

All Cosmos Bio- Tech
Holdings Corporation

Board of Directors



[INTERNAL CONTROL POLICIES AND PROCEDURES –

資金貸與他人作業程序

LOANS TO OTHERS]

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

資金貸與他人作業管理辦法

PROCEDURES FOR LOANS TO OTHERS

DATE: 2019.06.19

第 1 條

目的

公司可能需要根據其業務要求向其他公司（“借款人”）提供貸款。為使本公司有關資金貸與他人事項，有所遵循特訂定本辦法。本辦法係依『公開發行公司資金貸與及背書保證處理準則』訂定，如有未盡事宜，另依相關法令之規定辦理。

第 2 條

借款人和評估標準

公司依公司法第十五條規定，其資金除有下列各款情形外，不得貸與股東或任何他人：

1. 與公司有業務往來的業務。所稱‘業務往來’，是指購銷存貨。對於為促進業務往來而發放的貸款，應確定其金額是否與業務往來金額相等。
2. 有短期融通資金之必要者，其貸與金額不得超過貸款人淨值的40%，對個別企業資金貸與不得超過20%。
 - i. 所稱短期，係指一年。但公司之營業週期長於一年者，以營業週期為準。
 - ii. 所稱融資金額，係指本公司短期融通資金之累計餘額。
 - iii. 有短期融通資金之必要而從事資金貸與者，以下列情況為限。必須提供貸款的理由。如有必要，可委託外部信用評估員檢查借款人之信用：
 - a. 當需要短期貸款以便於商業交易時
 - b. 當其他公司需要短期融資進行商品採購或營運週轉時
 - c. 公司董事會批准的其他情況。

本公司直接及間接持有表決權股份百分之百之國外公司間從事資金貸與，或本公司直接及間接持有表決權股份百分之百之國外公司對該公開發行公司從事資金貸與，不受第一項第二款之限制。

第 3 條

總貸款限額和個人借款人的限額

1. 公司向他人提供的貸款總額不得超過其淨值的 40%，依據最新的財務報表所示。
 - i. 向有短期流動性需求的公司提供貸款，總額不得超過公司股東價值的 40%；向個人借款人提供貸款，總額不得超過公司股東價值的 20%。
 - ii. 對有業務往來的公司的貸款總額不得超過公司股東價值的 40%；對有業務往來的個人借款人的貸款總額不得超過公司股東價值的 20%。
2. 各子公司的貸款總額不得超過其最新財務報表所示淨值的 40%。

第 4 條

貸款給母公司

1. 單個公司的貸款總額不得超過 30% 的淨值，貸款期限不得超過 12 個月。貸款只能在董事會批准後進行。
2. 以上所稱最近期財務報表，系指本公司經會計師查核或核閱後，於貸與他人前已公告之財務報表。

第 5 條

貸與期限及利息應計

1. 貸款期限不得超過一年；基礎利率不得低於 MIBOR。
2. 貸款期限和應計利息方法在執行前必須經董事會批准。
3. 本公司直接及間接持有表決權股份百分之百之國外公司的貸款期限最多為 3 年。必須獲得董事會批准，並通過延長貸款期限的決議。

第 6 條

辦理及審查程序

1. 借款者應提供基本資料及財務資料，並填具申請書，敘述資金用途，借款期間及金額後，送交本公司財務部門。
2. 公司將進行盡職調查評估，以確定貸款是否符合其政策。盡職調查評估必須包括：
 - i. 資金貸與他人之必要性及合理性。
 - ii. 借款人的信用評估和風險評估。如果借款人具有良好的財務實力，並且其年度財務報表已經過註冊會計師的審計和認證，公司可以繼續使用借款人不到一年的信用報告和借款人當前的註冊會計師審計和認證財務報告，以便支持其貸款決定。
 - iii. 在對借款人進行信用評估時，公司還必須評估貸款對其經營風險、財務狀況及股東權益之影響。
 - iv. 確定是否需要抵押品並估計擔保抵押品的價值。如果貸款需要擔保抵押品，借款人應提供相應的擔保抵押品。公司將確保對抵押品設定質押或留置權，並評估抵押品的價值。如有必要，應為抵押品投保火險或相關保險。為保障公司的債權，保險金額不得低於抵押品價值，保險單應註明以本公司為受益人。
3. 上述所有資訊均須經部門主管及首席執行長批准，並須經董事會批准後再進行。審批許可權不能委派給任何其他方。如果公司有獨立董事，則必須充分考慮獨立董事的意見，獨立董事如有反對意見或保留意見，應於董事會議事錄載明。
本公司不擬將資金貸與他人者，得提報董事會通過後，免予訂定資金貸與他人作業程序。嗣後如欲將資金貸與他人，仍應依前三項規定辦理。
本公司已設置審計委員會，訂定或修正資金貸與他人作業程序，應經審計委員會全體成員二分之一以上同意，並提董事會決議，不適用第三項規定。
前項如未經審計委員會全體成員二分之一以上同意者，得由全體董事三分之二以上同意行之，並應於董事會議事錄載明審計委員會之決議。
前項所稱審計委員會全體成員及全體董事，以實際在任者計算之。
4. 貸款經董事會准予後，經辦人員必須儘快通知借款人貸款條件，包括貸款額度、期限、利率、抵押品和擔保人要求等，並通知借款人在指定的時間內簽署借貸合約。如果董事會不准予貸款申請，經辦人員也將儘快書面答覆借款人，說明貸款被拒絕的原因。
5. 貸放條件經核准並經借款人簽妥合約，辦妥擔保品質(抵)押設定登記等，全部手續核對無誤後，即可撥款。
6. 公司辦理資金貸與事項，應建立備查簿，就資金貸與之對象、金額、董事會通過日期、資金貸放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 7 條

權限

1. 公司將公司資金貸與他人前，應審慎評估是否符合『公開發行公司資金貸與及背書保證處理準則』及公司所訂資金貸與他人作業程序之規定，併同第五條第 2 項之評估結果提董事會決議後辦理，不得授權其他人決定。
2. 本公司與其母公司或子公司間，或其子公司間之資金貸與，應依前項規定提董事會決議，並得授權董事長對同一貸與對象於董事會決議之一定額度及不超過一年之期間內分次撥貸或循環動用。
3. 前項所稱一定額度，除符合第三條第 2 項規定者外，公司或其子公司對單一企業之資金貸與之授權額度不得超過該公司最近期財務報表淨值百分之十。
4. 本公司已設置獨立董事，必須充分考慮獨立董事對貸款安排的意見。獨立董事如有反對意見或保留意見，應於董事會議事錄載明。
5. 向其他公司發放的貸款超過一定數額，須經集團母公司董事會准予後方可執行。具體數字應參考“權限”。

第 8 條

已貸與金額之後續控管措施、逾期債權處理程序

1. 貸款發放後，公司將對借款人和擔保人的財務狀況、經營業績和信譽進行監控。如果貸款由抵押品擔保，抵押品價值的變化也要受到監控。如有重大變動，應立即通知首席執行官，並且處理官員將以適當的方式執行總經理的指示。應向借款人通報貸款到期前一個月到期的本金和利息金額。
2. 借款人應付利息的金額必須在到期還款或到期前提前還款前計算。只有在本金完全清償後，公司才能撤銷承兌票據，貸款單或其他債權證書給借款人，或者從抵押品中取消產權負擔。如果借款人希望從抵押物中移除所有產權負擔，在決定是否繼續移除之前，公司必須確保沒有未清餘額。
3. 借款人必須在貸款到期時結清所有未償本金和利息。借款人因不能及時還款而要求延期貸款的，必須在辦理相關手續前提交董事會決議申請。借款人不能履行的，公司可以處分質押擔保物，並要求擔保人返還。

第 9 條

案件之登記與保管

1. 公司財務部門必須保存所有發放貸款的登記。登記處將監督借款人、貸款金額、董事會決

議日期、貸款生效日期、貸款條件以及根據本政策進行盡職調查評估的項目。

2. 貸放案件經辦人員對本身經辦之案件於撥貸後，提交所有債權證書，如合同，本票等，以及抵押文件，保險單和通信等歸檔，以備將來參考。

第 10 條

資訊應公告申報之時限及內容

1. 公司應於每月 10 日前公告申報本公司及子公司上月份資金貸與餘額。
2. 符合『公開發行公司資金貸與及背書保證處理準則』第 22 條規定的以下任何標準的貸款，應於事實發生日之即日起算二日內輸入公開資訊觀測站：
 - i. 本公司及子公司資金貸與他人之餘額達本公司最近期財務報表淨值百分之二十以上。
 - ii. 本公司及子公司對單一企業資金貸與餘額達本公司最近期財務報表淨值百分之十以上。
 - iii. 本公司或其子公司新增資金貸與金額達新臺幣一千萬元以上且達該本公司最近期財務報表淨值百分之二以上。

上述第 1 項和第 2 項中公告和監管報告的任何事項均應由母公司向其報告相關信息。

3. 上述公告及監管報告，系指將資訊輸入行政院金融監督管理委員會指定之報告網站。
4. 每月月初，經辦人員將編制上個月向其他公司貸款情況的報告，並傳至適當的許可權級別，以供審批。

第 11 條

其他重要事項

1. 公司內部稽核人員亦應至少每季稽核資金貸與他人作業管理辦法及其執行情形，並作成書面紀錄，如發現重大違規情事，應立即以書面通知本公司稽核單位，本公司稽核單位應將書面資料送交各獨立董事。
2. 本公司因情事變更，致貸與對象不符本辦法規定或餘額超限時，稽核單位應督促財務部訂定改善計畫，並將該改善計畫送各獨立董事，並依計畫時程完成改善。
3. 公司應評估資金貸與情形並提列適足之備抵壞帳，且於財務報告中適當揭露有關資訊，並提供相關資料予簽證會計師執行必要之查核程序。

第 12 條

子公司資金貸與他人的控制

1. 本公司之子公司若擬將資金貸與他人者，亦應訂定資金貸與他人作業管理辦法並依『公開發行公司資金貸與及背書保證處理準則』辦理。
2. 若子公司若擬將資金貸與他人，必須按照本政策第六條的規定報公司董事會決議後，方可進行。
3. 子公司應於每月初以前編制上月份資金貸與其他公司明細表，並呈閱本公司。
4. 本公司稽核人員依年度稽核計劃至子公司進行查核時，應一併了解子公司資金貸與他人作業管理辦法執行情形，若發現有缺失事項應持續追蹤其改善情形，並作成追蹤報告呈報總經理。
5. 未上市之子公司，其依本政策第九項規定須公告及申報之事項，均由母公司辦理。在上述公告和報告標準中，子公司貸款占淨值的比例按子公司未償餘額占公司淨值的比例計算。

第 13 條

罰則

1. 本公司之經理人及主辦人員違反本作業程序時，依照本公司人事管理辦法與工作規則提報考核，依其情節輕重處罰。
2. 公司內部審計人員必須定期對本政策的遵守情況進行檢查和評估。如有重大違規行為，應立即向執行董事報告，並書面通知監事。

第 14 條

實施與修訂

本辦法經董事會通過，送各監察人並提報股東會同意後實施，如有董事表示異議且有紀錄或書面聲明者，本公司應將其異議併送各監察人及提報股東會討論，修正時亦同。

PROCEDURES FOR LOANS TO OTHERS

DATE: 2019.06.19

Article 1

Purposes and the regulatory basis

The company may be required to lend funds to other companies (the "borrowers") depending on its business requirements. All lending activities shall comply with these procedures. These procedures were

established according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies". Any matters that are not addressed in the procedures shall be governed by other relevant regulations.

Article 2

Borrowers and the assessment criteria

According to Article 15 of "The Company Act", the company cannot loan to shareholders or any other parties except under the following circumstances:

1. Businesses with which the company has business dealings. The term "business dealings" mentioned above refers to purchases or sales of inventory. For loans granted to facilitate business dealings, determine whether the amount is equivalent to the underlying business transaction.
2. The amount of loans to companies with short-term liquidity needs must not exceed 40% of the lender's net value. Loans to each individual Company cannot exceed 20%.
 - i. The duration of "short-term" mentioned above refers to a period of one year or one business cycle (whichever is longer).
 - ii. The "amount of loans" refers to the cumulative balance of short-term capital lent by the company.
 - iii. Loans granted for short-term liquidity needs are permitted only under the following circumstances; the reasons for lending must also be provided. An external credit assessor may be commissioned if necessary to check borrower's credit:
 - iv. When short-term lending is needed to facilitate business transactions.
 - v. When other companies are in need of short-term financing for material purchases or for working capital.
 - vi. Other circumstances approved by the company's Board of Directors.

The company's direct and indirect holding of 100% of the voting shares of foreign companies engaged in capital lending, or the company's direct and indirect holding of 100% of the voting shares of foreign companies engaged in capital lending to the public issuing company, is not subject to the restrictions of paragraph 2 of the first paragraph.

Article 3

The total loan limit and the limits on individual borrowers

1. The company's loans to others in total must not more than 40% of its net value, as shown in the latest financial statements.
 - i. The amount of loans to companies with short-term liquidity needs must not aggregate more than 40% of the company's shareholders value; loans to individual borrower must not exceed 20% of the company's shareholders value.
 - ii. The amount of loans to companies with business dealing must not aggregate more than 40% of the company's shareholders value; loans to individual borrower with business dealing must not exceed 20% of the company's shareholders value.
2. Each subsidiary total lending cannot exceed 40% of its own net value as shown in its latest financial statements.

Article 4

Loan to parent company

Total lending amounts to a single company cannot exceed 30% net value and the lending tenure shall not exceed 12 months. Lending can only be done upon the approval by the Board of Directors.

The term "latest financial statements" mentioned above refers to the company's CPA certified or reviewed financial statements that were published prior to lending to others.

Article 5

Loan tenor and interest accrual

1. Loans cannot be extended for more than one year; the underlying interest rates must not be lower than MIBOR.
2. Loan tenors and methods of interest accrual are subject to approval by the Board of Directors before execution.
3. Loans tenors for 100% foreign companies in which the Company holds 100% direct or indirect voting interest is set at a maximum of 3 years. Board of Directors approval must be obtained and a resolution passes for loan tenor's extension.

Article 6

Loan execution and review procedures

1. When a borrower requests a loan, the company shall demand the borrower provide its basic profile and financial information, together with submitting to the company an application detailing the use of funds, the loan tenor, and loan amount.
2. The company will perform due diligence assessments to determine if the loan complies with its policy. The due diligence assessment must cover:
 - i. Evaluations on necessity and rationality of loans to others.
 - ii. Credit assessment and risk evaluation on the borrower. If the borrower exhibits sound financial strength, and its annual financial statements have been audited and certified by a certified public accountant, the company may continue to use borrower's credit report that is less than one year old and borrower's current CPA audited and certified financial report to support its lending decision.
 - iii. When performing credit assessments on the borrower, the company must also evaluate the impacts on its operational risks, financial status, and shareholders' equity arising from lending the loan.
 - iv. Determine whether collateral is needed and estimate the value of secured collateral. If the loan needs to be secured by collateral, then the borrower shall provide it accordingly. The company will ensure to create a pledge or lien against the collateral and to evaluate the value of the collateral. The collateral should be insured against fire or other hazards if necessary. To secure the company's debt entitlements, the amount of insurance coverage must not be lower than the collateral value, and the insurance policy must be underwritten as the company as the beneficiary.
3. All information stated above is required to be approved by Head of Division and Chief Executive Officer, and must be approved by the Board of Directors before proceeding. If an independent director has any objections or reservations, he shall state them in the proceedings of the board of directors. The approval authority cannot be delegated to any other party. If the company has Independent Directors in place, the opinions of the Independent Directors must be fully taken into consideration. Any pros and cons of opinions made by Independent Directors must be shown in the Board of Directors meeting minutes. The company has set up an audit committee to formulate or amend the operating procedures for Management of Loans to others, which shall be agreed by more than one-half of all members of the audit committee and submitted to the board of directors for a resolution, and shall not apply the third provision. If the preceding paragraph has not been agreed by more than one-half of all the members of the Board of Auditors, the consent of more than two-thirds of the directors of the Board of Auditors shall prevail, and the resolution of the Board of Auditors shall be set forth in the proceedings of the Board of Directors. All members and directors of the Audit Committee referred to in the preceding paragraph shall be calculated by the actual incumbent.
4. Once the loan has been approved by the Board of Directors, the handling officer must notify the borrower as soon as possible of the lending terms, including the loan limit, tenor, interest rate, and collateral and guarantor requirements etc. The borrower shall be advised to sign contract within the given timeframe. If the Board of Directors does not approve the loan application, the handling officer will also respond to the borrower in writing as soon as possible to explain why the

loan was rejected.

5. Once the loan has been approved, the contracts has signed by the borrower, the collateral has been created as a pledge or lien, and all relevant procedures are completed without errors, the company may proceed to disburse funds.
6. A public company shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated under paragraph 1 of the preceding Article.

Article 7

The authorized limits

1. Before the company lends out its capital to others, it must conduct restrict assessments to determine if the transaction complies with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the company's internal procedures on loans to others. The outcome of assessment under Article V, item2 must be provided to the Board of Directors for the final resolution; the approval authority cannot be delegated to any other party.
2. Lending between the company and its parent company or subsidiaries, or lending subsidiaries among the same group, must be raised to the Board of Directors for its resolution. The Chief Executive Officer can be authorized to disburse loans in multiple drawdowns or on a revolving basis to the same borrower within a certain limit resolved by the Board of Directors for a period no more than one year.
3. The term "certain limit" mentioned above, except for the one described in Article III, item 2, should follow the rules below. The limits authorized by the company or subsidiaries to a single business must not exceed 10% of the company's net value, as shown in the latest financial statements.
4. The company has Independent Directors in place, the Independent Directors' opinions toward the lending arrangement must be fully taken into consideration. Any pros and cons opinions made by Independent Directors must be shown in the Board of Directors meeting minutes.
5. Loans to other companies amounting to more than certain figure are required to be approved by the group parent's Board of Directors before execution. The certain figure should be refer to "Limits of Authority".

Article 8

Post-lending management and the procedures on overdue loans:

1. Once the loan has been disbursed, the company will monitor the financial status, the business

performance, and the credibility of its borrower and guarantor. If the loan is secured by collateral, the change in collateral value is also subject to monitoring. The Chief Executive Officer needs to be informed immediately of any major changes, and the handling officer will carry out the Managing Director's instructions in the proper manner. Borrowers shall be notified of the amount of principal and interest due one month before loan maturity.

2. The amount of interest payable by the borrower must be calculated before repayment at maturity or prepayment before maturity. Only after the principal has been fully settled may the company revoke and return the promissory note, loan slip or other certificates of debt entitlement to the borrower, or remove encumbrances from the pledged collateral. If the borrower wishes to have all encumbrances removed from the collateral, the company must ensure that no outstanding balances exist before deciding whether to proceed with the removal.
3. Borrowers must settle all outstanding principal and interest upon loan maturity. Borrowers who seek loan extensions due to their inability to make prompt repayment must submit a request for resolution by the Board of Directors before proceeding with the relevant procedures. If the borrower is unable to comply, the company may dispose of the pledged collateral and demand repayment from the guarantor.

Article 9

Documentation of loans to others

1. The finance unit of the company must maintain a registry of all loans granted. The registry will keep track of the borrower, the amount of loan, the Board of Directors resolution date, the effective date of loan, the lending conditions, and items that are subject to due diligence assessments under this policy.
2. Once the funds have been disbursed, the loan officer will file all certificates of debt entitlement such as contracts, promissory notes, etc., and the collateral documents, insurance policy, and correspondences etc., for future reference.

Article 10

Information disclosure

1. The company is required to announce and report before the 10th calendar day each month the amount of loans granted by the company and its subsidiaries in the previous month.
2. Loans that satisfy any of the following criteria under Article 22 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" must be announced and reported within two days after the occurrence:
 - i. When the amount lent by the company and by its subsidiaries to outsiders aggregates more than 20% of the company's net value, as shown in the latest financial statements.

- ii. When the amount lent by the company and by its subsidiaries to a single business aggregates more than 10% of the company's net value, as shown in the latest financial statements.
- iii. When the additional lending made by the company or by its subsidiary aggregates more than NTD10 million and represents more than 2% of the company's net value, as shown in the latest financial statements.

Any matters subject to announcements and regulatory reporting in item 1. and 2. above shall be made by parent company by reporting the relevant information to it.

3. The term "announcements and regulatory reporting" mentioned above involves inputting information into the reporting website designated by the Financial Supervisory Commission, Executive Yuan.
4. In the beginning of each month, the handling officer will compile a report on loans made to other companies in the previous month and circulate to the proper level of authority for its review and approval.

Article 11

Other important notes

1. The company's internal audit staff must perform audits on loans to others 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.
2. If the company is in the position of lending 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, and rectify according to plan proposed.
3. The company shall comply with the Generally Accepted Accounting Principles to evaluate its loan portfolio and make adequate bad loan allowances. The company must also disclose properly all relevant information in its financial reports and provide any information necessary for certified public accountants to proceed with their audits.

Article 12

Controls on loans to others by subsidiaries

1. Subsidiaries who wish to make loans to others must establish their own policies on "Management

of Loans to Others" based on the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", and proceed according to its policies.

2. If a subsidiary wishes to lend funds to others, it must report to the company's Board of Directors for resolution in accordance with Article VI of the policy before proceeding.
3. In the beginning of each month, the company's subsidiary will compile a registry on loans made to other companies in the previous month and circulate the report to the company.
4. While performing audits on the various subsidiaries according to the annual audit plan, the company's internal audit staff should also gain insights into the procedures adopted by subsidiaries when making loans to others. Internal audit staff will also follow up on rectifications toward any found weaknesses and report to the Board of Directors and to each Supervisor.
5. For subsidiaries that are not listed, all matters subject to announcements and regulatory reporting under item IX of the policy shall be made by parent company. Among the announcements and reporting standards described above, the percentage of subsidiaries' loans to net value is calculated as the subsidiaries' outstanding balance proportionate to the company's net value.

Article 13

Penalties

1. Managers and handling officers who violate these procedures will be subject to regular assessments under the HR Policy and the Employee Manual, and penalties depending on the severity.
2. The company's internal audit staff must perform regular inspections and evaluations regarding compliance with this policy. Any major violations shall be reported to the Managing Director for disciplinary actions, and notified immediately to Supervisors in writing.

Article 14

Implementation and revision

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.