

文件名稱File Name： 資金貸與他人作業程序 Procedures for Lending Funds to Others	編號Document No. F2-003	
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一、 修訂歷程：

版次	日期	修訂原因
A	1996. 08. 10	Newly Established
B	1999. 06. 25	To meet the operational needs of the company, the company's "Procedures for Lending Funds to Others" have been revised.
C	2001. 06. 08	To meet the operational needs of the company, the company's "Procedures for Lending Funds to Others" have been revised.
D	2002. 05. 30	To meet the operational needs of the company, the company's "Procedures for Lending Funds to Others" have been revised.
E	2003. 05. 30	In accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," the company's "Procedures for Lending Funds to Others" have been revised.
F	2009. 06. 10	In accordance with the directive No. 0980000271 issued by the Financial Supervisory Commission of the Executive Yuan on January 15, 2009, the company's "Procedures for Lending Funds to Others" have been revised.
G	2011. 6. 17	In accordance with the directive No. 0990011375 issued by the Financial Supervisory Commission of the Executive Yuan on March 19, 2010, the company's "Procedures for Lending Funds to Others" have been revised.
H	2012. 08. 31	In accordance with the directive No. 1010029874 issued by the Financial Supervisory Commission on July 6, 2012, and the letter No. 1011803504 issued by the Taiwan Stock Exchange Corporation on August 3, 2012, the company's "Procedures for Lending Funds to Others" have been revised.
I	2013. 03. 07	Textual revisions have been made.
J	2017. 06. 08	In coordination with the establishment of the company's Audit Committee.
K	2018. 11. 13	Revised the lending limits for domestic and foreign subsidiaries.
L	2019. 06. 12	Revised in accordance with the letter No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.
M	2024. 03. 11	Revised in accordance with the letter No. 1120352708 issued by the Financial Supervisory Commission on August 15, 2023.



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Article 1: Legal Basis

This procedure is established in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and should be promptly amended in response to any revisions.

Article 2: Scope of Application

- 2.1 When the Company provides loans to others, it must follow this operating procedure.
- 2.2 Subsidiaries of the Company that are not publicly traded and have a need for loans may follow this operating procedure.
- 2.3 Subsidiaries that are publicly traded or listed must establish their own loan operating procedures in accordance with relevant laws when they have loan needs.
- 2.4 Companies that have business dealings with the Company and require operational turnover loans must follow this operating procedure.
- 2.5 If there are any matters not covered by this operating procedure, relevant laws shall apply.

Article 3: Definitions

- 3.1 Unless otherwise defined, the terms "the Company (parent company)" and "subsidiaries" in this procedure are as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 3.2 The Company's financial reports are prepared in accordance with International Financial Reporting Standards , and the term "net worth" in this procedure refers to the equity attributable to owners of the parent company as stated in the balance sheet of the report.
- 3.3 The term "short-term financing period" in the text refers to a period of one year.

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Article 4: Eligible Borrowers

- 4.1 The Company's funds may only be loaned to subsidiaries included in the Company's consolidated financial report, and to companies that have business dealings with the Company (suppliers or customers).
- 4.2 The loans between the Company and its subsidiaries or between subsidiaries are limited to "short-term financing needs," while the "business dealings" for purchases and sales should be limited to operational turnover.

Article 5: Total Loan Amount, Individual Limits, and Financing Periods

- 5.1 Total amount of loans to the Company and the lending limits to individual customers.
- 5.1.1 For “business transactions”, the total amount of loans shall not exceed 40% of the Company's net worth, and the individual limit shall be the lower of the cumulative amount of the Company's purchases and sales in the preceding twelve months before the loan is made.
- 5.1.2 For “short-term financing needs”, the total amount of loans shall not exceed 40% of the Company's net worth, and the individual limit shall not exceed 40% of the Company's net worth.
- 5.2 Total Amount of Inter-Subsidiary Loans and Limits on Loans to Individual Entities
- 5.2.1 Loans between Domestic Subsidiaries: For short-term financing needs, the total amount of loans shall not exceed 40% of the lending company's net worth. The individual limit shall not exceed 40% of the lending company's net worth.
- 5.2.2 Loans from Domestic Subsidiaries to Foreign Subsidiaries: For short-term financing needs, the total amount of loans shall not exceed 40% of the lending company's net worth. The individual limit shall not exceed 40% of the lending company's net worth.

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5.2.3 Loans between Foreign Subsidiaries: For short-term financing needs, the total amount of loans shall not exceed 40% of the lending company's net worth. The individual limit shall not exceed 40% of the lending company's net worth. However, loans between foreign subsidiaries where the company directly or indirectly holds 100% of the voting shares are not subject to this limitation. The total amount of loans and the individual lending limit may each be up to 100% of the lending company's net worth.

5.2.4 Loans from Foreign Subsidiaries to Domestic Companies: For short-term financing needs, the total amount of loans shall not exceed 40% of the lending company's net worth. The individual limit shall not exceed 40% of the lending company's net worth. However, if a foreign subsidiary in which the company directly or indirectly holds 100% of the voting shares lends funds back to the company, the total amount of loans and the individual lending limit may each be up to 100% of the lending company's net worth.

5.3 Loan Term and Interest Calculation

5.3.1 Short-term Loans: The term "short-term" as applied to necessary short-term loans refers to a period of one year. However, if industry characteristics require a period longer than one year and there is a separate explanation, the term shall be limited to one business cycle.

5.3.2 Intra-group Loans: All funds lent between the company and its subsidiaries (the Group) shall, in principle, have a loan term limited to one year. However, for funds lent between foreign subsidiaries in which the company directly or indirectly holds 100% of the voting shares, or for funds lent back to the company by such foreign subsidiaries, the loan term may be exceptionally extended to no more than three years.

5.3.3 Unless otherwise specified, the interest on loans shall be calculated on a daily basis and paid on a monthly basis. The interest rate should be equivalent to the deposit rate level of the lending company's main financial institution.

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Article 6: Loan Review Procedures

6.1 Application Procedure

- 6.1.1 The borrower must submit basic company and financial information to the finance department, specifying the loan amount, term, purpose, and related collateral conditions.
- 6.1.2 The finance department should conduct a thorough credit investigation of the loan applicant based on the aforementioned information, carefully assessing the necessity and reasonableness of the loan, its impact on the company's operations and financial status, the effect on shareholders' equity, and the adequacy of collateral, among other risks.
- 6.1.3 Once the loan application complies with internal and external regulations, along with the results of the credit investigation, it should be submitted to the head of the finance department and the general manager, and then reported to the board of directors for resolution.
- 6.1.4 Loans between the company and its subsidiaries, or between subsidiaries, must be reported to the board of directors for resolution (i.e., the board of the lending company). The chairman may be authorized to disburse loans to the same borrower within a "certain limit" and "not exceeding one year" on a revolving basis. The term "certain limit" refers to an authorized amount not exceeding 10% of the net worth of the company or subsidiary (i.e., the individual lending company) as per the most recent financial statements.
- 6.1.5 When lending funds to others, the opinions of independent directors should be fully considered, and both positive and negative opinions should be included in the board meeting records. For significant loan cases, approval from the audit committee is required before being submitted to the board of directors for resolution.
- 6.1.6 Once a loan is approved, the borrower should be promptly notified to execute the contract and disbursement under the agreed conditions.

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6.1.7 After disbursement, the finance department should regularly evaluate and monitor the borrower's and guarantor's credit and financial status.

6.2 Credit Investigation

6.2.1 Initial borrowers must provide comprehensive financial information, the purpose of the loan, and collateral details to facilitate the credit investigation.

6.2.2 Subsequent borrowers must also undergo a credit investigation. However, in the event of significant emergencies, the investigation can be conducted as needed.

6.2.3 If the borrower has a good financial status and the annual financial report has been audited and certified by an accountant, the investigation report that is less than one year old may be used, along with the accountant's audit report for that period, as a reference for the loan.

6.2.4 During the credit investigation, the impact of the loan on the company's operational risks, financial status, and shareholders' equity should be.

6.2.5 If the loan is related to business transactions, the finance department's handling personnel should assess whether the loan amount is commensurate with the transaction amount. If the loan is necessary for short-term financing, the reasons and circumstances for the loan should be listed and investigated.

6.3 Loan Approval and Notification

6.3.1 If the board of directors decides not to approve the loan after the credit investigation, the handling personnel should promptly inform the borrower of the reasons for the rejection.

6.3.2 If the board of directors agrees to approve the loan after the credit investigation, the handling personnel should promptly notify the borrower in writing,

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detailing the loan conditions, including the amount, term, interest rate, collateral, and guarantors, and request the borrower to complete the contract signing within the specified period.

6.4 Contract Signing and Verification

6.4.1 The finance department should draft the loan agreement, which must be reviewed by external legal counsel and approved by the supervisor. The agreement should then be sent to the legal department for co-signing before proceeding with the contract signing. procedures.

6.4.2 The content of the agreement should be consistent with the approved loan conditions. After the borrower and guarantor sign the agreement, the handling personnel should complete the verification procedures.

6.5 Collateral Value Assessment and Rights Setting

For loan cases where the borrower provides collateral, the necessary procedures for setting up a pledge or mortgage should be completed. The company must also carefully assess the value of the collateral to ensure the protection of its claims.

6.6 Insurance

For collateral, except for land and marketable securities, fire insurance and related insurance must be purchased. The insurance amount should be no less than the replacement cost of the collateral. The insurance policy should also specify the company as the beneficiary. The name, quantity, storage location, and insurance conditions of the insured items listed in the policy should be consistent with the original loan conditions approved by the company. The handling personnel should notify the borrower to renew the insurance before the insurance period expires.

6.7 Disbursement

Once the loan conditions are approved and the borrower has signed the

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contract, and the procedures for setting up the pledge or mortgage on the collateral are completed, the funds can be disbursed only after verifying that all procedures are correct.

Article 7: Repayment

- 7.1 After disbursement, the financial, business, and credit status of the borrower and guarantor should be continuously monitored. For those with collateral, attention should be paid to any significant changes in the value of the collateral. The borrower should be notified two months in advance to repay the principal and interest upon maturity.
- 7.2 At maturity, the principal and interest must be repaid in full before promissory notes, loan agreements, and other debt instruments can be canceled and returned to the borrower.
- 7.3 When the borrower applies for the cancellation of the mortgage, it should first be verified whether the loan has been fully repaid (loan balance is zero) to decide whether to approve the mortgage cancellation.
- 7.4 If the loan is overdue and collection efforts are unsuccessful, the finance department should immediately notify the legal department to take further action against the debtor to protect the company's legal rights.

Article 8: Renewal

Before the loan matures, the borrower should be notified to repay according to the agreement. If there is still a need for the loan after repayment, the matter of re-signing the contract must be approved by the company's (i.e., the lending company's) board of directors.

Article 9: Registration and Custody of Cases

- 9.1 When the company engages in lending activities, a "Record Book" should be

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established to meticulously document and record details such as the lending target, amount, date of board approval, date of fund disbursement, and other relevant matters that should be prudently evaluated according to this operational procedure.

9.2 After the disbursement of funds, the case handler should organize and place the contract, promissory note, debt certificate, collateral documents, insurance policy, and related correspondence into a custody bag in order. The contents of the custody bag and the client's name should be noted on the bag. The bag should then be presented to the finance department supervisor for inspection. Once verified as correct, the bag should be sealed, and both parties should sign or stamp the custody register for proper safekeeping.

Article 10: Matters to be Noted When Lending Funds to Others

10.1 Authorization: Before the company lends funds to others, it should carefully evaluate whether it complies with the provisions of this operational procedure. The evaluation results should be submitted to the board of directors for resolution and should not be authorized to others for decision-making.

10.2 Audit: The company's internal audit personnel should audit the procedures for lending funds to others at least once every quarter to understand the implementation of these operations and keep written records. If any major violations are found, they should immediately notify the audit committee in writing. If the subsidiary is a publicly listed company, its internal audit personnel should also conduct regular quarterly audits. If any major violations are found, they should immediately notify the company's audit unit in writing, and the company's audit should also submit a written report to the audit committee.

10.3 When implementing the annual audit plan according to the schedule, the company should also understand the implementation of the subsidiary's fund lending operations. If any deficiencies are found, continuous tracking of the improvement situation should be conducted, and a follow-up report should be submitted.

10.4 If the company, due to minor reasons, lends funds to targets that do not

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comply with this procedure or exceeds the lending limit, the finance department should set a deadline to recover the excess funds and submit an improvement plan to the audit committee. The improvement should be completed according to the plan schedule.

- 10.5 The company's and its subsidiaries' fund lending personnel should prepare a detailed statement of funds lent to others for the previous month before the 10th of each month and submit it for review step by step. For subsidiaries, relevant record information and reporting data should be summarized and submitted to the company in advance for review to facilitate overall reporting.

Article 11: Information Disclosure

- 11.1 The company should announce and report the balance of funds lent by the parent and subsidiary companies for the previous month before the 10th of each month.
- 11.2 If the balance of funds lent meets any of the following criteria, it should be announced and reported within two days from the date of occurrence:
- 11.2.1 The balance of funds lent by the company and its subsidiaries to others reaches 20% or more of the company's net worth as per the most recent financial statements.
- 11.2.2 The balance of funds lent by the company and its subsidiaries to a single enterprise reaches 10% or more of the company's net worth as per the most recent financial statements.
- 11.2.3 The newly added amount of funds lent by the company or its subsidiaries reaches NT\$10 million or more and 2% or more of the company's net worth as per the most recent financial statements.
- 11.3 If the company's subsidiary is not a domestic publicly listed company and has any matters that should be announced and reported as per item 3 of the previous section, the company should handle the announcement and reporting.

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11.4 The company should evaluate the situation of funds lent and make adequate provisions for bad debts. It should also appropriately disclose relevant information in the financial reports and provide related data to the certifying accountant for necessary audit procedures.

11.5 The term "date of occurrence" in this procedure refers to the earlier of the contract date, payment date, board resolution date, or any other date that can determine the lending target and amount.

Article 12: Penalties

Managers and responsible personnel of the company who violate this operational procedure will be subject to disciplinary actions in accordance with the company's personnel management regulations and employee reward and punishment procedures.

Article 13: Implementation and Amendment

The establishment and amendment of this procedure should be approved by more than half of all members of the audit committee and then resolved by the board of directors before being submitted to the shareholders' meeting for approval and implementation. If any director expresses dissent and it is recorded or stated in writing, the company should submit the dissent to the audit committee and the shareholders' meeting for discussion. The same applies to amendments. If the approval of more than half of all members of the audit committee is not obtained, it may be approved by more than two-thirds of all directors, and the resolution of the audit committee should be recorded in the minutes of the board meeting. (The term "all members of the audit committee and the board of directors" in this article refers to the actual number of members in office.)

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Appendix: From the perspective of prudent control of fund lending, lending to outbound entities domestically is stricter, while lending to inbound entities from abroad is more lenient.

Summarize the aforementioned fund lending summary table:

Fund Lending Targets	Use of Funds	Maximum Loan Amount (as a % of the Lending Company's Net Worth)"	Individual Borrower Loan Limit (as a % of the Lending Company's Net Worth)"	Loan Term	Flow of Funds
The Company and Suppliers/Customers with Business	Business Transactions	40%	100% of Business Transactions Amount in the Past Year"	1 year	Not Applicable
Transactions The Company and Subsidiaries (Principle)	Short-term Financing	40%	40%	1 year	Domestic Flow, Domestic to Overseas Flow
Domestic Subsidiaries	Short-term Financing	40%	40%	1 year	Domestic Flow
Domestic Subsidiaries and Foreign	Short-term Financing	40%	40%	1 year	Domestic to Overseas Flow
Subsidiaries Loans between Foreign Subsidiaries (When Holding Less Than 100%) Loans between Foreign)	Short-term Financing	40%	40%	1 year	Overseas Flow
Subsidiaries with 100% Direct or Indirect Ownershi(Exception))	Short-term Financing	100%	100%	3 year	Overseas Flow
Foreign Subsidiaries with 100% Direct or Indirect Ownership Borrowing from the Company (Exception)	Short-term Financing	100%	100%	3 year	Overseas to Domestic Flow



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Authorized Limit Not Exceeding 10% of the Lending Company's Net Worth

Authorization of a Certain Limit	Detailed Regulations
Reporting of Fund Lending	The lending of funds between the Company and its subsidiaries, or between the Company's subsidiaries, shall be reported to the Board of Directors for resolution in accordance with the regulations.
Scope of Authorization	The Chairman may be authorized by the Board of Directors to lend funds to the same borrower within a "certain limit" and for a period "not exceeding one year" on a revolving basis.
Definition of a Certain Limit	The "certain limit" refers to the authorized limit for the lending of funds by the Company or its subsidiaries to a single enterprise, which shall not exceed 10% of the net worth of the Company or its subsidiaries (i.e., the individual lending company) as per the most recent financial statements.

Material Information Disclosure

Information Disclosure Regulations	Conditions
Monthly Announcement	Report and disclose the balance of fund lending by the Company and its subsidiaries for the previous month by the 10th of each month
Announcements that meet the standards must be reported and disclosed within two days from the date of occurren:	1. The balance of fund lending by the Company and its subsidiaries to others exceeds 20% of the net worth of the Company as per the most recent financial statements.
	2. The balance of fund lending by the Company and its subsidiaries to a single enterprise exceeds 10% of the net worth of the Company as per the most recent financial statements.
	3. The newly added amount of fund lending by the Company or its subsidiaries exceeds NT\$10 million and exceeds 2% of the net worth of the Company as per the most recent financial statements.