



## Factoring Agreement

Parties \_\_\_\_\_

(the "Seller")

First Commercial Bank Co., Ltd.

(the "Bank")

The Seller applies to the Bank to enter into the transaction for the purchase of accounts receivable and the Bank agrees to purchase the accounts receivable from the Seller, under sale and purchase agreements, service agreements or other credit agreements (the "Credit Agreements"), for the specific monetary payment due and payable on a specific payment date against \_\_\_\_\_ (including but not limited to " \_\_\_\_\_", " \_\_\_\_\_", " \_\_\_\_\_", " \_\_\_\_\_", " \_\_\_\_\_" and other affiliated enterprises under the definition of Article 369-1 to Article 369-3 of the Company Act) ("\_\_\_\_\_"). The purchase of accounts receivable shall be performed in accordance with the provisions of this Agreement. In witness hereof, the Seller and the Bank agree to the following provisions:

### Article 1 Purchase of Accounts Receivable and Transfer Method

1. When the Seller transfers the accounts receivable against \_\_\_\_\_ to the Bank in accordance with this Agreement, the Seller shall send the relevant transaction documents to \_\_\_\_\_ for \_\_\_\_\_ to confirm and upload the accounts receivable to the Bank's corporate internet banking system, (<https://ebank.firstbank.com.tw/>, the "eBank"). The Seller agrees that all the accounts receivable (including existing and future accounts receivable, whether or not the accounts receivable are within the limit authorized by the Bank) against \_\_\_\_\_ are transferred to the Bank after this factoring agreement is signed. The eBank's receipt of the information on scheduled payment to be collected from \_\_\_\_\_ shall be deemed as completion of the transfer and sale by the Seller of the accounts receivable against \_\_\_\_\_, and be deemed that the Seller authorizes the Bank to decide whether to transfer the accounts receivable to a foreign import factor or a credit insurance corporation (the "Third Party").
2. Methods of purchase of accounts receivable: without recourse
3. Transaction terms of accounts receivable: O/A (OPEN ACCOUNT)

4. Percentage of advanced purchase price: 100% of purchase price
5. Point of receiving purchase commission: Where there is advanced purchase price, the commission shall be paid when the purchase price is advanced. Where there is no advanced purchase price, the commission shall be paid when the purchaser receives the payment.
6. Period of applying for advanced purchase price: up to \_\_\_\_\_ days
7. Interest and interest payment date: based on the information published on the website of the eBank, and interest will be withheld when the purchase price is advanced.

## **Article 2 Purchase Price and Advanced Purchase Price**

1. The Seller hereto agrees that the purchase price of individual accounts receivable will be the amount of individual accounts receivable (including tax) deducting the sales discount or sales return as recognized by the Seller and \_\_\_\_\_ in accordance with the terms and conditions of the transaction concerned, and other relevant expenses.
2. The Seller may apply for advanced purchase price for individual accounts receivable purchased by the Bank only after delivering the relevant transaction evidentiary documents to \_\_\_\_\_ in accordance with this Agreement and after the foregoing has been agreed by the Bank.
3. \_\_\_\_\_ is hereby authorized by the Seller to handle subsequent matters concerning advanced purchase price of accounts receivable after the Seller applies to the Bank to sell its accounts receivable against \_\_\_\_\_ in accordance with Paragraph 1 of Article 1, and, this Agreement shall be the certificate of authorization without executing any other written documents. The Seller hereby instructs that the Bank shall remit the advanced purchase price directly into the account designated by \_\_\_\_\_ to be subsequently remitted to the collection account of the Seller recorded on \_\_\_\_\_'s record. The Seller authorizes the Bank to withhold the purchase commission arising from this Agreement which the Seller shall pay to the Bank, and such withheld amount shall come from the amount which \_\_\_\_\_ pays to the Seller. The remittance date of the advanced purchase price will be deemed the date on which the Seller receives the payment from the Bank to start accruing interest on the same date.



4. When the Seller applies to the Bank for advanced purchase price, the Seller shall log into the eBank and click on "advanced purchase price" on the file of scheduled payment of\_\_\_\_\_. The Bank will subsequently handle matters concerning advancing of the purchase price based on the information received. No written document needs to be presented by the Seller, and the transaction shall not be invalidated for whatever reason.
5. When the Seller applies to the Bank for advanced purchase price, the Seller authorizes the Bank to withhold the purchase commission and interest on the advanced purchase price arising from this Agreement which the Seller shall pay to the Bank, and such withheld amount shall come from the Seller's accounts receivable against\_\_\_\_\_. No written document needs to be presented by the Seller.

### Article 3 Compensation provision

1. The Bank (or the Third Party) shall assume the credit risk of non-payment of\_\_\_\_\_ for the cause other than commercial dispute. The above said credit risk refers to the risk of loss on accounts receivable resulted from the failure of\_\_\_\_\_ in the performance of the Credit Agreements due to its financial difficulties (including, but not limited to bankrupt, reorganization, dissolution, business discontinuation, dishonored account of\_\_\_\_\_).
2. If\_\_\_\_\_ fails to make payment for the cause under the preceding paragraph, to the extent that the Seller has not violated any provision of this Agreement and has provided all relevant written documents of accounts receivable, as a principle, the Bank is liable to compensate the net amount of the transferred accounts receivable between the Seller and\_\_\_\_\_ ninety days after the due date of the accounts receivable or other date agreed (i.e., the compensation date; if the compensation date is not a banking business day, it shall be postponed to the next banking business day). The above said net amount of the transferred accounts receivable shall be the balance after the following debit amounts and the credit amounts are offset against each other. If the accounts receivable are further transferred to the Third Party, and the Third Party fails to perform its obligation on time, the Bank shall perform the obligation of the Third Party on its behalf within thirty days of the compensation date.



1. Debit amounts: refer to the amounts of accounts receivable issued by the Seller against\_\_\_\_\_ within the limit authorized by the Bank, excluding any other tax or expense incurred (such as packing expense, transportation expense, and delay interest etc.)
2. Credit amounts: refer to (1) amount of commercial dispute; (2) amount paid by\_\_\_\_\_; (3) amount of discount note agreed by the Seller; and (4) any amount of claim received by the Seller, the Bank (or the Third Party) from\_\_\_\_\_.

#### Article 4 Fees

1. The remittance fees and other expenses incurred by the Bank payable to third parties for remitting payments made by\_\_\_\_\_ to the Seller shall be borne by the Seller, and the Bank may deduct such fees and expenses when making payments to the Seller.
2. The purchase commission shall be charged more than a particular percentage(\_\_\_\_\_% ) of individual accounts receivable (such particular percentage shall be the rate of purchase commission), and the minimum charge shall be at least NTD\_\_\_\_\_ by each accounts receivable. Besides, the purchase commission shall be calculated and paid in the specific currency of such accounts receivable. The Bank has the right to adjust the rate of purchase commission. The Bank may withhold the purchase commission from the purchase price which the Bank shall pay for the Seller. If the purchase price is not sufficient to cover the purchase commission, the Bank shall inform the Seller to make the payment, and the Seller shall make the payment within three banking business days upon receipt of the written notice.
3. All fees and expenses incurred by the Seller in connection with the performance of the Credit Agreements with\_\_\_\_\_ shall be borne by the Seller and\_\_\_\_\_. The Bank shall not be liable for any such fees and expenses.

#### Article 5 Miscellaneous

1. The Seller shall use the payment collection account of the Seller recorded on\_\_\_\_\_ record as the collection account for the payment of purchase price under this Agreement.



2. If there are any commercial disputes arising between the Seller and \_\_\_\_\_ regarding the accounts receivable purchased by the Bank, the Seller and \_\_\_\_\_ shall resolve the disputes by and between themselves, and the Bank will not purchase the accounts receivable in business disputes.
3. Any written notice by the Bank to the Seller in accordance with this Agreement shall be delivered to the address set forth in this Agreement. If there is any change to the address as set forth in this Agreement, the Seller shall immediately notify the Bank in writing; otherwise, the Bank may deliver the notice to the address set forth in this Agreement and the notice shall be deemed duly delivered after a normal mail-delivery period.
4. In case of any addition to, deletion of or amendment to contents of this agreement (including adjustment to the handling charge rate for the purchase), the seller agrees that the bank may publicize such addition, deletion or amendment at the website of the bank and notify the seller thereof by E-mail 60 days before the effective date of the amendment, without giving further notice in writing. If the seller disagrees on the added, deleted or amended contents, it may terminate this contract by giving written notice before the effective date.

#### **Article 6 Regulation on Anti-Money Laundering and Combating the Financing of Terrorism (“AML/CFT”)**

In the event that any one of the following stipulations holds true for the seller, beneficiary owners, senior managers, account holders of the seller (agents, representatives, authorized persons, etc.) and counterparties (hereinafter referred to as “related parties”), the seller agrees that the bank be given the following treatment in compliance with the relevant laws and regulations against money laundering and terrorism:

- (1) In the absence of a breach of the relevant laws, if the bank is informed of or reasonably suspects seller’s/ related parties’ current funds to be derived from the negligence of one’s duties or misuse of public assets, business dealings may be rejected or terminated.
- (2) In the event that the seller/ related parties, including persons, corporates, groups, terrorists or groups recognized or tracked by foreign governments or international money laundering prevention agencies, are subject to penalties, the bank shall reject their account opening, temporarily stop factoring business trades and dealings, and close accounts or terminate business dealings as stipulated by the economic sanctions or Counter-Terrorism Financing Act.



- (3) In the event that the seller fails to comply with the banks' regular/irregular inspections, refuses to supply information of the beneficiary owner or persons exerting the right of control to seller, is unsuccessful in providing an explanation on the nature and purpose of transactions and fund sources, or if the bank deems it necessary (such as risk control, seller/ related parties involvement in illegal activities, suspected money laundering transactions or media reported accounts of special illegal cases), the bank shall refuse account opening, terminate factoring business trades and transactions, and close accounts or terminate business dealings.

#### **Article 7 Term of this Agreement**

This Agreement shall be effective from the date of execution for one year and shall be automatically extended for one year if no party expresses its intent of termination during the term of this Agreement; the same shall apply thereafter. During the term of this Agreement, if the Seller or the Bank intends to early terminate this Agreement, it shall notify the other party in writing three months prior to the expiration date; provided that the Bank may early terminate this Agreement without the three-month prior notice due to the early termination notice from \_\_\_\_\_ or if the Bank considers the credit risk of \_\_\_\_\_ might change.

#### **Article 8 Governing Law and Jurisdiction**

Both parties agree that this Agreement shall be governed by and construed in accordance with the laws of the Republic of China and the Taiwan Taipei District Court shall be the court of first instance in the event of any dispute arising out of this Agreement.

#### **Article 9 Counterparts**

This Agreement shall be executed in two counterparts and each Party retains one.

[Intentionally Left Blank]

[Both parties represent that they have completely reviewed and confirmed the above provisions of this Agreement within a reasonable period of time and agree to comply with the same.]



第一銀行 **First Bank**

The Seller:

Responsible Person:

Identity Card /Passport number :

Date of Birth :

Address:

E-Mail:

The Bank: First Commercial Bank Co., Ltd.

Responsible Person:

Signatory: The Branch Manager of                      Branch

Business Address:

Date: