

TAIYEN BIOTECH COMPANY LIMITED

Procedures for Lending Funds to Other Parties

109.06.29

Article 1 These Regulations are promulgated pursuant to Article 36-1 of the Securities and Exchange Act. The lending activities of the Company shall be in accordance with the provisions of these procedures. However, if regulated otherwise by Financial-related laws and regulations, such provisions shall prevail.

Article 2 Under Article 15 of 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.

The term "short-term" as used in the preceding paragraph means one year. The term "financing amount" means the cumulative balance of the company's short-term financing.

The restriction in paragraph 1, subparagraph 2 shall not apply to inter-company loans of funds between overseas companies in which the company holds, directly or indirectly, 100% of the voting shares. However, the company should still prescribe limits and durations of capital and loans in accordance with Article 3.

Article 3 Financing limit and duration of capital and loans

1. Financing Limit to Individual Entities

- (1) In the case of lending funds to companies or firms who have a business relationship with the Company, the total lending amount of an individual borrower shall not exceed the total amount of the business transactions between the Company and the borrower, but shall not exceed 2% of latest financial statements of the company.
- (2) In the case of lending funds to the companies or firms in need of short-term financing, the total lending amount to an individual borrower shall not exceed 2% of latest financial statements of the Company.
- (3) The foreign subsidiaries engaged in lending funds between each other which the Company has held wholly owned voting

shares directly or indirectly, the total amount shall not exceed 2% of latest financial statements of the Company

The above three lending funds and each of lending funds and term from the date of loan, to a year (inclusive) or less.

2. Total Lending Amount:

For companies or firms which have a business relationship with the Company and in need of short-term financing, the total lending amount shall not exceed 10% of latest financial statements of the Company.

3. When the company's capital and loans reach the loan limit, it shall be reported within two days upon occurrence of the fact, the date of occurrence to be counted as the first day.

The so-called paid-in capital in the most recent financial statements shall be based on the most recent financial statements approved or reviewed by the CPA.

Article 4 Evaluation standards for loaning funds to others

1. Borrowers from the company due to business necessity.

“business transaction amount” refers to the higher the actual purchase or sales amount of the previous year when the loan contract between the two parties is established.

2. Borrowers from the company due to the necessity of short-term financing with reason and limited to those circumstances:

- (1) A company holding more than 50% of the company's shares needs short-term financing for business needs.
- (2) Other companies or line numbers are necessary for short-term financing due to material purchases or operating turnover needs.

Article 5 Matters regarding the lending of Company funds shall first obtain the approval of the audit committee and report to the board of directors for approval, which shall not authorize others to decide.

Loans between the Company and subsidiaries of the Company shall first obtain the approval of the audit committee and report to the board of directors for approval and authorization may also be given to the chairman with Article 3, within a certain capital limit resolved by the board of directors, for a specific borrowing counterparty 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.

Matters regarding the lending of Company funds shall take into full consideration each independent director's opinion. If an independent

director expresses any dissent or reservation, it shall be noted in the minutes of the board of directors meeting.

- Article 6 In addition to complying with the requirements of the "loan target", the company's capital and loans must first be investigated and evaluated by the company's auditors on the business, financial status, debt repayment capacity and credit status of the financing target and the purpose of borrowing, and The detailed report on the review procedures for the loan and the maximum amount, term and interest payment method shall be submitted to the board of directors for approval and implementation.
- Article 7 When the company's capital is loaned to others, the financing object shall provide the collateral with a considerable financing amount and guarantee the integrity of its right to the collateral.
- Article 8 When the company signs a financing contract with a financing object, it shall be handled on the basis of the legal person or group seal and the person in charge registered with the competent authority, and the auditors shall go through the verification and signature procedures of the debtor and the guarantor.
- Article 9 If the financing object fails to execute the financing contract for any reason, the company may punish and recover the collateral or guarantor provided by it according to law.
- Article10 The financing period shall be decided by the board of directors in accordance with the respective financing objects and financing quota.
- Article11 The financing interest rate shall not be lower than the average of financial industry's loans of the same period interest rate. In the event of Article 8, the company shall, in addition to disposing of its collateral and recovering its debts, in accordance with the agreement interest rate plus 10% breach of liquidated damages.
- Article12 When the company completes each capital, loan and formalities, the Financial Accounting Department shall prepare a memorandum entry for obtaining collateral and publish it in the necessary account book. The Financial Accounting Department shall establish a reference book to publish the objects and amounts of funds, loans, the date of approval by the board of directors, the date of resources and loans and the matters that should be carefully evaluated in accordance with the assessment and resolution procedures of this standard.

Article13 The company's capital and loans to others should be publicly announced and filed on the website of the S.F.I before the 10th of each month.

Article14 If the loan meets any of the following circumstances, it shall be reported within two days upon occurrence of the fact, the date of occurrence to be counted as the first day:

1. The balance of the loaned funds by the Company and its subsidiaries exceeds 20% of the net value of the Company, as specified in its latest financial statement.
2. The balance of funds lent to any single entity by the Company and its subsidiaries exceeds 10% of the net worth of the Company, as specified in its latest financial statement.
3. The increase of new loans by the Company or its subsidiaries reaches NTD10 million or more, or is more than 2% of the net worth of the Company, as specified in its latest financial statement.

The Company shall announce and report on behalf of any of its subsidiaries that are not a domestic public company any matters that such subsidiary is required to announce and report pursuant to Section 3 above.

Within these procedures, “announce and report” refers to entering information to the public disclosure website designated by the Financial Supervisory Commission, Executive Yuan. The term “date of occurrence” in this procedure, which means the transaction signing date, payment date, the date of resolution of the Board of Directors or other information that is sufficient to determine the date of the transaction object and the date of the transaction amount, whichever is earlier.

Article15 The Company’s internal auditors shall perform the audit on the Company’s lending profile and the implementation at least once per quarter, and produce written audit reports. In the case that a material violation is found, internal audit shall immediately notify the supervisors in writing.

Article16 If the borrower fails to comply with the Guidelines subject to changes or the existing loans exceed the lending limit, the Company shall make a plan to correct the situation. The plan then shall be provided to the audit committee and completed as scheduled.

Article17 Managers and persons-in-charge who handle the Procedures for Lending Funds to Other Parties violate these procedures and cause losses to the company, they shall be punished based on the severity of violation.

Article18 Procedures for controlling and managing loans of funds to others by subsidiaries

Where a subsidiary of the company intends to make loans to others, the company shall instruct it to formulate its own Operational Procedures for Loaning Funds to Others in compliance with these Regulations, and it shall comply with the Procedures when loaning funds. Subsidiaries shall report the "Procedures for Lending Funds to Other Parties" to the Financial Accounting Department, and the Financial Accounting Department shall list the subsidiaries and submit them to the company's board of directors for verification.

If a subsidiary of the company is a domestic public issuance company, it shall handle the announcement and declaration according to the regulations.

Subsidiaries of the company shall report the capital and loans of the previous month to the company for summary before the 5th of each month.

The subsidiaries of the company shall assess whether the prescribed procedures for capital and loans and others comply with the processing standards and whether the loans and others are in accordance with the prescribed processing procedures. The company's audit unit shall review the subsidiary's self-assessment report.

Article19 Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article20 The Procedures, obtain the approval of the audit committee and after passage by the meeting of the Board of Directors, shall be submitted to the shareholders' meeting for approval.

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 same shall apply to any amendments to the Procedures.

When the company submits its Operational Procedures for Loaning Funds to Others for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the board of directors meeting.

A public company without the intention of loaning funds to others may, after passage by the board of directors, be relieved from the obligation of formulating the Operational Procedures for Loaning Funds to Others. If

such a company subsequently intends to loan funds to others, it shall still comply with the preceding two paragraphs.

Where the company adopts or amends its Operational Procedures for Loaning Funds to Others, the procedures or amended procedures shall require the approval of one-half or more of all audit committee members, and furthermore shall be submitted for a resolution by the board of directors, and the provisions of paragraph 2 shall not apply.

If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 4 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.