

All Cosmos Bio- Tech
Holdings Corporation

Board of Directors



[INTERNAL CONTROL POLICIES AND PROCEDURES

—

背書保證作業程序

PROCEDURAL RULES ENDORSEMENT AND GUARANTEES]

THE INFORMATION CONTAIN HEREIN IS THE INTERNAL CONTROL POLICIES AND PROCEDURES FOR ALL COSMOS BIO- TECH HOLDING CORPORATION.

背書保證管理辦法

MANAGEMENT OF ENDORSEMENTS AND GUARANTEES

DATE: 2019. 06. 19

第 1 條

為建立公司相關對外背書/擔保的標準，特制定本辦法。本辦法依「公開發行公司資金貸與及背書保證管理辦法」規定辦理。如有未盡事宜，另依相關法令之規定辦理。

A) 範圍

本準則所稱背書保證係指下列事項：

1. 融資背書保證，包括：客票貼現融資；為他公司融資之目的所為之背書或保證；為本公司融資之目的而另開立票據予非金融事業作擔保者。
2. 關稅背書保證，係指為本公司或他公司有關關稅事項所為之背書或保證。
3. 其他背書保證，係指無法歸類列入前二款之背書或保證事項。
4. 公司提供動產或不動產為他公司借款之擔保設定質權、抵押權者，亦應依本準則規定辦理。

B) 背書保證的受益人

本公司得對下列公司為背書保證：

- i. 有業務往來之公司。
- ii. 公司直接及間接持有表決權之股份超過百分之五十之公司。
- iii. 直接及間接對公司持有表決權之股份超過百分之五十之公司。
 - (1) 公司直接及間接持有表決權股份達百分之九十以上之公司間，得為背書保證，且其金額不得超過公開發行公司淨值之百分之十。但公司直接及間接持有表決權股份百分之百之公司間背書保證，不在此限。
 - (2) 對於需要向建築合同中的其他同行或合作夥伴或共同投資安排的被投資方提供擔保的公司，背書保證不受上述 2 項限制。
前項所稱出資，係指公司直接出資或透過持有表決權股份百分之百之公司出資。
 - (3) 上述所稱”子公司”和”母公司”係依中華民國會計研究發展基金會發佈之《財務會計準則》第 5 號和第 7 號報表中定義。

第 2 條

背書和保證的限額

1. 本公司因業務往來需要對外背書保證的非子公司，其對外背書保證總額不得超過公司淨權益的100%。
2. 本公司為任何單一非附屬公司作出背書保證的背書保證金額，是因為業務交易產生的需求不得超過兩家公司之間的交易金額。“交易總額”應為購買貨物的金額或出售貨物的金額，以較高者為準。
3. 本公司對其子公司的外部背書保證總額不得超過公司淨資產的100%。
4. 本公司對任何單個子公司所做的背書保證金額不得超過公司淨資產的65%。
5. 本公司對通過持有公司50%以上直接或間接投票權益的企業相關的任何單一企業所作的背書保證金額，不得超過公司淨資產的65%。所有公司的總和不得超過公司淨資產的100%。
6. 上述限制不適用於本公司直接或間接持有100%有表決權股份的公司之間的背書保證，但整體的背書保證金額不得超過公司淨資產的100%或單一企業的65%，相關事宜應提交公司最近期董事會專案備查
7. 公司及其子公司同意背書保證的總額超過公司淨資產額50%的，應當在股東大會上說

明其必要性和合理性。

8. 各出資股東按持股比例對其共同投資的公司進行背書保證。公司淨資產額不得超過公司淨資產額的65%。公司全體股東的出資額不得超過公司淨資產額的100%。

第 3 條

權限

1. 與公司背書和保證有關的所有事項，應按照程序第 G 條進行，並須經董事會批准。
2. 根據“權限的限制”，對外背書或保證金額達到一定數量的，必須經集團董事會在執行前批准。

第 4 條

執行和審查背書保證的程序

1. 執行單位
財務部門負責執行公司的背書保證。如有必要，總經理可指定其他員工協助執行。公司突發事件必須由專職人員以書面記錄處理，以監控和跟蹤其可能的影響。
2. 審查程序
公司提供的所有背書和保證均需經過審查和評估。評估報告必須包括以下方面：
 - i. 背書和保證的必要性和合理性。
 - ii. 通過評估被背書人或被保證人的財務狀況，確定背書或擔保是否必要。
 - iii. 監控累計背書保證金額是否仍在限額內。
 - iv. 因業務往來關係從事背書保證，應明定背書保證金額與業務往來金額是否相當之評估標準。
 - v. 背書保證對象之徵信及風險評估。
 - vi. 對公司之營運風險、財務狀況及股東權益之影響。
 - vii. 應否取得擔保品及擔保品之評估價值。

3. 財務部門必須保留所有背書和保證細節的登記。登記處將跟蹤背書和保證，相關承諾，背書或保證金額，董事會決議日期，背書或保證生效日期，解除背書和保證義務的條件，以及根據政策第 7 條第 2 項進行盡職調查。
4. 公司辦理背書保證事項，應建立備查簿就背書保證對象、金額、董事會通過或董事長決行日期、背書保證日期及依前條第一項規定應審慎評估之事項，詳予登載備查。

第 4 條

使用和保管印鑑章程序

公司應提供專門用於背書保證的公司印鑑章。該印鑑章必須由董事會授權的人員保管。該印守公司的“印鑑管理制度”。對國外公司為保證行為時，公司所出具之保證函應由董事會授權之人簽署。

第 5 條

公告和申報程序

1. 公司應於每月十日前公告申報上月份公司及其子公司實際的收入額及公司和子公司上月份背書保證餘額。
2. 除每月公告申報背書保證餘額外，公司背書保證達下列標準之一者，應於事實發生日之即日起算二日內公告申報：
 - i. 公司及其子公司背書保證餘額達該本公司最近期財務報表淨值百分之五十以上。
 - ii. 公司及其子公司對單一企業背書保證餘額達該本公司最近期財務報表淨值百分之二十以上。
 - iii. 公司及其子公司對單一企業背書保證餘額達新臺幣一千萬元以上且對其背書保證、採用權益法之投資帳面金額及資金貸與餘額合計數達該本公司最近期財務報表淨值百分之三十以上。
 - iv. 公司或其子公司新增背書保證金額達新臺幣三千萬元以上且達該本公司最近期財務報表淨值百分之五以上。
3. 公司之子公司非屬國內公開發行公司者，該子公司有前項第四款應公告申報之事項，應由該本公司為之。

第 6 條

內部稽核

公司之內部稽核人員應至少每季稽核背書保證作業程序及其執行情形，並作成書面紀錄，如發現重大違規情事，應即以書面通知各獨立董事。

第 7 條

子公司的背書保證監控程序

1. 如公司的任何子公司需要對外提供背書或保證的，必須按照上市公司提供《公開發行公司資金貸與及背書保證處理準則》的規定，監督其子公司建立背書和保證程式。
2. 所有子公司對外提供背書或保證，必須經公司董事會准予。公司財務部門和總經理將指定專門人員對每一項背書或保證的必要性、合理性和風險性進行評估，並確定可能對母公司及其子公司的經營風險、財務狀況和股東權益方面可能產生的影響。這些評估須經董事會准予。
3. 財務部門每月月初需取得子公司對外背書和保證情況變更報告。
4. 公司內部稽核人員根據年度稽核計畫對各子公司進行稽核時，還應當瞭解子公司為他人提供背書和保證的程序。內部稽核人員也將跟進已發現的缺失的糾正措施，並向總經理報告。

第 8 條

處罰

公司經理或管理人員在進行背書和保證時的任何違反行為都將根據嚴重程度受到紀律處分。員工的違規記錄需要在個人績效考核中加以考慮。違規者的直屬經理也將受到處罰，除非可以證明已經提前採取了足夠的預防措施。對於任何違反公司政策或董事會或其董事會議決議的行為，獨立董事有責任根據《公司法》第 218-2 條要求董事會或其董事停止此類行為。

第 9 條

其他相關說明

1. 公司因情事變更，致背書保證對象不符本準則規定或金額超限時，應訂定改善計畫，並向各獨立董事提出方案。
2. 公司辦理背書保證因業務需要，而有超過背書保證作業程序所訂額度之必要且符合公司背書保證作業程序所訂條件者，應經董事會同意並由半數以上之董事對公司超限可能產生之損失具名聯保，並修正背書保證作業程序，報經股東會追認之；股東會不同意時，應訂定計畫於一定期限內銷除超限部分。

第 10 條

背書保證的結算和免除

公司必須指派專人或財務部門的人員記錄所有背書、保證、承諾和或突發事件的結算或免除。負責人還將繼續跟蹤，以確保正確管理和維護資訊的準確性。

第 11 條

法規補充說明

如有未盡事宜，依《公開發行公司資金貸與及背書保證處理準則》規定辦理。

第 12 條

實施和修訂

政策經董事會准予後，報股東大會最終准予後執行。這同樣適用於所有後續修訂。

第 13 條

淨值低於實收資本額二分之一之子公司

對背書保證對象若為淨值低於實收資本額二分之一之子公司的管理：

1. 背書保證對象若為淨值低於實收資本額二分之一之子公司的，則子公司應定期編制經營報告和批准書，並將其提交給母公司和根據計劃中規定的時間表完成批准。
2. 子公司股票無面額或每股面額非屬新臺幣十元者，系指股本加資本公積減除原發行溢價之合計數為之。

CONFIDENTIAL

MANAGEMENT OF ENDORSEMENTS AND GUARANTEES

DATE: 2019.06.19

Article 1

Purpose

These Procedures are adopted to establish standards for the Company's related external endorsement/ guarantee. These Procedures are adopted pursuant to the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies. The unclear concerns of these Procedures should be governed by related laws.

Article 2

Scope

The term "endorsements/guarantees" as used in these Procedures refers to the following:

1. Financing endorsements/guarantees, including bill discount financing; endorsement or guarantee made to meet the financing needs of another company; issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another Company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
4. Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these regulations.

Article 1

The beneficiaries of endorsements and guarantees

1. The company may provide endorsements and guarantees to the following business parties:
 - i. Businesses with which the company has business dealings.
 - ii. Businesses in which the company holds more than 50% direct or indirect voting

interest.

- iii. Businesses which hold more than 50% direct or indirect voting interest in the company.
2. Businesses in which the company holds more than 90% direct and indirect voting interest may provide endorsements and guarantees to each other. The amount of endorsements and guarantees must not exceed 10% of the net value of the company. This restriction does not apply to endorsements and guarantees among investees in which the public listed company holds 100% direct or indirect voting interest.
3. For the company which need to provide guarantees to other peers or partners in a construction contract, or to investees in a joint investment arrangement, the endorsements and guarantees are not subject to the above 2 restrictions. The investment arrangement mentioned above refers either to the direct contribution of capital by the company, or indirect contribution of capital through a 100% held subsidiary.
4. The terms "subsidiary" and "parent company" mentioned above are defined in the Statement of Financial Accounting Standards No. 5 and No. 7 published by the Accounting Research and Development Foundation of the R.O.C.

Article 3

Limit for endorsement and guarantee

1. The aggregate external endorsement/guarantee amount made by the Company for the non-subsidiaries with an endorsement/guarantee is made due to needs arising from business dealings shall not exceed 100% of the Company's net equity.
2. The amount of the endorsements/guarantees made by the Company for any single non-subsidiary with an endorsement/guarantee is made due to needs arising from business dealings shall not exceed the trading amount between the two companies. The "total amount of trading" shall be the amount of the goods purchased or the amount of the goods sold, whichever is higher.
3. The aggregate external endorsement/guarantee amount made by the Company for its subsidiaries shall not exceed 100% of the Company's net equity.
4. The amount of the endorsement/guarantee made by the Company for any single subsidiary shall not exceed 65% of the Company's net equity.
5. The amount of the endorsement/guarantee made by the Company for any single entity related through Businesses who hold more than 50% direct or indirect voting interest in the company shall not exceed 65% of the Company's net equity. The sum of all the company shall not exceed 100% of the Company's net equity.

6. The restrictions above shall not apply to endorsements/guarantees made between the companies in which the Company holds, directly or indirectly, 100% of the voting shares, but the aggregate endorsement/guarantee amount shall not exceed 100% of the Company's net equity or 65% for a single entity, and related matters shall be submitted to the next board meeting of the Company for future reference.
7. If the aggregate amount of the endorsements/guarantees permitted to be made by the Company and its subsidiaries as a whole as adopted by the Company exceeds 50% of the Company's net equity, the necessity and reasonableness thereof shall be explained in the shareholders meeting of the Company.
8. All capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages. Each company shall not exceed 65% of the Company's net equity. The sum of all the company shall not exceed 100% of the Company's net equity.

Article 4

Limits of authority

1. All matters relating to the company's endorsements and guarantees shall proceed according to Article G of the procedures, and are subject to approval by the board of directors.
2. Endorsements or guarantees to outsiders amounting to certain number are subject to approval by the group parent's board of directors before execution, in accordance with "Limits of Authority".

Article 5

Procedures for executing and reviewing endorsements and guarantees

1. The execution unit

The Finance Unit is responsible for executing the company's endorsements and guarantees. The Managing Director may appoint other employees to assist in the execution if necessary. The company's major commitments and contingencies must be handled by dedicated staff in written records to monitor and track their likely impacts.

2. The review procedures

All endorsements and guarantees provided by the company are subject to reviews and evaluations. The evaluation reports must cover the following aspects:

- i. The necessity and rationality of endorsements and guarantees.

- ii. Determine whether the endorsement or guarantee is necessary by assessing the financial status of the endorsed or the guaranteed.
 - iii. Monitor whether the cumulative endorsement and guarantee amount is still within limit.
 - iv. For endorsements and guarantees that are provided to facilitate business dealings, determine whether the amount is equivalent to the underlying business transaction.
 - v. Credit assessment and risk evaluation on the endorsed or the guaranteed.
 - vi. Impacts to the company's operational risks, financial status, and shareholders' equity.
 - vii. Whether collateral is needed and the estimated value of secured collateral.
3. The Finance Unit must maintain a registry of all endorsement and guarantee details. The registry will keep track of the endorsed and the guaranteed, the underlying commitments, the amount of endorsements or guarantees, the board of directors resolution date, the effective date of endorsements or guarantees, the conditions for relieving endorsement and guarantee obligations, and items that are subject to due diligence assessments under Article 7, item 2 of the policy.
 4. The company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under paragraph 1 of the preceding article.

Article 6

Procedures for the use and custody of common seal

The company shall provide a common seal specifically for endorsements and guarantees. That common seal must be held in custody by someone authorized by the board of directors. The use of seal is subject to compliance with the company's "Management of the Use of Seals". For guarantees to foreign companies, the letter of guarantee must be signed by someone authorized by the board of directors.

Article 7

Announcement and reporting procedures

1. The company is required to announce and report before the 10th calendar day each

month the amount of revenues generated by the company and its subsidiaries, and the outstanding amount of endorsements and guarantees provided by the company and its subsidiaries, in the previous month.

2. Apart from the monthly announcement and reporting of endorsement and guarantee balances, endorsements or guarantees that satisfy any of the following criteria must also be announced and reported within two days after the occurrence.
 - i. When the outstanding amount of endorsements and guarantees provided by the company and its subsidiaries amount to more than 50% of the company's net value, as shown in the latest financial statements.
 - ii. When the amount of endorsements and guarantees provided to a single business by the company and its subsidiaries amount to more than 20% of the company's net value, as shown in the latest financial statements.
 - iii. When the amount of endorsements and guarantees provided to a single business by the company and its subsidiaries aggregate to more than NTD10 million, and the amount of endorsements, guarantees, carrying value of equity method investments, and loans to the business amount to more than 30% of the company's net value, as shown in the latest financial statements.
 - iv. When the additional endorsement or guarantee undertaken by the company or its subsidiary amounts to more than NTD30 million and represents more than 5% of the company's net value, as shown in the latest financial statements.
3. For subsidiaries that are not listed in any domestic public exchanges, all matters subject to announcements and regulatory reporting (4) above shall be made by the company.

Article 9

Internal audit

The company's internal audit staff must perform audits on endorsement and guarantee procedures at least on a quarterly basis, and produce written reports on audit findings. Any major violations must be notified immediately to each independent director in writing.

Article 10

Monitoring procedures for endorsements and guarantees tendered by subsidiaries

1. Should any of the company's subsidiaries be required to provide endorsements or

guarantees to outsiders, the company must supervise its subsidiaries in establishing endorsement and guarantee procedures according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".

2. All subsidiaries must seek approval from the company's board of directors before providing endorsements or guarantees to outsiders. The company's Finance Unit and Managing Director will appoint dedicated personnel to evaluate the necessity, rationality, and riskiness of each endorsement or guarantee, and determine the likely impacts to the parent company and its subsidiaries with regard to operational risks, financial status, and shareholders' equity. These evaluations are subject to approval by the board of directors.
3. The Finance Unit needs to obtain a report on changes in subsidiaries' endorsements and guarantees to outsiders in the beginning of each month.
4. While performing audits on the various subsidiaries according to the annual audit plan, the company's internal audit staff should also gain insights to the procedures adopted by subsidiaries when providing endorsements and guarantees to others. Internal audit staff will also follow up on rectifications toward any found weaknesses and report to the Managing Director.

Article 11

Penalties

Any violations by the company's managers or officers in undertaking endorsements and guarantees are subject to disciplinary actions depending on the severity. Employees' violation records need to be taken into consideration during their individual performance reviews. The line manager of the violator will also receive penalties, except in circumstances where it can be demonstrated that adequate precautions have been taken in advance. For any violations against company policies or shareholders meeting resolutions by the board or its directors, the independent directors have the responsibilities to demand the board or its directors cease such conducts according to Section 218-2 of The Company Act.

Article 12

Other relevant notes

1. If the company is in the position of providing endorsements or guarantees to the wrong parties or in excess of its authorized limits due to changes in the underlying circumstances, it must seek rectification and propose its plans to each independent director.
2. If the company is in need of undertaking endorsements or guarantees in excess of the

limits specified in the Management of Endorsements and Guarantees due to business requirements, while in the meantime satisfying all relevant criteria specified in the Management of Endorsements and Guarantees, the company may proceed with the endorsement/guarantee subject to the board of directors' agreement with more than half of all board members jointly guaranteeing the likely losses to the company due to the excess. The company must also revise its Management of Endorsements and Guarantees and seek acknowledgment during the shareholders meeting; if shareholders do not agree to the revision, the company must arrange to have the excess eliminated within a given period.

Article 13

Settlement and relief of endorsement and guarantee obligations

The company must assign dedicated personnel or someone from the Finance Unit to document the settlement or relief of all endorsements, guarantees, commitments, and contingencies. The responsible personnel will also proceed with the follow-up tracking to ensure proper management and the accuracy of maintained information.

Article 14

Supplementary notes on regulations

Any matters that are not addressed in these procedures shall be governed by the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".

Article 15

Implementation and amendment

Once the policy has been approved by the Board of Directors, it will be reported to the shareholders meeting for the final approval prior to execution. The same applies to all subsequent revisions.

Article 16

Subsidiary with net worth lower than half of its paid-up capital

The management of the object of the endorsements and guarantees being a subsidiary with a net worth lower than half of its paid-up capital:

1. If the object of the endorsement and guarantees is a subsidiary having a net worth lower than half of its paid-up capital, the subsidiary should, on regular basis, prepare

- an operation report and a ratification, and shall submit them to the parent company and complete the ratification according to the timeframe set out in the plan.
2. The paid- up capital of the subsidiary with shares which have no par value or have a par value other than NT\$10 shall refer to the sum of the share capital plus capital reserves minus the original issue premium.

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