

**TTY BIOPHARM COMPANY LIMITED**  
**Regulations for Lending Funds to Other Parties**

**Article 1 Purpose:**

If the Company deems it necessary to loan funds to others for business needs, these operational procedures shall be strictly observed. For matters not specifically covered in these procedures, regulations set forth in relevant laws shall apply.

**Article 2 Legal basis:**

These operational procedures have been formulated pursuant to relevant provisions set forth in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies of the Financial Supervisory Commission (hereinafter referred to as “FSC”).

**Article 3 Loan beneficiaries:**

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

1. Loans to companies or businesses that have business dealings with the Company. The term “business dealings shall refer to orders from or sales to the Company.
2. Loans to companies or businesses with short-term financing needs. The term “short-term” shall refer to a period of a one-year or one operating cycle (whichever is longer)

**Article 4 Reason and necessity of loans to others:**

Where the Company engages in the loaning of funds as a result of business dealings, such dealings shall have already occurred and until the time the loan is granted. The following restrictions shall apply for loans to meet short-term financing needs:

1. The Company adopts an equity method to determine the needs of invested companies generated by return of bank loans, purchase of equipment, or working capital demands.
2. Businesses in which the Company directly or indirectly holds over 50% of all shares have financing needs generated by return of bank loans, purchase of equipment, or working capital demands.
3. Businesses in which the Company directly or indirectly holds over 50% of all shares have reinvestment needs and such reinvestments are related to the business operations and benefit the business development of the Company

**Article 5 Maximum loan amount:**

The aggregate amount of loans and the maximum amount permitted to a single borrower:

1. The total loan amount shall not exceed 20% of the net worth of the Company as stated in the most recent financial statement including:

- (1) For companies or firms which have a business relationship with the Company, the total loan amount shall not exceed 10% of the net worth of the Company as stated in the most recent financial statement.
  - (2) For companies or firms in need of short-term financing, the total loan amount shall not exceed 20% of the net worth of the Company as stated in the most recent financial statement.
2. 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 and 10% of the net worth of the Company as stated in the most recent financial statement.

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 20% of the net worth of the Company as stated in the most recent financial statement.

The “total amount of the business transactions” refers the amount of purchases or sales during the recent year or the present year until the time of lending funds, whichever is higher.

Each inter-company loan of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares shall not exceed 100% of the net worth of the lending enterprise, and the lending enterprise shall set the maximum amount permitted to a single borrower and the durations of loans in internal procedures pursuant to relevant provisions set forth in the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees” by FSC. The term "financing amount" means the cumulative balance of the Company's short-term financing.

The responsible person of the Company who has violated the provisions of the preceding Paragraph shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to company resulted therefrom.

For the Company and Subsidiary preparing consolidated report according to the International Financial Reporting Standards, "Net worth" as referred to in these Regulations 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.

The terms “subsidiary” and “parent company” as used shall be defined in accordance with the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Security Issuers.

**Article 6 Detailed handling and review procedures for loaning of funds:**

Before loaning fund to others, company should carefully evaluate and execute in accordance with below procedure,

1. Application procedures:

- (1) Issuance of a letter of request.
- (2) Where the company engages in the loaning of funds due to business dealings, the financial unit shall first assess whether the loan amount is equivalent to the amount of the business dealings.
- (3) Where the company engages in the loaning of funds due to short-term financing needs, the necessity of financing capital shall be determined and credit checks shall be carried out.
- (4) Assessment results shall be approved by the chairman of the board and loans shall be subject to approval by resolution of the board.
- (5) Loaning of funds to subsidiaries or between subsidiaries shall be reported to the board for resolution pursuant to the regulations set forth in the preceding clause. The chairman may be authorized to give loans in installments or make a revolving credit line available to the same loan recipient within a certain monetary limit resolved by the board of directors and within a period of no more than one year.
- (6) The “monetary limit” as stated in the preceding clause shall conform to the regulations set forth in Article 5. In addition, the authorized limit on loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth of the lending company as stated in the most recent financial statement.
- (7) When loaning funds to others. Specific assenting or dissenting opinions of independent directors and the reasons for their dissent shall be included in the board meeting minutes.

2. Loan beneficiary credit checks and risk assessment:

- (1) First-time borrowers shall provide basic personal and financial information to facilitate credit check operations
- (2) Follow-up credit checks shall be carried out when first-time borrowers apply for successive loans. In case of serious incidents or emergencies, the matter may be handled as required in accordance with actual needs.
- (3) Where the company conducts credit checks and risk assessments for borrowers, it shall also assess operational risks and impacts on the financial status and shareholders’ equity of the company itself generated by the loan.

3. Assessment of collateral value and definition of rights:

Borrowers shall pledge real estate or negotiable securities of equal value or submit promissory notes (with the repayment date as the due date of the note) for safekeeping by the Company for loans granted. Borrowers may also create a pledge or mortgage. The Company shall assess the value of the provided collateral to safeguard its creditor’s rights.

**Article 7 *Time limit and interest calculation method for granted loans:***

When granting loan to others, the Company should specify duration of loans and calculation of interest in accordance with below:

1. The time limit for financing loans shall not exceed one year. One extension of six months may be granted for companies or firms which have a business relationship with the Company upon approval by resolution of the board and the repayment date shall be clearly stated when the loan is granted.
2. The interest rate for granted loans shall not be lower than the base rate (by month) charged by Bank of Taiwan. Interest shall be calculated for every loan according to the daily rate and settled and charged at the end of each month.

**Article 8 *Follow-up control and management measures for granted loans and handling of delinquent creditor's rights:***

After granting loan to others, measures for control and management of loans is as follows:

1. Financial units shall closely monitor the financial, business, and credit conditions after loans have been granted. Where collateral has been provided, changes in the value of such collateral shall also be closely monitored. In case of significant changes, the chairman shall be notified immediately and the matter shall be handled according to directions in an appropriate manner.
2. Where buyers repay loans on or prior to the due date, the principal shall be paid back together with the payable interest before the promissory note is returned to the borrower or the lien is cancelled after the loan is settled.
3. The borrower shall pay back the principal and interest when the loan is due or upon expiry of the six-month extension due to the loan which have business relationship with the Company specified in Article 7, Item 1. In case of violations, the Company shall be authorized to dispose of provided collateral as seen fit and take recourse against the debtor or guarantor in accordance with relevant laws.
4. The Company shall immediately prepare a memorandum book to truthfully record the following information in a detailed manner: beneficiaries, amounts, board approval dates, lending/borrowing dates, and assessments carried out pursuant to the regulations set forth in Article 6
5. Internal auditors of the Company shall review these operational procedures and the implementation conditions thereof at least on a quarterly basis and create written records. Where serious infractions are detected, Audit Committee shall be notified in a prompt manner.

**Article 9 *Public announcement and declaration procedures:***

The Company should public announce and declare after granting loan to others in accordance with below procedure.

1. The Company shall publicly announce and declare the loan balances of its HQ and

subsidiaries for the previous month on the Market Post Observation System by the 10th of each month.

2. Loan balances of the Company shall be publicly announced and declared within two days upon the date of occurrence if one of the following criteria is met:
  - (1) The balance of funds loaned to others by the Company and its subsidiaries exceeds 20% of the net worth of the Company as stated in the most recent financial statement.
  - (2) The balance of funds loaned to a single entity by the Company and its subsidiaries exceeds 10% of the net worth of the Company as stated in the most recent financial statement.
  - (3) Newly added loan amounts of the Company and its subsidiaries exceeds NT\$ 10 million and 2% of the net worth of the Company as stated in the most recent financial statement.
3. The balance of endorsements/guarantees issued by the Company and its subsidiaries to a single entity exceeds NT\$ 10 million, and the book value of equity-method investment in such single entity, and the aggregate amount of all endorsements/guarantees for that single entity, and balance of loans to, such enterprise reaches 30 percent or more of the net worth of the Company as stated in its most recent financial statement.
4. The Company shall assess the status of its loans and reserve sufficient allowance for bad debts. It shall also adequately disclose relevant information in its financial reports and provide CPAs with relevant information for implementation of necessary auditing procedures.

The term “occurrence date” as used in these operational procedures shall refer to the contract signature date for transactions, the payment date, the board resolution date, or other dates that can confirm the borrower and monetary amount of the transaction, whichever date is earlier.

***Article 10 Penalties for violations of these operational procedures by managers and personnel in charge:***

Where managers and personnel in charge violate these operational procedures, penalties shall be imposed in accordance with the severity of the violation and the matter shall be reported for consideration during performance evaluations in accordance with the employee manual.

***Article 11 Procedures for control and management of loans extended by subsidiaries:***

Where a subsidiary of the Company intends to make loans to others, the subsidiary shall formulate and abide by their own Operational Procedures for Loaning Funds to Others pursuant to the provisions set forth herein.

1. When subsidiaries grant loans to others based on their own Operational Procedures, the term worth mean the worth of the subsidiary which is the calculation base.

2. Subsidiaries shall submit data on loans extended in the previous month to the financial unit of the Company by the tenth of every month.
3. Internal auditors of subsidiaries shall also review the Operational Procedures for Loaning Funds to Others and the implementation conditions thereof at least on a quarterly basis and create written records. Where serious infractions are detected, the supervisor of subsidiaries shall be notified in writing in a prompt manner. If Audit Committee set up, shall comply mutatis mutandis with these Regulations set forth for the supervisor.
4. When auditors of the Company conduct reviews in subsidiaries in accordance with annual audit plans, they shall also examine the implementation conditions of the Operational Procedures for Loaning Funds to Others. Where deficiencies are detected, improvements shall be tracked constantly and tracking reports shall be compiled and submitted to the chairman.

**Article 12** *Transitional provisions:*

Where loan recipients do not conform to the regulations set forth in these operational procedures or balances exceed the authorized limit due to a change in circumstances, the auditors shall urge the financial unit to devise improvement plans and submit these plans to Audit Committee. Improvements shall be implemented in accordance with these plans.

**Article 13** These operational procedures and all amendments shall be approved by a majority of the members of the Audit Committee and by board resolution and enforced upon reporting to a Shareholders Meeting for approval. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, 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 minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

**Article 14** These operational procedures were formulated on May 22, 1998.  
They were amended for the first time on March 24, 2000.  
They were amended for the second time on May 13, 2002.  
They were amended for the third time on May 19, 2003.  
They were amended for the fourth time on June 19, 2009.  
They were amended for the fifth time on June 25, 2010.  
They were amended for the sixth time on June 25, 2013.  
They were amended for the seventh time on June 24, 2016.  
They were amended for the eighth time on June 25, 2019.  
They were amended for the ninth time on June 12, 2020.