the evaluation to the Chairman and the Board and Directors for its approval. When fund lending is considered between the Company and its subsidiaries or between its subsidiaries, an approval from the Board of Directors shall be obtained, and the Chairman shall be authorized to handle the matter within the specific amount of fund lending to the same party approved by the Board of Directors and the lending is authorized in installment or revolve within one (1) year. In addition to comply with Article IV, paragraph II, "specific amount" as referred above shall mean that the authorized amount of loans by the Company or its subsidiary to an individual entity shall not exceed ten percent (10%) of the Company's or its subsidiary's net value as stated in their most recent financial statements.
2. The financial department of the Company shall establish and maintain a reference book for its activities related to the loaning of funds. After the Board of Directors approves the loaning, it shall be accurately recorded in detail with the following information, such as borrower entity, the amount, date of approval by the Board of Directors, lending/borrowing date, and other relevant matters that requires careful evaluation.
3. Internal auditors shall perform auditing on the procedures and the implementation of loaning of company funds in a quarterly basis and produce a written auditing report. If any violation is found, the internal auditors need to notify to the Audit Committee and the Board of Directors with a written report.
4. The internal staff accountants shall evaluate the loaning of funds, reserve sufficient allowance for bad debts, and adequately disclose relevant information in the financial statement. They also need to provide external certified public accountants with necessary information for conducting audit.
5. In the case of a change in circumstances, which causes the balance of outstanding loans to exceed the maximum limit or where the borrower no longer satisfies the criteria set forth in these regulations, the Company shall work out a corrective action plan and submit it to the Board of Directors for approval. Such a corrective action plan shall also be submitted to the Audit Committee. The Company shall complete the corrective action as scheduled in the corrective action plan.

Article 7. Detailed Review Procedure

1. When applying for a loan from the Company, the borrower entity shall submit the relevant financial information and a statement of purpose for loan utilization in a written form.
2. After receiving the application of load funding, the competent authority of the Company shall conduct credit investigation and assess risks by looking into some parameters, such as the indispensability and rationality of the loans to be granted to the borrower entity, the direct (indirect) business relationship with the Company, financial standing, the credit solvency, the profitability and the purpose of applying the loan. The authority unit also shall consider how the approval of this loan application can impact on the Company's operating risk, financial standing, and shareholders' equity to complete a full appraisal and to submit it to the Board of Director for approval.
3. When the company engages in the loaning of funds or short-term financing, it shall obtain a secured note in the same amount, and, if necessary, register the pledge of movable property or immovable property, and assess on a quarterly basis, whether the value of the collateral is equivalent to the balance of the fund loaned; if necessary, the collateral shall be increased. In the case of financial guarantee in the aforementioned paragraph, if the debtholder provides a personal or corporate guarantee with a significant commercial credit profile instead of collaterals, the Board of Directors shall deliberate the appraisal submitted by its competent authority; in the event of providing the corporate guarantee, special attention shall be given if its Articles of Incorporation include the relevant provisions for this type of guarantee.
4. The competent authority of the Company shall prepare the evaluation report for the Chairman of the Board to submit to the Board of Directors for resolution in accordance with the Procedures, and no delegation shall be made to any person in this regard. If the Company has independent director(s), the

opinions of independent director(s) shall be taken into consideration. If the independent directors have dissenting or qualified opinions, they shall be stated in the meeting minutes of the Board of Directors.

Article 8. Subsequent measures and procedures for control and management of loans and for handling delinquent creditor's rights

1. After a loan is granted, the financial status and credit of the borrower and guarantor shall be periodically monitored and evaluated. The market value of the collaterals, if any, shall be evaluated as well. In the case of major changes, the relevant personnel shall immediately report to the Chairman of the Board of Directors and adequate measures shall be performed according to the given specific instructions.
2. Loan repayments made at or before the expiration of the loan duration, the interests receivable shall be calculated first. Once the interests receivable and the principal of the loan have both been fully repaid, the guarantee cheque shall be canceled and returned to the borrower, and any relevant lien shall be canceled.

Article 9. Public disclosure of information

1. The staff accountants shall announce and report loan balance of the Company and its subsidiaries from the previous month by the 10th of every month.
2. In the event that loan balance of the Company reaches one of the following levels, the staff accountants shall announce and report such an event within two days from the date of occurrence of the fact:
 - (A). The aggregate loan balance of the Company reaches twenty percent (20%) or more of the Company's net worth as stated in its latest financial statement.
 - (B). The loan balance of the Company to a single enterprise reaches 10 percent (10%) or more of the Company's net worth as stated in its latest financial statement.
 - (C). The amount of new loans granted by the Company reaches NT\$10 million or more, and reaches two percent (2%) or more of the Company's net worth as stated in its latest financial statement.

In the event that the Company's subsidiary, which is not a publicly listed company in Taiwan, needs to report and announce any matters related to the aforementioned paragraph, the Company shall complete such a procedure on behalf of any of its subsidiaries.

"Net worth" as referred to in this regulation shall be the shareholders' equity attributable to owners of the parent company in the balance sheet.

In the Procedures, the term "Date of Occurrence" refers to the date of signature, the payment date, dates of Boards of Directors' resolutions or other date on which the counterparty and amount are verified, whichever date is earlier.

Article 10. The procedures to control the Company's subsidiaries in loaning of company funds

1. The Company's subsidiaries shall formulate its "the Operational Procedures for Loaning of Company Funds". This regulation and its amendment hereof shall be put into enforcement after obtaining the approval from the Board of Directors.
2. In the event that the Company's subsidiaries provide the loaning of funds, it shall handle in accordance with their "the Operational Procedures for Loaning of Company Funds". The subsidiaries shall submit the written reports, including the balance of loans, borrower entities, duration and term, to the Company by the 5th day of every month. The internal auditors from the Company shall follow the annual plan to audit its subsidiaries' performance in accordance with their "the Operational Procedures for Loaning of Company Funds" and report in a written format. In case a critical offense is found, the internal auditors shall submit a written report to the Audit Committee, and follow up to ensure that the corrective actions are implemented.
3. In the case that any of the Company's subsidiaries is not a publicly listed company in Taiwan and it has reached the level for reporting and announcement in accordance with Article XIII, paragraph II. The subsidiary shall notify the Company on the date of occurrence and the Company shall complete such a procedure on behalf of any of its subsidiaries.

Article 11. Penalties

Employees of the company who engages in the application of loans and is in violation of the procedures mentioned here shall be liable for penalties depending on the severity of the circumstances in accordance with the current "Company Rules" of Sercomm. The violation will be recorded and used for annual personal performance evaluation.



Article 12. The Procedures and any amendments hereto shall first be approved by a majority of all members of the Audit Committee and approved by the Board of Directors before submitted to the shareholders' meeting for approval. If approval of a majority of all members of the Audit Committee is not obtained as described in the preceding Paragraph, the Procedures may be implemented if approved by more than two-thirds of all directors and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors.

Article 13. The terms "all members of the Audit Committee" and "all directors" in the preceding Paragraph refer to the actual number of persons currently holding those positions. This regulation was enacted and approved by the shareholders' meeting held on April 22nd, 2003.
The 1st Amendment was made on June 16th, 2009.
The 2nd Amendment was made on June 23rd, 2010.
The 3rd Amendment was made on June 20th, 2013.
The 4th Amendment was made on June 22nd, 2017.
The 5th Amendment was made on June 5th, 2018.
The 6th Amendment was on June 15th, 2020.