
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 11, 2019

Applied Optoelectronics, Inc.
(Exact name of Registrant as specified in its charter)

Delaware
(State or incorporation)

001-36083
(Commission File Number)

76-0533927
(I.R.S. Employer Identification No.)

13139 Jess Pirtle Blvd.
Sugar Land, TX 77478
(address of principal executive offices and zip code)

(281) 295-1800
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On April 11, 2019, Prime World International Holdings Ltd. (“Prime World”), a wholly owned subsidiary of Applied Optoelectronics, Inc. entered into a one-year credit facility totaling NT\$80 million (the “Credit Facility”) with Far Eastern International Bank Co., Ltd. (the “Bank”). Borrowing under the Credit Facility will be used for short-term working capital.

Prime World may draw upon the Credit Facility from April 11, 2019 until April 11, 2020. The term of each draw shall be up to 180 days. Under the Credit Facility borrowing in New Taiwan Dollars will bear interest at a rate equal to the Bank’s published one-year fixed term time deposits rate, plus 0.655%; for all foreign currency borrowing, interest shall be the TAIFX3 rate for the length of time equal to the term of the loan or the next longer tenor for which rates are quoted, plus 0.7%. As of the execution of the Credit Facility, the Bank’s published one-year fixed term time deposits rate and TAIFX3 rate are 1.045 % and 2.75%, respectively.

With respect to short-term loans under the Credit Facility, Prime World will make monthly payments of accrued interest; principal shall be repaid upon maturity. With respect to all other credit types under the Credit Facility, Prime World will make payment for all principal and accrued interest at the expiration of the draw term.

Prime World’s obligations under the Credit Facility will be secured by Promissory Note executed between Prime World and the Bank. The agreements for the Credit Facility contain representations and warranties, and events of default applicable to Prime World that are customary for agreements of this type.

The foregoing description of the Credit Facility does not purport to be a complete statement of the parties’ rights and obligations under the Credit Facility and is qualified in its entirety by reference to the translation of the full text of the Approval Notice, Comprehensive Credit Facilities Master Agreement, Credit Terms / Financial Transaction Terms Agreement and Promissory Note which are attached as Exhibits 10.1 through 10.4 to this Current Report on Form 8-K and incorporated by reference herein.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information contained in Item 1.01 of this Current Report on Form 8-K with respect to the Amendment is incorporated by reference herein and made a part hereof.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

- 10.1 [Translation of Approval Notice between, Prime World International Holdings, Ltd., and Far Eastern International Bank Co., Ltd.](#)
- 10.2 [Translation of Comprehensive Credit Facilities Master Agreement between, Prime World International Holdings, Ltd., and Far Eastern International Bank Co., Ltd.](#)
- 10.3 [Translation of Credit Terms / Financial Transaction Terms Agreement between, Prime World International Holdings, Ltd., and Far Eastern International Bank Co., Ltd.](#)
- 10.4 [Translation of Promissory Note between, Prime World International Holdings, Ltd., and Far Eastern International Bank Co., Ltd.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Applied Optoelectronics, Inc.

By: /s/ David C. Kuo
David C. Kuo
General Counsel and Vice President

Date: April 17, 2019



Far Eastern International Bank

Approval Notice

I. Credit Type and Facility

Short-term comprehensive credit line NTD 80,000,000 only (or equivalent foreign currency), including the following types and their respective limits:

- A. Short-term loan NTD 80,000,000 only
- B. Commercial paper guarantee NTD 80,000,000 only
- C. Import financing NTD 80,000,000 only (or equivalent foreign currency)
- D. Export financing NTD 80,000,000 only (or equivalent foreign currency)

II. Credit Period

1. The credit period will remain effective one (1) year from the signing date of this agreement. Utilization shall be made within one year after the signing date of the agreement; provided, that the signing of the agreement shall be made within 90 days after the date of approval [of the facility] and that first utilization shall be made within 90 days after the signing date of the agreement. The Bank is entitled to reject any request if the above deadline is not met.
2. Each utilization shall be repaid within 180 days.

III. Interest Rates and Service Fees

1. Credit line establishment fee: 0.25% of the credit line; charged upon the first time of utilization.
2. With respect to NTD, the interest will bear at a rate equal to the Bank's published one-year fixed term time deposits rate plus 0.655% and calculated by a floating rate, with margin to be adjusted every three months and may be negotiated on a case-by-case basis based on the Bank's funding status. (The current rate is 1.7%).
3. With respect to US Dollars, interest rate shall be TAIFX3 for a period equal to the term of the utilization or the next longer tenor for which rates are quoted, plus 0.7% (tax cost may extra be charged), with margin to be adjusted every three months and may be negotiated on a case-by-case basis based on the Bank's funding status. (The current three-month interest rate is 3.7%).
4. Annual Guarantee Handling Fee: 0.8%; calculated according to the actual number of days; charged at the beginning of the period.
5. With respect to the issuance of letters of credit, a period of three months is regarded as one term. The service fee for the first term is 0.1%. The service fee for the second term is halved.
6. The interest of other foreign currencies may be negotiated on a case-by-case basis based on the Bank's funding cost.

IV. Utilization

1. May be utilized on a revolving basis.
 2. For Section I. C (Import financing) and D (Export financing), loans will be fully issued and utilized when INVOICE or other related documents are provided.
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V. Repayment

1. For Section I. A (Short-term loan), the interest is paid monthly and the principal shall be repaid upon maturity.
2. For Section I. B (Guarantees of commercial promissory notes) shall be repaid upon maturity.
3. For Section I. C (Import financing) and D (Export financing), the principal and interest shall be repaid upon maturity.

VI. Line of Credit Promissory Note

The Borrower shall issue a promissory note in the amount of the facility extended hereunder and deliver same to the Bank.

VII. Other Conditions

1. The Borrower's headquarters company, Prime World International Holdings., Ltd., shall provide a document to certify their consent on the loan request of the Borrower.
2. The Borrower's parent company, Applied Optoelectronics, Inc., shall issue a Letter of Support.
3. Other matters not mentioned herein shall be governed by the Bank's stipulations on credit granting.

To

Prime World International Holdings Ltd. Taiwan Branch

Far Eastern International Bank

March 15, 2019



Far Eastern International Bank

Far Eastern International Bank

Comprehensive Credit Facilities Master Agreement

Comprehensive Credit Facilities Master Agreement

(exclusively for corporate finance purposes)

(exclusively for corporate finance purposes)

Prime World International Holding Ltd. Taiwan Branch

Borrower: Prime World International Holding Ltd. Taiwan Branch

Master Agreement No.:

April 11th, 2019

Date signed: April 11th, 2019

Group/Unit Head:

Sales Head:

Case Handler:

因(FACTORING) 及所有因本主協議及信用條款協議所產生之債務。 本行對該等債務之權利，應在本主協議及信用條款協議中享有優先權。

The terms "debt" or "all debt" as used in this Master Agreement and the Credit Terms Agreement refer to all debt arising in connection with borrowed funds, advances, accounts receivables financing, negotiable instruments, bank acceptances, overdrafts, discounts, negotiation of clean bills, guarantees, authorized guarantees, authorized acceptances, authorized issuance of letters of credit, domestic and foreign import/export foreign exchange services, receivables factoring, receivables/trade guarantees, financial derivatives trading, financial trading, credit card contracts, contracts with designated merchants, and all debt in relation to credit or non-credit services or dealings (such as debt arising when a credit facility under this Master Agreement and Credit Terms Agreement fails to become effective, or is void or revoked), as well as interest, default interest, penalties, processing fees, disbursements, related fees (such as fees for obtaining title of execution, fees for perfection of mortgage collateral, execution expenses for mortgage foreclosures, or litigation expenses arising in relation to this Master Agreement or the Credit Terms Agreement), exchange rate fluctuations, damages, interest in suspense, fees, and other obligations connected to the principal debt. The Bank correspondingly enjoys against the Borrowers the creditor's rights referred to in this Master Agreement and the Credit Terms Agreement.

10. The meaning of interest rate on a credit facility and interest calculated on a floating basis

Interest rate on a credit facility shall be as stipulated in the Credit Terms Agreement executed between the Borrowers and the Bank. However, the Bank may further negotiate the interest rate with the Borrowers on the basis of its funding situation or market interest rate levels.

"Calculating interest on a floating basis" as used in the Credit Terms Agreement shall be carried out in accordance with the following provisions:

(1) Using New Taiwan Dollar funds and calculating interest on a floating basis at the Bank's benchmark rate (or other interest rate benchmark) means that, prior to the Borrowers' repayment of the full debt, if the Bank adjusts its benchmark interest rate (or other interest rate benchmark), then whether the benchmark is raised or lowered, the Borrowers shall pay interest calculated at the adjusted rate from the date on which the adjusted rate takes effect.

(2) Using funds in a foreign currency and calculating interest on a floating basis at the interest rate benchmark given in the Credit Terms Agreement means that interest will be paid at an interest rate calculated at a benchmark interest rate to be determined on the drawdown date or on the first day of each interest period.

11. Joint and several debt obligation

When there are two or more Borrowers, the collective Borrowers hereby agree to bear joint and several liability for full repayment of any debt that is owed to the Bank in accordance with this Master Agreement or the Credit Terms Agreement by any single Borrower or multiple Borrowers among the collective Borrowers, or by the collective Borrowers.

假設費用與此主協議及信用條款協議

15. Assumption of costs in relation to this Master Agreement and Credit Terms Agreements

借方同意負擔與此主協議及信用條款協議有關之所有費用，包括但不限於此等費用之公證、訴訟費用及律師費。若銀行墊付上述費用，借方應立即償還銀行，若借方未償還，則借方應按銀行之基準利率外加每年 2.5 個百分點之複日計息，自銀行墊付之日起算，此外，借方應支付按上述複日計息之 20 百分比計算之罰款，或銀行得自行決定將該費用加於借方之信用額度，借方應按該利率償還該項信用額度之本金及利息。

The Borrowers agree to assume all costs in relation to this Master Agreement and the Credit Terms Agreements (including but not limited to such costs as notarization, litigation expenses, and attorney's fees). If the Bank advances payment for the aforesaid costs, the Borrowers shall immediately repay the Bank, and should they fail to do so, the Borrowers shall pay interest at the Bank's benchmark rate plus an additional 2.5 percent per annum, on a per diem basis, from the date the Bank advanced the payment, and in addition, the Borrowers shall pay a penalty calculated at 20 percent of the aforesaid combined interest rate, or the Bank may proceed at its discretion to add the fee to the amount of credit extended to the Borrowers, and the Borrowers shall accordingly pay the principal and interest on that amount from the date on which the Bank advanced the payment at the interest rate for the given credit facility.

同意提供資訊

16. Consent to provision of information

借方同意銀行、其代理金融機構、聯合信用資訊中心、中小企業信用保證基金、海外華僑信用保證基金、金融資訊服務公司、清算所、全國信用卡中心、台灣證券集中保管公司、任何銀行所委託處理銀行業務及其他與銀行業務有關之機構，得收集、處理、國際傳輸及利用借方與銀行往來之資訊（包括但不限於個人資料）以符合其業務或章程所規定之特定目的。借方同意上述機構收集、處理或國際傳輸資訊之期間，應以該等機構獲得主管機關核准之期間為準。

The Borrowers agree that the Bank, its correspondent financial institutions, the Joint Credit Information Center, the Small and Medium Enterprise Credit Guarantee Fund of Taiwan, the Overseas Chinese Credit Guarantee Fund, the Financial Information Service Co., Ltd., the Clearing House, the National Credit Card Center of the R.O.C., the Taiwan Securities Central Depository Co., Ltd., any institutions that the Bank engages to handle banking services, and other banking-related institutions may collect, process, transmit internationally, and make use of information relating to the Borrowers' dealings with banks (including but not limited to personal information) in accordance with specific purposes such as are required by their registered lines of business or business designated in their articles of incorporation. The Borrowers agree that the period of time within which the aforesaid institutions may collect, process, or transmit the information internationally shall in each case be the period for which each of those institutions has obtained approval from the competent authority to retain such information files.

借方同意請求會計師提供查帳及核實報告，並將該報告之副本送交聯合信用資訊中心。借方亦同意銀行可直接將該報告之副本送交聯合信用資訊中心。

The Borrowers agree to request the CPA engaged to provide auditing and attestation to deliver a copy of the Auditor's Report on Financial Statements to the Joint Credit Information Center. The Borrowers further agree that the Bank also may directly deliver a copy of the Auditor's Report on Financial Statements to the Joint Credit Information Center.

借方亦同意，為特定目的將債權人權利讓與，銀行得提供借方之債務資訊予債權人權利之受讓人及債務評估師或核實人。銀行得請求資訊使用者遵守銀行法、個人資料保護法及其他相關法律及法規，且不得向任何第三人洩露該資訊。

The Borrowers also agree that for the specific purpose of assigning creditor's rights, the Bank may provide information on the Borrowers' debt to the assignee of the creditor's rights and to the debt appraiser or auditor. The Bank, however, is requested to instruct the users of the information that they must comply with the confidentiality provisions of the Banking Act, the Personal Information Protection Act, and other related laws and regulations, and that they may not divulge the information to any third party.

Prior to full repayment of the debt that is secured, the Borrowers and/or the Security Providers may not, without the prior written approval of the Bank, sell, assign, lease, loan, relocate, remove, rebuild, make additions to, mortgage, pledge, issue a "dien" lease, create any encumbrance on, or dispose of, all or any part of the security, or take any action that would reduce the value of the security. If, prior to establishing a security interest in favor of the Bank, the security has already been leased or loaned, the Borrowers and/or the Security Providers agree to provide truthful notification to the Bank of such fact prior to the establishment of the security interest. In the event of any misrepresentation or a breach of the aforesaid stipulation, causing the Bank to provide credit as if there did not exist a lease or loan-for-use and suffer injury as a result, the Borrowers and/or Security Providers agree to bear all related civil and criminal liability.

When the Bank agrees that a third party may take possession of and use the security, or that it may be leased to a third party, the Borrowers, prior to utilizing the credit facility, shall cause the lessee or the user, in a written undertaking or in the lease agreement or loan-for-use agreement, to specify that if the Bank exercises its mortgage rights or pledge rights or other security interests and makes a claim in writing with respect thereto, the given lease agreement or loan-for-use agreement will immediately be deemed terminated, and the Bank will have the right to bring a subrogated claim for termination of the agreement.

When the initial registration of building ownership has not yet been performed for an addition to the security, the Borrowers and/or the Security Providers shall declare their factual ownership of the addition, and it will be deemed to have been provided for mortgaging to the Bank as joint security. The Borrowers and/or the Security Providers agree, after the initial registration of building ownership has subsequently been performed, to provide the addition unconditionally to the Bank for supplemental creation of mortgage rights thereon, and prior to performance of the initial registration of building ownership, the Borrowers and/or Security Providers agree that execution may take place against the addition to the security along with the security itself when the Bank exercises its mortgage rights, and that the Bank shall have senior priority in receiving repayment from the addition to the security.

If a change in the security is planned, the written approval of the Bank must first be obtained before such a change is performed, and if a registration of the change is required as a result, the Borrowers and/or the Security Providers agree to cooperate in immediately carrying out all procedures required in connection with such registration, and to jointly and severally bear all related expenses.

If a change in the security is planned, the written approval of the Bank must first be obtained before such a change is performed, and if a registration of the change is required as a result, the Borrowers and/or the Security Providers agree to cooperate in immediately carrying out all procedures required in connection with such registration, and to jointly and severally bear all related expenses.

If a change in the security is planned, the written approval of the Bank must first be obtained before such a change is performed, and if a registration of the change is required as a result, the Borrowers and/or the Security Providers agree to cooperate in immediately carrying out all procedures required in connection with such registration, and to jointly and severally bear all related expenses.

25. Custodial responsibility of the pledgee

When the Bank takes possession and custody of the security, the Bank shall be liable for damage to or loss of the security only when it occurs through the intent or gross negligence of the Bank.

26. Declaration regarding security that consists of documents evidencing rights over things

If the security consists of documents evidencing rights over things, such as bills of lading or warehouse receipts, the Borrowers and/or the Security Providers warrant that the quality, type, specifications, quantities, and other conditions of the goods set out therein are all in complete conformance with those indicated in the text of the relevant document, and the Bank may at any time withdraw or inspect such goods. If hereafter the quality, type, or specifications are found to not be in conformance, or there is a shortage in their quantity, or there is any other misrepresentation, the Borrowers and/or the Security Providers shall immediately replace or supplement the security so as to conform to or be equivalent with the conditions set out in the written document, or shall immediately repay the full amount of the debt.

R-credit card contracts, contracts with designated merchants, and other debt deriving from business transactions (such as debt arising when a credit facility cannot be established or is void or revoked);
(~~_____~~)
(please strike out with a horizontal line any of the items checked above which do not fall within the stipulated scope of the security, and add your seal or signature)

~~_____~~
~~_____~~
and related interest, default interest, penalties, disbursements, related fees (such as fees for obtaining title of execution, fees for perfection of mortgage collateral, expenses for the execution/enforcement of a mortgage, or litigation expenses arising in connection with this Master Agreement or the Credit Terms Agreement), exchange rate fluctuations, damages, interest in suspense, fees, and other obligations connected to the principal debt.

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~~_____~~
The Security Providers agree that if the creditor's rights that are secured by the security have not been discharged by the Borrowers by the time the payment is due, ownership of the security will be transferred to the Bank. The Security Providers also agree to cooperate with the Bank at any time in performing matters required for the creation and registration of the security interest, and if the creditor's rights which are secured by the security have not been discharged by the Borrowers by the time the payment is due, to cooperate with the Bank to register the transfer of ownership. The Bank, however, while entitled to require the Security Providers to transfer ownership of the security to it in accordance with the preceding stipulation, is not obligated to do so, and may, prior to the registration of the transfer of ownership, unilaterally notify the Security Providers that the stipulations of this clause are rescinded. When the Bank does require the transfer of ownership of the security to it by the Security Provider, that portion of the value of the security in excess of the creditor's rights it secures shall be returned to the Security Provider; when the security is insufficient to discharge the creditor's rights that it secures, the Bank may still require the debtor to discharge the debt. Prior to the transfer of ownership of the security to the Bank, the Security Providers may discharge the creditor's rights that are secured by the security in order to extinguish the mortgage on the security.

~~_____~~
Prior to determination of the debt that is secured by the security, the Security Providers agree that the Bank may assign the whole of the credit line mortgage to others or partition it and assign part to others as co-owners of the credit line mortgage, and agree to cooperate in carrying out registration.

Section 4: The Borrowers' Obligation to Give Notice

35. The Borrowers' obligation to give notice

The Borrowers agree that, given the occurrence of any of the following circumstances, they shall immediately notify the Bank and consult with it regarding the appropriate method of disposition:

- (1) When there is a likelihood that the ability of any of the Borrowers and/or the Guarantors to repay the credit facility debt, or the Guarantors' ability to secure the debt, will be affected due to a merger or acquisition or the acquisition or disposal of major assets by or of the Borrowers and/or the Guarantors;

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(11) When any of the Guarantors serving in a capacity of a director, supervisor, or other person with representative powers of the Borrowers departs or resigns from the position or is dismissed or unable to continue to hold the aforementioned position for whatever reason.

Given the occurrence of any of the above circumstances, if the Borrowers fail to immediately notify the Bank, or fail to reach agreement with the Bank on an appropriate method of disposition, the Borrowers will be deemed to be in default, and the Bank may suspend the Borrowers' utilization of the credit facility, or reduce the comprehensive credit limit or some or all single credit limits, or may shorten the credit period. In addition, given the occurrence of subparagraph (11), if the Borrowers fail to immediately notify the Bank and thereby cause damage to the Bank, the Borrowers shall also be liable for compensation of the damage incurred.

Section 5: Terms and Conditions Regarding Perfection of Creditor's Rights

36. Acceleration Clause 1

When any of the following circumstances applies to any of the Borrowers, the full amount of the debt under this Master Agreement and the Credit Terms Agreement will be deemed to have immediately reached maturity, without requirement of notification, and the Borrower will ipso facto lose the benefit of the repayment period and shall immediately discharge the full amount of the debt; the Bank, however, may choose to notify the Borrower of the maturity of only one specific credit facility under this Master Agreement or the Credit Terms Agreement, or may suspend the Borrowers' utilization of credit facilities, or may reduce the comprehensive credit limit or some or all single credit limits, or may shorten the credit period:

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1. When the principal of any debt is not paid as stipulated (including amortization of principal and interest);

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2. When there is a filing for composition or declaration of bankruptcy under the Bankruptcy Act or the Consumer Debt Clearance Act, or a filing for company reorganization, or there is a notice of blacklisting by a bills clearing house, or suspension of business, or liquidation of debt;

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3. When a Borrower has a stipulated obligation to provide security but does not provide it;

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4. When, upon a Borrower's death, a successor declares a waiver of succession;

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5. There is a declaration of confiscation of any major property of a Borrower due to a criminal matter.

37. Acceleration Clause 2

When any of the circumstances below applies to any of the Borrowers, and the Bank has given a notification or demanded that the Borrowers make up a shortfall or make corrections within a reasonable time limit set by the Bank, and the Borrowers have failed to make up the shortfall or make corrections by the deadline, or the Borrowers' means of making up the shortfall or making corrections have not been accepted by the Bank, then all debt under this Master Agreement and the Credit Terms Agreement will be deemed to be at maturity at the end of that period, and the Borrowers will ipso facto lose the benefit of the repayment period and shall immediately discharge the full amount of the debt. The Bank, however, may choose to notify the Borrowers of the maturity of only one specific credit facility under this Master Agreement or the Credit Terms Agreement, or may suspend the Borrowers' utilization of credit facilities, or may reduce the comprehensive credit limit or some or all single credit limits, or may shorten the credit period:

When any of the circumstances below applies to any of the Borrowers, and the Bank has given a notification or demanded that the Borrowers make up a shortfall or make corrections within a reasonable time limit set by the Bank, and the Borrowers have failed to make up the shortfall or make corrections by the deadline, or the Borrowers' means of making up the shortfall or making corrections have not been accepted by the Bank, then all debt under this Master Agreement and the Credit Terms Agreement will be deemed to be at maturity at the end of that period, and the Borrowers will ipso facto lose the benefit of the repayment period and shall immediately discharge the full amount of the debt. The Bank, however, may choose to notify the Borrowers of the maturity of only one specific credit facility under this Master Agreement or the Credit Terms Agreement, or may suspend the Borrowers' utilization of credit facilities, or may reduce the comprehensive credit limit or some or all single credit limits, or may shorten the credit period:

1. The interest on any debt is not paid as stipulated;

2. The security is attached, or is lost or destroyed, or is reduced in value, or is inadequate to secure the creditor's rights;

3. The Borrowers' actual use of the funds under the debt owed to the Bank does not conform with the use approved by the Bank;

4. Any of the borrowers is subject to compulsory execution, provisional attachment, provisional injunction, or other protective measures, resulting in a likelihood that the Bank will not be able to receive repayment;

5. Any of the Borrowers has objectively become uncreditworthy or suffered a deterioration in creditworthiness;

6. Any of the Borrowers has not performed or is not capable of performing any one of the obligations under this Master Agreement and/or the Credit Terms Agreement.

38. Set-off and lien

The Borrowers and Security Providers, or Borrowers who themselves are Security Providers, as the case may be, hereby specifically declare that they received this Master Agreement in advance and the Credit Terms Agreement and have reviewed their contents over a reasonable period of at least 7 days, and that they have negotiated with the Bank regarding the terms and conditions under each of Articles 3, 4, 6, 8, 11, 13, 14, 15, 16, 23, 28, 29, 34, 35, 36, 37, and 38 and Section 7, and that they have fully understood their content prior to signing or placing their seals below. In the event any dispute subsequently arises under or in connection with this Master Agreement, please refer to the official website of the Bank for information on the channels for dispute resolution or complaints.

(signature or seal)	(signature or seal)	(signature or seal)	(signature or seal)
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Section 9: Individual Terms and Conditions

53. Short-term loans

Short-term borrowings by the Borrowers shall be utilized for short-term working capital funding and may not be used for any other uses. The Bank may require a pledge of or the creation of security rights on inventories related to the loan utilization, or may require other security.

54. Import financing or domestic materials procurement

The Bank may provide financing for the Borrowers' documents against acceptance (D/A), documents against payment (D/P), and telex transfers (T/T) after review and approval.

This credit facility may be converted to other currencies subsequent to the Bank's approval, but after a conversion to New Taiwan Dollars no further conversion may be made to a foreign currency. If interest was originally to be paid simultaneously with the principal, then the interest to be paid on the financing in the original currency prior to conversion shall be paid by the Borrowers at the time of the conversion to another currency.

The date and the rate of exchange for currency conversions shall be determined by consultation between the two parties or in accordance with the Bank's operating practices. If, due to a currency conversion, the credit limit for this credit facility is exceeded by 5 percent, the Bank may require the repayment of the excess amount within a reasonable deadline, and the Borrowers shall repay the excess amount prior to the expiration of the deadline.

When the Borrowers purchase materials domestically, they may, with the Bank's consent, request the Bank to issue a domestic letter of credit and to accept or to pay the bill of exchange or other certificate issued by the beneficiary of the letter of credit.

When a letter of credit under this credit facility is negotiated, if the negotiated amount exceeds the amount of the facility the Bank agreed to advance at the time it issued the letter of credit, and the Bank separately agrees to make a further advance, that amount shall be added to the balance of utilization under this credit facility.

If the Borrowers apply for issuance of a letter of credit during the period of utilization and the Bank advances the funds under the letter of credit only after the period of utilization, the funds advanced will be added to the balance of utilization under this credit facility.

The Borrowers agree to provide the shipping documents and the goods imported under each individual letter of credit for import financing as security for this credit facility, and further that this Master Agreement and the Credit Terms Agreement are proof of the agreement to provide such security. The Borrowers shall insure the goods in connection with letters of credit under this Master Agreement and the Credit Terms Agreement in advance in accordance with insurance terms and conditions approved by the Bank, with the Bank as preferred beneficiary, with all related fees to be borne by the Borrowers.

The Borrowers shall perform their obligations in accordance with the terms and conditions of the letter of credit, export order, or bill of sale of the preceding paragraph, and without the prior written consent of the Bank, may not make any unauthorized amendment to those documents or cause them to lose effect.

The Borrowers shall perform their obligations in accordance with the terms and conditions of the letter of credit, export order, or bill of sale of the preceding paragraph, and without the prior written consent of the Bank, may not make any unauthorized amendment to those documents or cause them to lose effect.

The Borrowers shall perform their obligations in accordance with the terms and conditions of the letter of credit, export order, or bill of sale of the preceding paragraph, and without the prior written consent of the Bank, may not make any unauthorized amendment to those documents or cause them to lose effect.

The Borrowers shall perform their obligations in accordance with the terms and conditions of the letter of credit, export order, or bill of sale of the preceding paragraph, and without the prior written consent of the Bank, may not make any unauthorized amendment to those documents or cause them to lose effect.

55. Export financing

55. Export financing

On the basis of an irrevocable letter of credit with the Borrowers as beneficiary or an export order or bill of sale approved by the Bank, and subsequent to approval by the Bank, the amount set out in the aforesaid documents may be converted to New Taiwan Dollars for utilization at a Bank-approved percentage and exchange rate. The Borrowers shall deliver the originals of the aforesaid documents (including any subsequent amendments in writing) for deposit with the Bank, and when the Bank handles export negotiation or collection, the funds obtained shall be applied to repay the loan after conversion into New Taiwan Dollars at the Bank's spot buying rate on that date or at an exchange rate negotiated between the Borrowers and the Bank.

The Borrowers shall perform their obligations in accordance with the terms and conditions of the letter of credit, export order, or bill of sale of the preceding paragraph, and without the prior written consent of the Bank, may not make any unauthorized amendment to those documents or cause them to lose effect.

The Borrowers shall perform their obligations in accordance with the terms and conditions of the letter of credit, export order, or bill of sale of the preceding paragraph, and without the prior written consent of the Bank, may not make any unauthorized amendment to those documents or cause them to lose effect.

The Borrowers shall perform their obligations in accordance with the terms and conditions of the letter of credit, export order, or bill of sale of the preceding paragraph, and without the prior written consent of the Bank, may not make any unauthorized amendment to those documents or cause them to lose effect.

When the Borrowers receive payments through their "repayment reserve account" at the Bank, the Borrowers consent to and authorize the Bank to settle at its discretion the principal, interest, and fees of the accounts receivable financing from out of those sums, periodically and/or in fixed amounts, and the Borrowers must obtain consent from the Bank prior to any utilization of the balance remaining after settlement. When the Borrowers assign accounts receivable to the Bank as security and the accounts receivable are collected by the Bank at maturity, the Borrowers consent to and authorize the Bank to settle at its discretion the principal, interest, and fees for the financing of those receivables from out of that sum, and the Borrowers must obtain consent from the Bank prior to any utilization of the balance remaining after settlement. In the event that the accounts receivable are not deposited in the "repayment reserve account" at maturity or are not paid, or that the deposit into the "repayment reserve account" or the amount of the accounts collected is not sufficient to settle the principal, interest, and fees for the accounts receivable financing, the Borrowers shall immediately repay the principal, interest, and fees for the financing of those receivables, or shall provide for assignment to the Bank other accounts receivable in the same amount that have been approved by the Bank, or shall provide another method of solution approved by the Bank.

When the circumstances set out in the preceding paragraph, in which the accounts receivable are not deposited in the "repayment reserve account" or are not paid, or the deposit into the "repayment reserve account" or the amount collected is not sufficient to settle the principal, interest, and fees for the accounts receivable financing, are caused by a reason related to the creditworthiness of the accounts receivable debtor, then the full amount of the financing received by the Borrowers, on the full amount of the accounts receivable that are payable by the accounts receivable debtor, will be deemed to have reached maturity, and the Borrowers shall immediately repay the principal, interest, and fees for the financing of those receivables, or shall provide other accounts receivable equal to the full amount of those accounts receivable approved by the Bank for assignment to the Bank, or shall provide another method of solution approved by the Bank.

When accounts receivable are assigned as security, the Borrowers shall give notification of assignment of creditor's rights and shall fill out a schedule of accounts receivable assigned as security, with photocopies of the commercial invoices attached, to be delivered to the Bank. The Borrowers shall place the Borrowers' seal(s) of record on the schedule of accounts receivable assigned as security and the photocopies of the commercial invoices for confirmation, and shall also make a notation on the commercial invoices to the effect that the Bank is the sole payee of creditor's rights on the accounts receivable, and that the creditor's rights were assigned at the Bank's request. The Borrowers also agree that, upon notification by the Bank, they will cooperate by providing the originals of the commercial invoices or related documents if the Bank requires their use.

59. Requests for guarantees of commercial promissory notes

When the Bank, at the Borrowers' request, guarantees a commercial promissory note issued by the Borrowers, the Borrowers agree that the note shall be sold through a bills finance house approved by the Bank, and agree that the Bank, at the request of the bills finance house, may deliver the stamped promissory note to the given bills finance house on the business day preceding its issuance date.

60. Requests for acceptance of a bill of exchange

60. Requests for acceptance of a bill of exchange

When the Borrowers request the Bank to accept a bill of exchange, the place where the bill of exchange is to be honored shall be the Bank's place of business.

The Borrowers shall separately issue a negotiable instrument in the same amount and with the same maturity date as each bill of exchange that is accepted and deliver it to the Bank as a reserve for its acceptances. After the Bank pays the accepted bill of exchange, if the Borrowers' reserve negotiable instrument cannot be redeemed, the Borrowers shall immediately repay the Bank the face amount of the instrument.

The Borrowers shall still make immediate repayment of amounts paid by the Bank when performing its obligation on acceptances even after the termination of this Master Agreement and the Credit Terms Agreement, and the Borrowers shall be liable for payment of damages in the event the Bank suffers injury as a result.

The Borrowers agree that bills of exchange that have been accepted by the Bank be sold through a bills finance house approved by the Bank, and agree that the Bank, at the request of the bills finance house, may deliver the stamped bill of exchange to the given bills finance house on the business day preceding its issuance date.

61. Authorized guaranties

When the Bank performs guarantee obligations, it will only undertake a formal document review and approval of the written vouchers for which the beneficiary of the guarantee requires the Bank to perform guarantee obligations. The Bank will make an independent judgment about whether or not to perform the guaranteed debt, and will not be required to consider substantive aspects of the goods, services, or other acts of performance. The Borrowers may not raise, as a defense against the bank, any matter or cause existing between the Borrowers and the beneficiary of the guarantee.

If the beneficiary of the guarantee requires that the Bank extend the guarantee period or perform the guaranteed debt if it does not do so, the Bank shall be entitled to choose to perform the guaranteed debt, or to extend the guarantee period after obtaining the consent of the Borrowers and the Guarantors.

After the Bank performs a guaranteed debt, the Borrowers shall immediately repay the full amount of the debt performed on their behalf, default interest, and the penalty. If foreign currency is involved, the Borrowers shall be responsible for obtaining the foreign currency for repayment, or shall make the repayment in New Taiwan Dollars after conversion at the Bank's spot selling rate or at an exchange rate negotiated between the Borrowers and the Bank.

62. Issuance of letters of credit

1. 1. For amounts that are repaid within a repayment deadline stipulated under subparagraph (3), interest shall be paid at the rate approved by the Bank at the time, from the date payment is advanced by the Bank's agent bank until the date of actual repayment by the Borrowers, but when there is a change in the prevailing interest rates in the financial market, whether an increase or a decrease, the Bank may accordingly adjust its interest rate, and the Borrowers shall, without recourse, pay interest at the new adjusted rate.
2. 2. When payment of the principal and interest on the amounts advanced by the Bank is delayed beyond the repayment date stipulated under subparagraph (3), the Borrowers agree to pay default interest and punitive penalty for breach of contract in accordance with Bank rules. (Default interest shall be calculated and paid based on the Bank's then-current maximum lending rate or at an interest rate approved by the Bank at the time. The punitive penalty within 6 months from the stipulated repayment date shall be ten percent (10%) of the Bank's then-current maximum lending rate or an interest rate approved by the Bank at the time, and at 6 months or more past the stipulated repayment date, the punitive penalty shall be twenty percent (20%) of the Bank's then-current maximum lending rate or an interest rate approved by the Bank at the time). The Bank may also, without giving notice, dispose at its discretion the purchased goods and the bond, or may exercise the rights pledged to it pursuant to subparagraph (2) of these terms and conditions for the issuance of letters of credit, and priority in repayment from the price received will be accorded to the principal and interest of the amounts advanced by the Bank, and the Borrowers will be required to make up any shortfall.
3. 3. For an application for issuance of a letter of guarantee or a bill of lading endorsement, interest will be paid at a 7-day interest rate (if the Taipei Bankers Association or the Bank makes a change in the number of days for this rate, the adjustment will apply from the date of the change).

- (5) The Borrowers declare themselves to be the true owner of the collateral they provide, and agree to be liable for damages in the event the Bank suffers any loss due to a third party claim or a dispute with respect to the collateral.
- (6) If registration or transfer of title is required for the collateral provided by the Borrowers, the Borrowers agree to immediately carry out the registration or transfer procedures, and to deliver the related documentation to the Bank to be held by it. Any fees required for the registration or title transfer shall be borne by the Borrowers.
- (7) Any loss on goods purchased in connection with each letter of credit (including goods in transit) arising due to failure to perform contract, late delivery, or fraud by the beneficiary of the letter of credit, or other force majeure event shall be borne by the Borrowers. If a beneficiary of a letter of credit is unable to collect part or all of the amount of any letter of credit or the letter has passed its expiration date, the Bank may thereupon cancel the letter of credit.

When any of the following circumstances applies to any of the Borrowers or the Bank deems it necessary for other reasons, the Bank may

suspend issuance of letters of credit and demand repayment of the full amount of funds not yet repaid by the Borrowers pursuant to letters of credit issued by the Bank (including letters of credit already issued under which funds have not yet been advanced), and the Borrowers shall have absolutely no recourse against such demand:

1. When at the end of the prescribed period the Borrowers have not repaid the principal, interest, and other fees on funds advanced by the Bank, or the amount of repayment is insufficient, or the Borrowers engage in acts that are injurious to the aforesaid creditor's rights of the Bank.
2. The principal, interest, or other fees of another of the Borrowers' contracts with the Bank are not paid when due, or the debt under that contract is deemed to be at maturity due to the Borrowers' non-performance of stipulations under that contract.
3. A promissory note or check delivered to the Bank after issuing or endorsement by the Borrowers is refused payment at maturity, or is returned by a clearing house.
4. The Borrowers fail to provide financial information within the deadline as notified by the Bank.
5. If there is a likelihood that the collateral will deteriorate, or if it is damaged, lost, or reduced in value, or if its net value is not sufficient to secure the related creditor's rights, and the Borrowers fail to immediately supplement the collateral upon receiving notification from the Bank.
6. The Borrowers have failed to make any tax payment by the deadline.
7. The Borrowers suspend business operations for any reason.
8. A third party petitions a court for provisional attachment, provisional injunction, provisional execution, or other executory procedures against the Borrowers, or the Borrowers or a third party file for reorganization, merger, liquidation, or bankruptcy of the Borrowers' company.
9. The Borrowers have defaulted in a dealing with another financial institution.
10. The Borrowers have misrepresented or concealed matters in declarations or representations made with respect to these Terms and conditions for Issuance of Letters of Credit.
11. The Borrowers have violated a mandatory or prohibitory provision of these Terms and Conditions for Issuance of Letters of Credit or of other stipulations of equal effect.

本行或其代理行在收到或处理由本行或本行代理行承兑的信用证时，如发现有与信用证条款不符之处，本行或其代理行有权拒绝承兑或付款，且不承担任何责任。本行或其代理行在收到或处理信用证时，如发现单据与信用证条款不符，或单据之间存在矛盾，或单据与信用证条款不符，或单据之间存在矛盾，本行或其代理行有权拒绝承兑或付款，且不承担任何责任。

(13) Should the bill of exchange negotiated by the Bank be refused handling or processing by the discount bank or correspondent bank of the Bank, or unpaid by issuing bank owing to some discrepancy in the bill of exchange or the documents attached thereto with the terms and conditions of the letter of credit or for any other reasons, or should the acceptance of the shipped goods be refused because of divergence of quality, quantity, etc. of the said goods, or for any other reasons, discovered by the interested party or parties upon delivery or any other occasions, the Borrowers shall take full responsibility thereof and reimburse the Bank at any time the amount of the bill of exchange, interest (to be calculated at the rate of credit loan ruling in the time of negotiation), and other incidental charges incurred. The Borrowers further authorize the Bank to tender a letter of guarantee to the issuing bank or the accepting bank under the letter of credit, without any notification to the Borrowers in case the Bank or the Bank's correspondent bank deems it fit to do so, and the Borrowers solely shall be held liable for the guarantee thus offered.

本行或其代理行在收到或处理由本行或本行代理行承兑的信用证时，如发现有与信用证条款不符之处，本行或其代理行有权拒绝承兑或付款，且不承担任何责任。本行或其代理行在收到或处理信用证时，如发现单据与信用证条款不符，或单据之间存在矛盾，或单据与信用证条款不符，或单据之间存在矛盾，本行或其代理行有权拒绝承兑或付款，且不承担任何责任。

(14) The Borrowers agree that in case the Borrowers request the Bank to negotiate shipping documents made out under letters of credit which are payable against shipping documents without producing drafts, and in the event of these shipping documents being refused processing, handling, or dealing by the Bank's correspondent bank, or refused payment by the issuing banks for some or any reasons, the Borrowers shall pay on demand the full amount of the documents together with interest and relative expenses as required by the Bank, and shall undertake to hold the Bank free and harmless from any loss or damage which may occur in connection therewith.

本行或其代理行在收到或处理由本行或本行代理行承兑的信用证时，如发现有与信用证条款不符之处，本行或其代理行有权拒绝承兑或付款，且不承担任何责任。本行或其代理行在收到或处理信用证时，如发现单据与信用证条款不符，或单据之间存在矛盾，或单据与信用证条款不符，或单据之间存在矛盾，本行或其代理行有权拒绝承兑或付款，且不承担任何责任。

(15) The Borrowers authorize the Bank or the Bank's correspondent bank to send the bill of exchange and/or the documents attached thereto to the place of payment by any method as the Bank or the Bank's correspondent bank deems fit.

本行或其代理行在收到或处理由本行或本行代理行承兑的信用证时，如发现有与信用证条款不符之处，本行或其代理行有权拒绝承兑或付款，且不承担任何责任。本行或其代理行在收到或处理信用证时，如发现单据与信用证条款不符，或单据之间存在矛盾，或单据与信用证条款不符，或单据之间存在矛盾，本行或其代理行有权拒绝承兑或付款，且不承担任何责任。

(16) Should the bill of exchange and/or the documents attached thereto be destroyed or lost in transit, or assumed as such, or their arrival at the place of payment is much delayed by accident such as mistransportation, a new bill of exchange and a new set of documents attached thereto shall be presented to the Bank by the Borrowers according to the Bank's record book, at the Bank's demand without any legal procedures, or alternatively, at the Bank's option, the amount of the bill of exchange, with all expenses, shall be paid to the Bank by the Borrowers.

本行或其代理行在收到或处理由本行或本行代理行承兑的信用证时，如发现有与信用证条款不符之处，本行或其代理行有权拒绝承兑或付款，且不承担任何责任。本行或其代理行在收到或处理信用证时，如发现单据与信用证条款不符，或单据之间存在矛盾，或单据与信用证条款不符，或单据之间存在矛盾，本行或其代理行有权拒绝承兑或付款，且不承担任何责任。

(17) The Borrowers shall be responsible for the signature, seal or writing used on the bill of exchange or any other documents accepted by the Bank even though the signature, seal or writing is a forged or stolen one, should the Bank has concluded the same to be identical with those submitted to the Bank by the Borrowers beforehand or those used on previous bills of exchange or other documents. Any damage caused the Bank therefrom shall be borne by the Borrowers upon notice from the Bank.

Should the drawee of the bill of exchange or the issuing bank, accepting bank, or confirming bank of the relative letter of credit become insolvent, or bankrupt, be seized, provisionally seized, provisionally disposed of, or offered for auction, or even should the drawee or any of the above banks apply for bankruptcy or settlement by composition, the Borrowers agree, upon the Bank's notice, to pay the Bank the total amount of the bill of exchange with interest and other additional charges.

The Borrowers agree that all their property including securities and deposit balances which may now or hereafter be in the possession of the Bank or the branch units thereof, or otherwise subject to the Bank's control shall be deemed to be collateral security for the payment of any indebtedness and liability now existing or hereafter created or incurred by the Borrowers to the Bank due or not yet due.

The jurisdiction of a judicial court regarding any legal action on the bill of exchange or relevant documents and/or collateral goods shall be executed at the district court at the location of the Bank's place of business where the Borrowers have submitted the bill of exchange for negotiation.

The Borrowers will observe the Uniform Regulations for Commercial Documentary Credits and the International Commercial Terms prescribed by the International Chamber of Commerce, and deem them as a part of the Mater Agreement.

Lastly, it is mutually agreed that the delivery of such collateral securities to the Bank shall not prejudice the Bank's rights on any negotiable instrument in case of dishonor, nor shall any recourse taken thereon affect the Bank's title to such securities to the extent of the Borrowers' liability to the Bank as above, and that notwithstanding any alteration by death, retirement, introduction of new partners or otherwise in the persons from time to time constituting the Borrowers' firm or the style of the firm under which the business at present carried on by the Borrowers may be from time to time continued, this Master Agreement and the powers and authorities hereby given are to hold good as this Master Agreement with the Borrowers on the part of the Borrowers as aforesaid, and that each negotiation of a bill of exchange hereunder is to be treated as a renewal by or on behalf of the Borrowers as then existing of the terms of this Master Agreement. It is also agreed that the Bank is not to be responsible to the Borrowers for the default of any broker or auctioneer employed by the Bank for any purpose.

64. Purchase of foreign currency negotiable instruments (purchase of clean bills)

此 Comprehensive Credit Facilities Master Agreement 是 由 及 之 間 訂 立 的 ；
 This Comprehensive Credit Facilities Master Agreement is made by and between:

借 款 人 ；
 Borrower: () (Registered seal and personal signature)
 代 表 人 ；
 Representative:
 統 一 序 號 ；
 Uniform serial no.:
 地 址 ；
 Address:
 傳 真 號 ；
 Fax no.:
 借 款 人 ；
 Borrower: Prime World International Holdings Ltd. Taiwan Branch ()
 (Registered seal and personal signature)
 代 表 人 ；
 Representative: Lin, Chih-Hsiang
 統 一 序 號 ；
 Uniform serial no.: 28410552
 地 址 ；
 Address: No.18, Gong 4th Rd., Gong'er Industrial Park, Linkou Dist., New Taipei
 City
 傳 真 號 ；
 Fax no.:

借 款 人 同 時 是 擔 保 人 ；
 Borrower who is also a Security Provider:
 () (Registered seal and personal signature)
 代 表 人 ；
 Representative:
 統 一 序 號 ；
 Uniform serial no.:
 地 址 ；
 Address:
 傳 真 號 ；
 Fax no.:
 借 款 人 同 時 是 擔 保 人 ；
 Borrower who is also a Security Provider:
 () (Registered seal and personal signature)
 代 表 人 ；
 Representative:
 統 一 序 號 ；
 Uniform serial no.:
 地 址 ；
 Address:
 傳 真 號 ；
 Fax no.:

日期 Date of verification	地點 Place of verification	簽 名 或 蓋 章 Verified by (signature/seal):
April 11 th , 2019	No.18, Gong 4th Rd., Gong'er Industrial Park, Linkou Dist., New Taipei City	

6. Upon the occurrence of a material force majeure event, the Bank may change the benchmark interest rate structure and announce it at the Bank's places of business and on its website.

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Description of Interest Calculation on NTD-denominated Loans

Description of Interest Calculation on NTD-denominated Loans

1. Short-term loans (loans with maturity of 1 year or less)

1. Short-term loans (loans with maturity of 1 year or less)

(1) Interest is calculated based on the final balance of each day on which a loan is actually used and on the number of days for which the loan is used. No interest is calculated if the loan is not used on a given day.

(1) Interest is calculated based on the final balance of each day on which a loan is actually used and on the number of days for which the loan is used. No interest is calculated if the loan is not used on a given day.

(2) Interest payment shall be made at the time due on a monthly basis. On the stipulated interest payment date, interest will be counted towards overdrafts or deducted from the deposits.

(2) Interest payment shall be made at the time due on a monthly basis. On the stipulated interest payment date, interest will be counted towards overdrafts or deducted from the deposits.

(3) Interest will accrue at a per annum rate, and the calculation will use a year length of 365 days; the same shall apply to a leap year.

(3) Interest will accrue at a per annum rate, and the calculation will use a year length of 365 days; the same shall apply to a leap year.

2. Medium-term and long-term loans

2. Medium-term and long-term loans

Interest will accrue at a per annum rate. Interest for a full-month period will be calculated monthly, while interest for a fractional-month period will be calculated daily. If two different interest rates apply to one interest payment period, the interest calculation will be pro rata based on the ratio of the number of days for which the old and the new interest rates apply to the total number of days of that interest payment period.

Interest will accrue at a per annum rate. Interest for a full-month period will be calculated monthly, while interest for a fractional-month period will be calculated daily. If two different interest rates apply to one interest payment period, the interest calculation will be pro rata based on the ratio of the number of days for which the old and the new interest rates apply to the total number of days of that interest payment period.

In the event of a subsequent change in the method of interest calculation on loans, a public announcement will be published for reference at the place of business and website of the Bank.

In the event of a subsequent change in the method of interest calculation on loans, a public announcement will be published for reference at the place of business and website of the Bank.



Far Eastern International Bank

Far Eastern International Bank
Notice Given Under Article 8, Paragraph 1 of the Personal Information Protection Act

Notice Given Under Article 8, Paragraph 1 of the Personal Information Protection Act

Dear customer, please note, because the collection of personal information involves your right to privacy, Far Eastern International Bank (the "Bank") is required to notify you of the following matters under Article 8, paragraph 1 of the Personal Information Protection Act (the "Act") when collecting your personal information: (1) name of the non-government agency; (2) purpose of collection; (3) classification of the personal information; (4) time period, area, targets, and methods of use of the personal information; (5) the rights that you may exercise under Article 3 of the Act and method for exercising those rights; (6) the effect on your rights and interests if you choose not to provide personal information when you exercise your free choice of whether to provide the information.

1. Dear customer, please note, because the collection of personal information involves your right to privacy, Far Eastern International Bank (the "Bank") is required to notify you of the following matters under Article 8, paragraph 1 of the Personal Information Protection Act (the "Act") when collecting your personal information: (1) name of the non-government agency; (2) purpose of collection; (3) classification of the personal information; (4) time period, area, targets, and methods of use of the personal information; (5) the rights that you may exercise under Article 3 of the Act and method for exercising those rights; (6) the effect on your rights and interests if you choose not to provide personal information when you exercise your free choice of whether to provide the information.

2. With regard to your information to be collected by the Bank, please refer to the Annex for the detailed purpose of collection and classification of the personal information, and the time period, area, targets, and methods of use of your personal information.

3. Under Article 3 of the Act, you may exercise the following rights with regard to your personal information collected by the Bank:
(1) Except under a circumstance set out in Article 10 of the Act, you may make inquiries about, request to review, or make duplications of your personal information, but the Bank may charge fees necessary to cover its costs, in accordance with Article 14 of the Act.

- (2) You may request the Bank to supplement or correct your personal information, but you are required to appropriately explain the reason and facts in accordance with Article 19 of the Enforcement Rules of the Act.
- (3) Under Article 11, paragraph 4 of the Act, you may request the Bank to discontinue collection of your information in the event that the Bank has collected, processed, or used your information in violation of the Act.
- (4) Under Article 11, paragraph 2 of the Act, in the event of a dispute regarding the accuracy of personal information, you may request the Bank to discontinue processing or using your personal information. However, the proviso to that paragraph states that this restriction does not apply when the processing or use by the Bank is necessary for the execution of business and the dispute has been noted, or when agreed by you in writing.
- (5) Under Article 11, paragraph 3 of the Act, you may request the Bank to delete or discontinue processing or using your personal information when the specific purpose for collecting the information no longer exists or the time period expires. However, the proviso to that paragraph states that this restriction does not apply when the processing or use by the Bank is necessary for the execution of business, or when agreed by you in writing.

http://www.feib.com.tw

4. You may refer to the Bank website (<http://www.feib.com.tw>) for the latest content of the Bank's obligatory disclosures, and for the method of exercising your rights under Article 3 of the Act if you wish to do so.

5. You may freely choose whether to provide relevant personal information and classifications. However, if any personal information and classifications that you decline to provide are information necessary for reviews or procedures for conducting business, the Bank may not be able to conduct the required reviews or procedures, and so be unable to provide you with the relevant service or optimal service. Your understanding is appreciated.

The Borrowers have been notified and are fully aware of the content of the above Notice, and will in turn notify any other parties who deliver their personal information to the Bank in connection with this credit transaction, to ensure that they have been notified and are fully aware of the content of the Notice.

The Borrowers have been notified and are fully aware of the content of the above Notice, and will in turn notify any other parties who deliver their personal information to the Bank in connection with this credit transaction, to ensure that they have been notified and are fully aware of the content of the Notice.

Annex:

Description of the specific purpose		Classification of the personal information	Period for use of the personal information	Area for use of the personal information	Targets for use of the personal information	Method for use of the personal information
Business type	Business specific purpose and code					
1. Deposit and remittance business	022 存款	040 存款	Name, I.D. card number, gender, date of birth, contact information, and other personal information as detailed in relevant business application forms or written contracts, and which is in connection with business dealings, accounts, or services between the Bank and the customer, and has actually been collected from the customer or a third party (e.g.: the Joint Credit Information Center)	The locations, domestic or overseas, of the parties indicated in the column to the right, "Targets for use of the personal information"	Automated or non-automated methods of use that comply with laws and regulations governing the protection of personal information.	
	035 存款	059 存款				
	036 存款	060 存款				
	067 存款	063 存款				
	082 存款	069 存款				
	112 存款	090 存款				
	181 存款	091 存款				
	022 存款	098 存款				
	036 存款	104 存款				
	067 存款	136 存款				
	067 存款	137 存款				
	082 存款	157 存款				
	112 存款	182 存款				
	181 存款	040 存款				
	181 存款	059 存款				
2. Credit business	022 存款	060 存款	Name, I.D. card number, gender, date of birth, contact information, and other personal information as detailed in relevant business application forms or written contracts, and which is in connection with business dealings, accounts, or services between the Bank and the customer, and has actually been collected from the customer or a third party (e.g.: the Joint Credit Information Center)	The locations, domestic or overseas, of the parties indicated in the column to the right, "Targets for use of the personal information"	Automated or non-automated methods of use that comply with laws and regulations governing the protection of personal information.	
	067 存款	063 存款				
	082 存款	069 存款				
	088 存款	090 存款				
	106 存款	091 存款				
	111 存款	098 存款				
	126 存款	104 存款				
	154 存款	136 存款				
	181 存款	137 存款				
	022 存款	157 存款				
	067 存款	182 存款				
	082 存款	040 存款				
	088 存款	059 存款				
	106 存款	060 存款				
	111 存款	063 存款				
3. Credit card business	022 存款	060 存款	Name, I.D. card number, gender, date of birth, contact information, and other personal information as detailed in relevant business application forms or written contracts, and which is in connection with business dealings, accounts, or services between the Bank and the customer, and has actually been collected from the customer or a third party (e.g.: the Joint Credit Information Center)	The locations, domestic or overseas, of the parties indicated in the column to the right, "Targets for use of the personal information"	Automated or non-automated methods of use that comply with laws and regulations governing the protection of personal information.	
	067 存款	063 存款				
	082 存款	069 存款				
	088 存款	090 存款				
	106 存款	091 存款				
	154 存款	098 存款				
	181 存款	104 存款				
	022 存款	136 存款				
	067 存款	137 存款				
	082 存款	157 存款				
	088 存款	182 存款				
	106 存款	040 存款				
	154 存款	059 存款				
	181 存款	060 存款				
	181 存款	063 存款				



Far Eastern International Bank

Credit Terms / Financial Transaction Terms Agreement

(exclusively for corporate finance purpose)

Customer: Prime World International Holding Ltd. Taiwan Branch

Agreement No.: _____

Credit Line: NTD 80,000,000

Term of Agreement: From April 11th, 2019 to April 11th, 2020

First utilization date: Before July 10th, 2019

Regional Supervisor: _____ Business Supervisor: _____ Handling Officer: _____

Credit Terms / Financial Transaction Terms Agreement

This Agreement is made by and between the following parties:

Prime World International Holding Ltd. Taiwan Branch (the "Customer")

Far Eastern International Bank Co., Ltd. ("FEIB")

With reference to the Customer's application for loan / financial transaction service to FEIB, the Customer has requested and has further signed a

Comprehensive Credit Facilities Master Agreement / Comprehensive Financial Transaction Agreement / ISDA. The Customer agrees that aforementioned master agreement provides the general terms and conditions governing the financial transactions between the Customer. The Customer also agrees that without violating the nature of the transactions contemplated by this Agreement and applicable laws and regulations of the competent authority of FEIB, FEIB may, upon the application of the Customer, exchange New Taiwan Dollars for foreign currency in the equivalent amount and vice versa for disbursement of loans, at the spot selling rate then posted by FEIB as the exchange rate unless otherwise stipulated, while the relevant terms and conditions financial transactions. Now, therefore, the parties hereby agree as follows. However, if FEIB does not approve the commitment fees or fails to receive the approved commitment fees on schedule, or the creditworthiness of the Customer deteriorates or likely to deteriorate, FEIB may cancel any undrawn amount at any time and the Customer shall raise no objection.

Loan and Financial Transaction Terms and Conditions (for the purposes of this section, "the Bank" refers to FEIB):

I. Credit Type and Facility

Short-term comprehensive credit line NTD 80,000,000 only (or equivalent in other currency), which includes the following types and their respective limits:

- A. Short-term loan: NTD 80,000,000 only
- B. Guarantees of commercial promissory notes: NTD 80,000,000 only
- C. Import financing: NTD 80,000,000 only (or equivalent in other currency)
- D. Export financing: NTD 80,000,000 only (or equivalent in other currency)

II. Credit Period

1. The credit period will remain effective one (1) year from the signing date of this agreement. Utilization shall be made within one year after the signing date of the agreement; provided, that the signing of the agreement shall be made within 90 days after the date of approval [of the facility] and that first utilization shall be made within 90 days after the signing date of the agreement. The Bank is entitled to reject any request if the above deadline is not met.
2. Each utilization shall be repaid within 180 days.

III. Interest Rates and Service Fees

1. Credit line establishment fee: 0.25% of the credit line; charged upon the first time of utilization.
2. With respect to NTD, the interest will bear at a rate equal to the Bank's published one-year fixed term time deposits rate plus 0.655% and calculated by a floating rate, with margin to be adjusted every three months and may be negotiated on a case-by-case basis based on the Bank's funding status.
3. With respect to US Dollars, interest rate shall be TAIFX3 for a period equal to the term of the utilization or the next longer tenor for which rates are quoted, plus 0.7% (tax cost may extra be charged), with margin to be adjusted every three months and may be negotiated on a case-by-case basis based on the Bank's funding status.
4. Annual Guarantee Handling Fee: 0.8%; calculated according to the actual number of days; charged at the beginning of the period.
5. With respect to the issuance of letters of credit, a period of three months is regarded as one term. The service fee for the first term is 0.1%. The service fee for the second term is halved.
6. The interest of other foreign currencies may be negotiated on a case-by-case basis based on the Bank's funding cost.

IV. Utilization

1. May be utilized on a revolving basis.
2. For Section I. C (Import financing) and D (Export financing), loans will be fully issued and utilized when INVOICE or other related documents are provided.

V. Repayment

1. For Section I. A (Short-term loan), the interest is paid monthly and the principal shall be repaid upon maturity.
2. For Section I. B (Guarantees of commercial promissory notes) shall be repaid upon maturity.
3. For Section I. C (Import financing) and D (Export financing), the principal and interest shall be repaid upon maturity.

VI. Line of Credit Promissory Note

The Borrower shall issue a promissory note in the amount of the facility extended hereunder and deliver same to the Bank.

VII. Others

1. The Borrower's headquarters company, Prime World International Holdings., Ltd., shall provide a document to certify their consent on the loan request of the Borrower.
2. The Borrower's parent company, Applied Optoelectronics, Inc., shall issue a Letter of Support.
3. Other matters not mentioned herein shall be governed by the Bank's stipulations on credit granting.

Date of verification	Place of verification	Verified by (signature)
April 11th, 2019	No.18, Gong 4th Rd., Gong'er Industrial Park, Linkou Dist., New Taipei City	

Signed by:

Far Eastern International Bank:

Representative:

Company I.D.:

Address:

Fax No.:

Customer: Prime World International Holding Ltd. Taiwan Branch (Registered seal and signature affixed in person)

Representative: Lin, Chih-Hsiang

Company I.D.:28410552

Address: No.18, Gong 4th Rd., Gong'er Industrial Park, Linkou Dist., New Taipei City

Fax no.:

Customer: (Registered seal and signature affixed in person)

Representative:

Company I.D.:

Address:

Fax no.:

Customer and Security Provider:
(Registered seal and signature affixed in person)

Representative:

Company I.D.:

Address:

Fax no.:

Customer and Security Provider:
(Registered seal and signature affixed in person)

Representative:

Company I.D.:

Address:

Fax no.:

Security Provider: (Registered seal and signature affixed in person)

Representative:

Company I.D.:

Address:

Fax no.:

Security Provider: (Registered seal and signature affixed in person)

Representative:

Company I.D.:

Address:

Fax no.:

- Note 1: If a party to this Agreement is a minor or other person without full legal capacity, this Agreement shall be signed in person by his legal representative.
- Note 2: For the purposes of this Agreement, the security provider refers to a person providing security other than in the form of such negotiable securities as stocks, bonds, certificates of deposit, or beneficial certificates. Persons providing security in the form of such negotiable securities as stocks, bonds, certificates of deposit, or beneficial certificates shall submit a security provision agreement as required.
- Note 3: For the resolution of disputes and avenues of complaints arising out of this Agreement, please refer to the FEIB website.

Date: April 11th, 2019

PROMISSORY NOTE

Date: April 11th,2019

With this note, a total of NTD 80,000,000 shall be paid unconditionally to _____ or its designated representative on (MM) (DD), YY).

And the related covenants are as follows:

1. This Promissory Note exempts it from the obligations of issuing a certificate of protest and the notification obligation of negotiable instruments
2. The interest rate of this promissory note shall be calculated at the fixed interest rate of % per annum from the issuing date of this note. If the payment for the principal and interests mentioned above is delayed, for those delayed part with the overdue time less than six months, liquidated damages shall also be paid with, at 10% of the previously agreed interest rate; for those delayed part with the overdue time more than six months, the liquidated damages shall be paid with, at 20% of the previously agreed interest rate.
3. The Far Eastern International Bank Co., Ltd. (address: _____) has been specified as the paying agent by this Promissory Note.
4. The prescribed period for presentment of this Promissory Note for acceptance shall be extended to one (1) year from the date of drawing. 5. Place of payment:

Drawer: Prime World International Holdings Ltd., Taiwan Branch
Company I.D.:28410552
Address: No. 18, Gong 4th Rd., Gong'er Industrial Park, Linkou Dist., New Taipei City

Drawer:
Company I.D.
Address:

AUTHORIZATION

The undersigned whom issues the Promissory Note in the total amount of NTD 80,000,000 dated on April 11th,2019 hereby authorizes Far Eastern International Bank Co., Ltd. (hereinafter called the "Bank") to fill in the maturity date and interest rate of the Promissory Note in the event of the Bank exercises its right on the Promissory Note. The undersigned shall raise no objection.

To
Far Eastern International Bank Co., Ltd.

Customer: Prime World International Holdings Ltd.,
Taiwan Branch
Address: No.18, Gong 4th Rd., Gong'er Industrial Park,
Linkou Dist., New Taipei City

Customer:
Address:

Deputy Manager	Reviewed By	Seal/Signature Verified By