# Procedures for Loaning of Funds and Making of Endorsements and Guarantees

Chapter I General Principles

Article 1

These Regulations are promulgated pursuant to Article 36-1 of "the Securities and Exchange Act" and the regulations published by the regulatory authority on the "Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies".

Article 2

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

1. Companies or firms engaged in business transactions with the Company and requiring loan arrangements; or
2. Companies or firms with a genuine need for short-term financing, provided that the financing amount shall not exceed forty percent (40%) of the Company's net worth.

The term "short-term" as used in the preceding paragraph means one year or one operating cycle, whichever is longer.

The term "financing amount" as used in Sub-paragraph 2 of Paragraph 1 means the cumulative balance of the Company's short-term financing arrangements.

The restriction in Sub-paragraph 2 of Paragraph 1 shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, one hundred percent (100%) of the voting shares, nor to loans of funds made to the Company by any overseas company in which the Company holds, directly or indirectly, one hundred percent (100%) of the voting shares. However, the Company shall still prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans.

Where a responsible person of the company violates Paragraph 1 or the proviso of the preceding paragraph, such person shall bear joint and several liability with the borrower for repayment; if the Company suffers any damage, the responsible person shall also be liable for damages.

Article 3

The term "endorsements and guarantees" as used in these Regulations refer to the following:

1. Financing endorsements and guarantees, including:
   A. Bill discount financing.
   B. Endorsement or guarantee made to meet the financing needs of another company.
   C. Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
2. Customs duty endorsement and guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
3. Other endorsements and guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Where the Company provides its chattel or real property to create a pledge or mortgage as security for the loans of another company, it shall also comply with these Regulations.

Article 4

The Company may make endorsements and guarantees for the following companies:

1. A company with which it does business.

A company in which the Company directly and indirectly holds more than fifty percent (50 %) of the voting shares.

2. A company that directly and indirectly holds more than fifty percent (50%) of the voting shares in the public company.

Companies of which the Company holds, directly or indirectly, ninety percent (90%) or more of the voting shares may make endorsements and guarantees for each other, and the amount of endorsements and guarantees may not exceed ten percent (10%) of the net worth of the Company, provided that this restriction shall not apply to endorsements and guarantees made between companies in which the Company holds, directly or indirectly, one hundred percent (100%) of the voting shares, provided further that the aggregate amount of such endorsements and guarantees shall not exceed fifty percent (50%) of the Company's net worth.

Where the Company fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements and guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds one hundred percent (100%) of the voting shares.

Article 5

"Subsidiary" and "parent company" as referred to in the Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Where the Company’s financial reports are prepared according to the International Financial Reporting Standards, "net worth" 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 term "announce and report" as used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

"Date of occurrence" in the Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement and guarantee, whichever date is earlier.

## Chapter II Operational Procedures for Loaning of Funds to Others

Article 6

The aggregate amount of the Company’ s loans to others shall not exceed forty percent (40%) of the Company’s net worth as stated in its most recent financial statements.

Limit on loaning funds by the Company to any single counterparty:

1. For companies or firms that have business transactions with the Company, the loan amount to any single counterparty shall not exceed the transaction amount between the two parties in the most recent fiscal year. The term "transaction amount" refers to the greater of the purchase or sales amount between the parties, and in any case shall not exceed ten percent (10%) of the Company's net worth as stated in its most recent financial statements.
2. For companies or firms with a need for short-term financing, the amount of individual loans granted to a single enterprise shall not exceed 10% of the net worth of the Company or the lending subsidiary based on its most recent financial statements. However, the amount of individual loans granted to a subsidiary in which the Company directly or indirectly holds 100% of the voting rights shall be limited to no more than 40% of the Company's net worth.

The restriction in the preceding paragraph shall not apply to the lending of funds between foreign companies in which the Company directly and indirectly holds 100% of the voting rights, or to the lending of funds by such foreign subsidiaries to the Company. Nevertheless, the aggregate lending amount and the individual lending amount to a single enterprise shall not exceed 40% of the Company's net worth based on its most recent financial statements, and the financing period shall be limited to one year.

The aforementioned "net worth" shall mean the equity attributable to owners of the parent as stated in the most recent financial statements audited or reviewed by a certified public accountant (CPA).

Article 7

The term and interest calculation method for loaning funds by this company shall be as follows:

1. Loans by this company shall be based on short-term financing, not exceeding one year in principle.
2. The interest rate on the Company's loans to others shall not be lower than the highest short-term borrowing rate of the Company from financial institutions. If there is no applicable reference rate, the Taiwan Bank Time Deposit Rate Index (monthly adjusted) shall serve as the calculation basis, with a markup ranging from 50 to 200 basis points. Interest on the loans shall be calculated on a monthly basis.

Article 8

The procedures for the handling and review of loans shall be implemented in accordance with the following provisions:

1. The borrower shall submit an application form or official letter specifying in detail the loan amount, term, purpose, and repayment method, together with relevant documents such as the company's approval letter for amendment registration, company registration form, the identification card of the responsible person, and other necessary financial information, to the responsible unit of the Company.
2. Prior to granting a loan, the Company shall prudently evaluate whether the transaction complies with the Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies and with these Procedures, and shall conduct assessments on the following matters:
   A. The necessity and reasonableness of the loan based on the financial and operational condition of the loan applicant.
   B. A credit investigation, based on the information provided by the loan applicant, to assess the risk of the loan.

C. Whether the cumulative loan amount remains within the prescribed limits, and the impact of the loan on the Company's operational risk, financial condition, and shareholders' equity.

D. The extent of risk exposure to be borne by the Company and whether collateral should be obtained.

3. The responsible unit shall prepare an evaluation report and, together with the application form, official letter, and related documents, submit it for approval by the President and the Chairman, and thereafter to the Board of Directors for resolution and approval.
4. For loan applications that, after investigation and evaluation, are resolved by the Board of Directors to be rejected, the responsible personnel shall promptly notify the applicant of the reasons for refusal. For loan applications approved by the Board of Directors, the responsible personnel shall promptly inform the applicant of the loan terms, including amount, term, interest rate, collateral, and guarantors, and request the applicant to complete the signing of the contract and related procedures within the prescribed period.
5. Where collateral is required based on the evaluation, the pledge or mortgage procedures shall be completed to secure the Company's claims. Except for land and marketable securities, all collateral shall be insured against fire and other relevant risks, with the insured amount not less than the appraised value of the collateral, and the Company shall be designated as the beneficiary. The insurance policy shall specify the collateral's name, quantity, storage location, insurance conditions, and endorsements, which shall be consistent with the terms originally approved by the Company. The value of the collateral shall be periodically assessed against the outstanding loan balance, and the Company may require additional collateral when necessary.
6. After the loan has been approved, and once the borrower has executed the loan agreement and delivered a promissory note (for full repayment or installment repayment), completed the registration of pledge or mortgage on the collateral, and all procedures have been verified as accurate, disbursement may be made.

Article 9

Follow-up control measures for loaned amounts and procedures for handling overdue claims:

1. The Company shall, after the loan is disbursed, regularly monitor the borrower's and guarantor's financial condition, business operations, and credit status. Where collateral has been provided, the Company shall also monitor whether any changes occur in the collateral's value.
2. The Company shall ensure that when the borrower repays the loan upon or before maturity, the payable interest is calculated and repaid together with the principal. Only after such repayment is completed may the promissory note or other debt instruments be canceled and returned to the borrower, or the mortgage release procedures be carried out.
3. The Company shall require the borrower to repay the principal and interest in full upon maturity. If the borrower fails to perform the contract for any reason, the Company may lawfully dispose of the collateral provided or seek compensation from the guarantor.

Article 10

The Company's control procedures for subsidiaries' loaning of funds to others:

1. A subsidiary intending to loan funds to others shall establish and implement its own operating procedures in compliance with applicable regulations.
2. The subsidiary shall prepare a monthly schedule of loans of funds to others and submit it to the Company.

3. After the loan is disbursed, the subsidiary shall regularly report to the Company the follow-up status of the loan amount.

Article 11

When the Company intends to loan funds to others, it shall prudently evaluate whether such loan complies with the "Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies" and the Operating Procedures. The evaluation results shall be submitted to the Board of Directors for approval before implementation, and no delegation of authority shall be permitted.

Loans of funds between the Company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the Board of Directors pursuant to the preceding paragraph, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

The term 'certain limit' referred to in the preceding paragraph regarding the authorized limit for loans granted by the Company or its subsidiaries to any single enterprise shall not exceed ten percent (10%) of the net worth of the respective company as stated in its most recent financial statements, except for those that comply with Article 2, Paragraph 4.

When the Company loans funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors meeting.

Article 12

The Company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending and borrowing date, and evaluation matters shall be recorded in detail in the memorandum book for reference.

The Company's internal auditors shall audit the Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee, in writing of any material violation found.

Article 13

If, as a result of a change in circumstances, an entity for which an endorsement and guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.

Article 14

The Company shall, by the 10th day of each month, announce and report the balance of loans to others of the Company and its subsidiaries for the preceding month.

The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of loans to others by the Company and its subsidiaries reaches twenty percent (20%) or more of the Company’s net worth as stated in its most recent financial statements.
2. The balance of loans by the Company and its subsidiaries to a single enterprise reaches ten percent (10%) or more of the Company's net worth as stated in its most recent financial statements.

3. The amount of new loans of funds by the Company or its subsidiaries reaches NT$10 million or more, and reaches two percent (2%) or more of the Company's net worth as stated in its most recent financial statements.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

Article 15

The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

## Chapter III Operational Procedures for Endorsements and Guarantees for Others

Article 16

The Company’s aggregate endorsement and guarantee amount and the amount of its endorsements and guarantees for any single entity, shall be as follows:

1. The aggregate amount of the Company’s external endorsements and guarantees shall not exceed fifty percent (50%) of the Company’s net worth.
2. The amount of the Company’s endorsements and guarantees to any single entity shall not exceed ten percent (10%) of the Company’s net worth.

When providing endorsements or guarantees arising from business transactions, the amount of such endorsement or guarantee shall not exceed the amount of business transactions between the parties in the most recent year. The term 'amount of business transactions' refers to whichever is higher between purchases from or sales to the counterparty, and shall further not exceed ten percent (10%) of the Company’s net worth.

The aggregate amount of endorsements and guarantees provided by the Company and its subsidiaries as a whole shall be less than fifty percent (50%) of the Company’s net worth.

The amount of endorsements and guarantees provided by the Company and its subsidiaries as a whole to any single entity shall not exceed ten percent (10%) of the Company’s net worth.

The aforementioned “net worth” shall be based on the equity attributable to owners of the parent company as shown in the most recent financial statements audited or reviewed by a certified public accountant.

Article 17

The application and review procedures for endorsement and guarantee shall be carried out in accordance with the following procedures:

1. When the Company processes an endorsement and guarantee, the entity being endorsed and guaranteed shall submit an application form or official letter stating the purpose and amount of the endorsement and guarantee, together with relevant documents such as the company registration amendment approval letter, company registration amendment form, identification of the responsible person, and other necessary financial information, to the Company’s responsible business unit for application.
2. Before processing an endorsement and guarantee, the Company shall prudently evaluate whether the matter complies with the “Regulations Governing Loaning of Funds and Making of

Endorsements and Guarantees by Public Companies" and with these Procedures, and shall conduct assessments on the following items:

A. Assess the necessity and reasonableness of the endorsement and guarantee based on the financial and business condition of the entity being endorsed and guaranteed.

B. Conduct a credit investigation based on the information provided by the entity being endorsed and guaranteed to evaluate the risk of the endorsement and guarantee.

C. Evaluate whether the cumulative amount of endorsements and guarantees remains within the prescribed limits, and assess the potential impact of the endorsement and guarantee on the Company's operational risk, financial condition, and shareholders' equity.

D. Consider the extent of risk exposure that the Company may assume in connection with the endorsement and guarantee and evaluate whether collateral should be obtained.

3. The responsible business unit shall prepare an evaluation report and submit it, together with the application form, official letter, and other relevant documents, for approval by the President and Chairman, and thereafter submit it to the Board of Directors for resolution before execution.
4. If the evaluation indicates that collateral is required, the Company shall complete the procedures for the creation of pledge or mortgage rights to secure the Company's interests. For collateral other than land and marketable securities, fire insurance and other relevant insurance shall be obtained, with the insured amount not less than the pledged value of the collateral. The insurance policy shall designate the Company as the beneficiary. The name, quantity, storage location, insurance terms, and endorsement clauses specified in the insurance policy shall be consistent with the original loan approval conditions. The value of the collateral shall be regularly assessed against the outstanding balance of the endorsement and guarantee, and, where necessary, the Company may require the endorsed and guaranteed entity to provide additional collateral.

Article 18

For circumstances in which an entity for which the company makes any endorsement and guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, in addition to conducting a detailed review of the necessity, reasonableness, and risk assessment of such endorsements and guarantees in accordance with this procedure, the subsidiary shall also provide an operational improvement plan, which shall be reviewed by the Company on a quarterly basis.

In the case of a subsidiary with shares having no par value or a par value other than NT$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 19

The Company's control procedures for providing endorsements and guarantees to its subsidiaries：

1. Where a subsidiary of the Company intends to make endorsements and guarantees for others, the Company shall instruct it to formulate its own Operational Procedures for Endorsements and Guarantees in compliance with these Regulations, and it shall comply with the Procedures when making endorsements and guarantees.
2. When a subsidiary provides endorsements or guarantees, it shall submit the relevant information to the Company, and the endorsement or guarantee shall be processed after considering the opinions of the Company's relevant personnel.
3. The subsidiary shall periodically report to the Company on the subsequent tracking status of the endorsements and guarantees.

Article 20

Prior to making any endorsement or providing any guarantee for others, the Company shall complete the prescribed internal signing-off procedures, and submit the matter to the Board of Directors for a resolution before execution. However, to meet timeliness requirements, the Board of Directors may authorize the Chairman to approve such matters within a limit of NT$300 million, and such authorization shall be subsequently submitted to the next meeting of the Board of Directors for ratification.

Where a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares intends to make an endorsement or guarantee pursuant to Article 4, Paragraph 2, it shall first obtain a resolution from the Company’s Board of Directors. However, this restriction shall not apply to endorsements and guarantees made between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.

In respect of endorsements and guarantees made by the Company, the opinions of each independent director shall be fully considered; independent directors' opinions specifically expressing assent or dissent, as well as the reasons for any dissent, shall be included in the minutes of the Board of Directors meeting.

The Company shall use the corporate seal registered with the Ministry of Economic Affairs as the dedicated seal for endorsements and guarantees. This seal shall be kept in the custody of a designated person approved by the Board of Directors, and may be used for affixing the seal or issuing negotiable instruments only in accordance with the Company’s prescribed procedures.

When the Company provides a guarantee for an overseas company, the letter of guarantee issued by the Company shall be signed by a person authorized by the Board of Directors.

Article 21

The Company shall prepare a memorandum book for its endorsement and guarantee activities and record in detail the following information for the record: the entity for which the endorsement and guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the Chairman of the Board, the date the endorsement and guarantee is made, and the matters to be carefully evaluated under paragraph 1 of the preceding article.

The Company's internal auditors shall audit the Operational Procedures for Endorsements and Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.

Article 22

Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements and Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements and Guarantees are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement and guarantee. It shall also amend the Operational Procedures for Endorsements and Guarantees accordingly and submit the same to the shareholders’ meeting for ratification after the fact. If the shareholders’ meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.

When the Company makes endorsements and guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors meeting.

Article 23

Where as a result of changes of condition the entity for which an endorsement and guarantee is made no longer meets the requirements of these Procedures, or the amount of endorsement and guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.

Article 24

The Company shall announce and report the previous month's balance of endorsements and guarantees of itself and its subsidiaries by the 10th day of each month.

The Company whose balance of endorsements and guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of endorsements and guarantees by the Company and its subsidiaries reaches fifty percent (50%) or more of the Company's net worth as stated in its most recent financial statements.
2. The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches twenty percent (20%) or more of the Company's net worth as stated in its most recent financial statements.
3. The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches NT$10 million or more and the aggregate amount of all endorsements and guarantees for, carrying value of equity method investment in, and balance of loans to, such enterprise reaches thirty percent (30%) or more of the Company's net worth as stated in its most recent financial statements.
4. The amount of new endorsements and guarantees made by the Company or its subsidiaries reaches NT$30 million or more, and reaches five percent (5%) or more of the Company's net worth as stated in its most recent financial statements.

The Company shall, on behalf of any subsidiary that is not a public company in the Republic of China, announce and report any matters that such subsidiary is required to disclose pursuant to sub-paragraph 4 of the preceding paragraph.

Article 25

The company shall evaluate or record the contingent loss for endorsements and guarantees, and shall adequately disclose information on endorsements and guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Chapter IV Supplemental Provisions

Article 26

These Procedures shall take effect upon approval by the Audit Committee and resolution of the Board of Directors, and shall be submitted to the shareholders' meeting for approval. If any director expresses dissent and such dissent is recorded or submitted in writing, the dissenting opinion shall be forwarded to the Audit Committee and presented to the shareholders' meeting for discussion. The same shall apply to any amendments hereto.

The adoption or amendment of these Procedures shall be approved by more than one-half of all members of the Audit Committee and resolved by the Board of Directors.

If the approval of one-half or more of all Audit Committee members, as required in the preceding paragraph, is not obtained, the Procedures may be implemented with the approval of two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the meeting of the Board of Directors.

The terms "all Audit Committee members" in paragraph 2 and "all directors" in the preceding para graph shall be counted as the actual number of persons currently holding those positions.

Article 27

In the event that any managerial officer or responsible personnel of the Company violates the Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies or these Operating Procedures, the internal auditors or their supervisory officers shall immediately report the violation to the Chairman of the Board or the Board of Directors. The Chairman or the Board of Directors shall, based on the materiality of the circumstances, impose appropriate disciplinary measures on the relevant personnel.

Article 28

The Procedures were established on June 17, 2014.

The 1st amendment was made on June 15, 2015.

The 2nd amendment was made on June 21, 2019.

The 3rd amendment was made on June 26, 2026.