1. Purpose: These Procedures are hereby adopted to establish the Company's procedures governing the lending of funds to others. All lending activities shall be conducted in strict accordance with these Procedures.

2. Contents

2.1 Eligible Borrowers

2.1.1 Any company or business entity having business transactions with the Company.

2.1.2 Any company or business entity requiring short-term financing. The total amount of financing extended shall not exceed forty percent of the lender's net worth.
For purposes of these Procedures, "short-term" shall mean a period of one year.
"Financing amount" shall mean the cumulative outstanding balance of the Company's short-term financing provided to others.

2.1.3 Loans of funds between foreign companies in which the Company directly or indirectly holds one hundred percent of the voting shares, or loans of funds by such wholly owned foreign companies to the Company, shall not be subject to the limitation set forth in Section 2.1.2 that the financing amount shall not exceed forty percent of the lender's net worth. Notwithstanding the foregoing, the aggregate amount of such loans shall not exceed one hundred percent of the Company's net worth as stated in its most recent financial statements audited or reviewed by a certified public accountant. The amount of any loan extended to any single borrower shall not exceed fifty percent of such net worth, and the term of any such loan shall not exceed three years.

2.1.4 Where the responsible person of the Company violates the provisions of the preceding section, such responsible person shall be jointly and severally liable with the borrower for repayment of the loan. If the Company sustains any damages as a result thereof, such responsible person shall also be liable to indemnify the Company for such damages.

2.2 Reasons for and Necessity of Lending Funds to Others: Where the Company extends a loan of funds to another company or business entity by reason of business transactions between the parties, such loan shall comply with the provisions of Section 2.3.2. Where the Company extends a loan due to the necessity for short-term financing, such loan shall be limited to the following circumstances:

2.2.1 A company in which the Company directly or indirectly holds twenty percent or more of the equity interest and that requires short-term financing for business needs.

2.2.2 A company or business entity requiring short-term financing for the purchase of materials or working capital purposes.

2.2.3 Any other loan of funds approved by the Board of Directors of the Company.

2.3 Aggregate Lending Limits and Individual Borrower Limits

2.3.1 The aggregate amount of all loans extended by the Company shall not exceed twenty-five percent of the Company's net worth. Notwithstanding the foregoing, where loans are extended to another company or business entity due to the necessity for short-term financing, the aggregate amount of such loans shall not exceed thirty percent of the Company's net worth.

2.3.2 For any company or business entity having business transactions with the Company, the amount of any loan extended to a single borrower shall not exceed the lesser of the total amount of business transactions between the parties during the most recent one-year period; or ten percent of the Company's net worth as reflected in its most recent financial statements. For purposes of these Procedures, "business transactions" shall mean whichever is greater between operating revenue and service revenue generated from the sale of goods or the provision of services in the ordinary course of business between the parties; or the amount of purchases and service expenditures between the parties.

2.3.3 For any company or business entity requiring short-term financing, the amount of any loan extended to a single borrower shall not exceed ten percent of the Company's net worth.

2.3.4 Any loan of funds between the Company and its subsidiaries, or between subsidiaries, shall be subject to the approval of the Board of Directors. The Board of Directors may authorize the Chairperson to make multiple disbursements or permit revolving drawdowns to the same borrower, provided that such disbursements or drawdowns are made within the lending limit approved by the Board of Directors and within a period not exceeding one year.

2.4 Lending Procedures

2.4.1 Credit Review

2.4.1.1 Any applicant seeking a loan of funds from the Company shall submit a written application for a financing facility together with all necessary corporate documents and financial information.

2.4.1.2 Upon acceptance of the application, the Finance Department shall conduct due diligence with respect to the applicant's business operations, financial condition, debt-servicing capability and creditworthiness, profitability, and intended use of the loan proceeds, and shall prepare a written evaluation report.

2.4.1.3 The Finance Department shall conduct a comprehensive investigation, evaluation, and review of each proposed borrower. The evaluation shall include, at a minimum, the following:

2.4.1.3.1 The necessity and commercial reasonableness of the proposed loan.

2.4.1.3.2 Whether the proposed loan amount is justified based on the borrower's financial condition.

2.4.1.3.3 Whether the aggregate amount of outstanding loans will remain within the applicable lending limits prescribed herein.

2.4.1.3.4 The potential impact of the proposed loan on the Company's operating risks, financial condition, and shareholders' equity.

2.4.1.3.5 Whether collateral should be required and, if so, the appraised value thereof.

2.4.1.3.6 Credit investigation records and risk assessment documentation relating to the proposed borrower.

2.4.2 Security: In connection with any loan of funds, the Company shall obtain a promissory note in an amount equal to the loan amount. Where deemed necessary, the Company shall also require the creation of security interests over movable or immovable property. If, in lieu of collateral, the borrower provides an individual or a company possessing sufficient financial capacity and creditworthiness as guarantor, the Board of Directors may determine whether to accept such guarantee after reviewing the credit investigation report prepared by the Finance Department. Where a company serves as guarantor, the Company shall verify that its Articles of Incorporation expressly authorize it to act as a guarantor.

2.4.3 Approval Authority: Any loan of funds shall be subject to prudent evaluation, and the evaluation results shall be submitted to the Board of Directors for approval prior to the extension of the loan. Such approval authority shall not be delegated to any other person.

Where the Company has appointed independent directors, the Board of Directors shall give full consideration to the opinion of each independent director regarding any proposed loan of funds. Any explicit opinion of consent or dissent expressed by an independent director, together with the reasons for any dissent, shall be recorded in the minutes of the Board of Directors meeting.

2.5 Loan Term and Interest

2.5.1 Where the Company extends a loan of funds due to the necessity for short-term financing, the term of such loan shall not exceed one year or one operating cycle, whichever is longer. Upon expiration of the one-year term, the loan shall not remain outstanding without repayment through an actual cash settlement, nor shall the repayment period be extended without the approval of the Board of Directors. Notwithstanding the foregoing, with respect to loans of funds between foreign companies in which the Company directly and indirectly holds one hundred percent of the voting shares, or loans of funds by a foreign subsidiary wholly owned, directly and indirectly, by the Company to the Company, such short-term loans may be extended in accordance with Section 2.1.3. Each extension shall be for a period not exceeding one year or one operating cycle, whichever is longer, and no more than two extensions shall be permitted. Where the Board of Directors approves an extension prior to the loan's maturity, repayment through an actual cash settlement shall not be required as a condition for such extension; provided, however, that upon expiration of the final extended term, the outstanding principal shall be repaid through an actual cash settlement.

2.5.2 The interest rate on any loan of funds shall not be lower than the highest interest rate applicable to the Company's short-term borrowings from financial institutions. Unless otherwise approved by the Board of Directors due to special circumstances, accrued interest shall be payable once each month.

2.6 Ongoing Management of Outstanding Loans and Procedures for Handling Overdue Claims

2.6.1 Following the disbursement of any loan, the Company shall continuously monitor the financial condition, business operations, and credit status of the borrower and any guarantor. Where collateral has been provided, the Company shall also monitor any material fluctuation in the value of such collateral. Upon becoming aware of any material change, the matter shall be reported immediately to the Chairperson, and appropriate actions shall be taken in accordance with the Chairperson's instructions.

2.6.2 Upon repayment of a loan, whether at or prior to maturity, the accrued interest payable shall first be calculated. The borrower shall repay all accrued interest together with the outstanding principal before the Company releases and returns the promissory note or other evidence of indebtedness, or discharges any registered security interest.

2.6.3 Upon the maturity of a loan, the borrower shall immediately repay all outstanding principal and accrued interest in full. If the borrower fails to do so, or if a foreign company in which the Company directly and indirectly holds one hundred percent of the voting shares, or a foreign subsidiary wholly owned, directly and indirectly, by the Company fails to comply with the requirements of Section 2.5.1, the Company may, in accordance with applicable law, enforce its rights against the collateral provided or proceed directly against the guarantor to recover the outstanding indebtedness.

2.7 Internal Controls

2.7.1 In connection with any loan of funds, the Company shall establish and maintain a loan register recording the identity of the borrower, the loan amount, the date of approval by the Board of Directors, the date of loan disbursement, and all matters required to be prudently evaluated under these Procedures for future reference.

2.7.2 The Company's internal auditors shall conduct an audit of these Procedures for Lending Funds to Others and their implementation at least once every quarter and shall prepare written audit reports. Upon discovering any material non-compliance, the internal auditors shall immediately notify the Audit Committee in writing. Managers and responsible personnel involved in any material violation shall be subject to disciplinary measures commensurate with the nature and severity of the violation.

2.7.3 If, due to a change in circumstances, a borrower no longer satisfies the eligibility requirements prescribed in these Procedures or an outstanding loan exceeds the applicable lending limit, the Company shall formulate a corrective action plan, submit such plan to the Audit Committee for review, and complete the corrective actions in accordance with the implementation schedule set forth therein.

2.8 Public Disclosure and Regulatory Reporting

2.8.1 The Company shall, on or before the tenth day of each month, publicly disclose and report the outstanding balances of loans of funds extended by the Company and its subsidiaries as of the end of the preceding month.

2.8.2 Where the outstanding balance of loans of funds extended by the Company reaches any of the following thresholds, the Company shall make the required public disclosure and regulatory filing within two days from the date of occurrence.

2.8.2.1 The aggregate outstanding balance of loans of funds extended by the Company and its subsidiaries to others reaches twenty percent or more of the Company's net worth as reflected in its most recent financial statements.

2.8.2.2 The outstanding balance of loans of funds extended by the Company and its subsidiaries to any single enterprise reaches ten percent or more of the Company's net worth as reflected in its most recent financial statements.

2.8.2.3 Any new loan of funds extended by the Company or any of its subsidiaries reaches NT$10 million or more and also equals or exceeds two percent of the Company's net worth as reflected in its most recent financial statements.

2.8.3 If any subsidiary of the Company that is not a domestic public company becomes subject to the disclosure requirement set forth in Subparagraph 2.8.2.3, the Company shall make the required public disclosure and regulatory filing on behalf of such subsidiary.

2.8.4 For purposes of these Procedures, "public disclosure and regulatory reporting" means the submission of information through the information reporting website designated by the Financial Supervisory Commission.

2.8.5 For purposes of these Procedures, the "date of occurrence" means the earliest of the date of contract execution, the date of payment, the date of approval by the Board of Directors, or any other date on which both the borrower and the transaction amount become capable of definitive determination.

3. Other Matters

3.1 If any subsidiary of the Company intends to extend a loan of funds to another party, the Company shall require such subsidiary to adopt its own Procedures for Lending Funds to Others in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, and all such lending activities shall be conducted in compliance with the procedures so adopted.

3.2 The Company shall periodically assess the status of its outstanding loans of funds, establish an adequate allowance for doubtful accounts where appropriate, make the required disclosures in its financial reports, and provide the certifying independent certified public accountant with all relevant information necessary to perform the required audit procedures and issue an appropriate audit report.

3.3 Any matters not expressly provided for in these Procedures shall be governed by the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, other applicable laws and regulations, and the relevant internal policies and procedures of the Company.

3.4 The terms "subsidiary" and "parent company" as used in these Procedures shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

3.5 Where a public company prepares its financial reports in accordance with the International Financial Reporting Standards, the term "net worth" as used in these Procedures shall mean equity attributable to owners of the parent as presented in the balance sheet pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4. Adoption and Amendments

4.1 The adoption of, or any amendment to, these Procedures for Lending Funds to Others shall require the approval of more than one-half of all members of the Audit Committee, followed by approval of the Board of Directors, and shall thereafter be submitted to the shareholders' meeting for approval.

4.2 If the approval of more than one-half of all members of the Audit Committee required under the preceding Section is not obtained, the matter may nevertheless be approved by the affirmative vote of at least two-thirds of all directors. In such event, the resolution of the Audit Committee shall be recorded in the minutes of the meeting of the Board of Directors.

4.3 For purposes of Section 4.1, the term "all members of the Audit Committee", and for purposes of Section 4.2, the term "all directors", shall be calculated based on the number of members and directors actually in office.

5. Reference Forms / Attachments

5.1 Register of Loans of Funds (Form No. FTt-TB-01)