

SynPower Co., Ltd.  
Procedures for Loaning Funds to Others

Approved at the Shareholders' Meeting on held on June 30, 2020

The Procedures are established in accordance with Article 36-1 of the Securities and Exchange Act and the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the competent authority.

All matters related to the Company's loaning of funds to others shall be carried out in accordance with the provisions of the Procedures.

Article 1 Parties Eligible for Loans

In accordance with Article 15 of the Company Act, the Company shall not loan funds to any shareholder or other person, except under the following circumstances:

1. Where there are business transactions between the Company and another company or firm.
2. Where there is a need for short-term financing between the Company and another company or firm. The total outstanding amount of such short-term loans shall not exceed 40% of the net worth of the loaning enterprise. The term "short-term" as referred to above means a period of one year; however, if the operating cycle exceeds one year, the operating cycle shall prevail.

Where the Company loans funds to a foreign company in which it directly or indirectly holds 100% of the voting shares, or where such a wholly-owned foreign subsidiary loans funds to the Company, the financing term may not exceed three years and shall not be subject to the restriction under Subparagraph 2 of the preceding paragraph. However, the total amount of loans and the loaning limits for individual borrowers shall still be stipulated, and the loan term shall be clearly defined.

Any responsible person of the Company who violates the provisions of the first paragraph or the proviso of the preceding paragraph shall bear joint and several liabilities with the borrower for the repayment of the loan. If the Company incurs any damage as a result, such person shall also be liable for compensation.

Article 2 Standards for Evaluation of Loans

1. For borrowers requesting loans from the Company due to business

transactions, the amount of each loan shall not exceed the total amount of business transactions between both parties within the past year. The term “business transactions” as used in the Procedures refers to the higher amount between purchases from or sales to the counterparty.

2. For borrowers requesting loans from the Company due to the need for short-term financing, such loans shall be limited to subsidiaries or entities for which an equity investment is planned.

The term “subsidiary” as used in the Procedures shall be defined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

If the Company becomes a public company and its financial reports are prepared in accordance with International Financial Reporting Standards (IFRS), the term “net worth” as used in these Procedures shall refer to the equity attributable to owners of the parent company as presented in the balance sheet, in accordance with the above-mentioned regulations.

### Article 3 Total Amount and Individual Limits for Loans

#### 1. Total Amount of Loans

The total amount of funds loaned by the Company to others shall not exceed 40% of the Company’s net worth as stated in the most recent financial statements audited or reviewed by certified public accountants.

#### 2. Individual Loan Limits

- a. For companies or firms that have business transactions with the Company, the loan amount to each individual borrower shall not exceed the amount of business transactions between both parties. The term “business transactions” refers to the higher amount between the actual purchase or sales amount within the past year or the estimated amount for the coming year.
- b. For companies or firms with a need for short-term financing, the loan amount to each individual borrower shall not exceed 40% of the Company’s net worth.

Where the Company directly or indirectly holds 100% of the voting shares in foreign companies, or where such wholly-owned foreign subsidiaries engage in loans with the Company, both the total loan amount and the individual loan amount shall be limited to 100% of the net worth of the lending company. The financing

period shall not exceed three years. Each foreign subsidiary shall establish loan limits and terms in their operating procedures in accordance with these regulations.

3. The net worth referred to above shall be based on the figures stated in the Company's most recent financial statements audited or reviewed by certified public accountants.

Loans intended to be converted into equity investments requiring short-term financing must be reported to and approved by the Board of Directors on a case-by-case basis and shall not exceed the aforementioned limits.

#### Article 4 Loan Term and Interest Calculation Method

The term for which a borrower obtains financing from the Company shall not exceed one year. The method of interest calculation shall be authorized to and determined by the Chairman.

#### Article 5 Procedures for Handling Loans

Before loaning funds to others, the Company shall carefully evaluate whether the transaction complies with the provisions of its Procedures for Loaning of Funds to Others. The evaluation results, along with the assessments specified in Article 6 of the Procedures, shall be submitted to the Board of Directors for resolution, and no other person may be authorized to make such decisions.

When the matter is submitted to the Board of Directors for discussion, if the Company has appointed independent directors, their opinions shall be duly considered. Their explicit consents or objections, along with the reasons for any objections, shall be recorded in the minutes of the Board of Directors.

#### Article 6 Procedures for Loan Application, Credit Review, Disbursement, and Repayment

##### 1. Application Procedures

- a. Prior to receiving a loan from the Company, the borrower shall submit, before the date of fund requirement, the necessary corporate and financial information along with a formal application stating the purpose, loan term, and amount, to the Company's Finance Department.
- b. If the loan is requested due to a business transaction, the responsible personnel in the Finance Department shall investigate

and evaluate the necessity and reasonableness of the loan, the existence of direct or indirect business transactions between the borrower and the Company, the borrower's financial condition, creditworthiness, debt repayment ability, profitability, and purpose of the loan. The impact of the total loan amount on the Company's operational risks, financial status, and shareholder equity shall also be considered. A written evaluation report shall then be submitted to the Board of Directors for review and approval. If the loan is requested due to short-term financing needs, the reasons and circumstances for the loan shall be detailed and a credit investigation conducted. Relevant documents and proposed loan terms shall be submitted to the head of the Finance Department and the General Manager for approval, and then reported to the Board of Directors for recordation.

2. Credit Investigation

- a. For first-time borrowers, basic and financial information must be provided for credit investigation purposes.
- b. For repeat borrowers, credit investigations shall be conducted again at the time of renewal in principle. For urgent or significant cases, credit checks may be conducted as necessary.
- c. If the borrower is financially sound and its annual financial statements have been audited by a certified public accountant, a credit report completed within the past year may be used, along with reference to the CPA's audit report for loan assessment.
- d. When conducting a credit investigation on the borrower, the Company shall also assess the impact of the loan on its operational risk, financial condition, and shareholders' equity.

3. Loan Approval and Notification to Borrower

- a. If, after credit investigation and evaluation, the borrower has a poor credit rating or the Board of Directors resolves not to approve the loan, the Finance Department shall promptly inform the borrower of the rejection and reasons thereof.
- b. For borrowers with favorable credit evaluations and legitimate loan purposes, the responsible personnel in the Finance

Department shall prepare a credit report and opinion, propose loan terms, and submit them through proper channels to the Finance Department head and the General Manager for approval, and finally submit to the Board of Directors for resolution.

- c. Once the loan has been approved, the responsible personnel shall promptly notify the borrower in writing or by phone, clearly stating the loan conditions, including amount, term, interest rate, collateral, and guarantors. The borrower must sign the contract within the specified period, complete collateral or mortgage registration and guarantor agreements before the funds may be disbursed.

4. Contract Execution and Guarantor Agreement

- a. The responsible personnel shall draft the loan contract based on the approved terms. The contract shall be reviewed by the supervisor, and if necessary, submitted to legal counsel or the Company's Legal Department for opinion before signing.
- b. The terms of the contract must conform to the approved loan terms. After the borrower and the joint guarantor have signed and stamped the contract, the responsible personnel shall complete the counter-signing procedures.

5. Collateral Valuation and Rights Registration

For loans involving collateral, the borrower shall provide the collateral and complete pledge or mortgage registration. The Company shall assess the value of the collateral to ensure the protection of its claims.

6. Insurance

- a. Except for land and marketable securities, all collateral shall be insured against fire and other relevant risks. Vessels and vehicles shall be covered with full insurance. The insured amount shall not be less than the value of the collateral, and the policy shall name the Company as the beneficiary.
- b. The insured item descriptions, quantities, storage location, policy terms, and endorsements shall conform to the original loan approval. For buildings without an assigned house number at the time of registration, the location shall be indicated by land section and lot number.
- c. The responsible personnel shall ensure that the borrower is

notified to renew the insurance policy before its expiration.

7. Disbursement

Once the loan has been approved, the contract signed, and the promissory note (or installment repayment notes) submitted, and the collateral properly registered, and all required procedures verified, the funds may be disbursed. Disbursement must be made to a company account designated by the borrower; no funds may be disbursed to personal accounts.

8. Repayment

- a. After disbursement, the borrower and guarantor's financial, operational, and credit status shall be monitored. If collateral is provided, changes in its value shall also be observed. Two months before maturity, the borrower shall be notified to repay the principal.
- b. Upon maturity, the borrower shall first settle all accrued interest before repaying the principal. Only after full repayment shall promissory notes, loan agreements, or other debt instruments be cancelled and returned to the borrower.
- c. If the borrower applies for the cancellation of a mortgage, the Company shall first verify whether any outstanding loan balance remains before deciding whether to approve the release of the mortgage.

Article 7 Announcement and Reporting Procedures

1. The Company shall publicly disclose and report the balances of loans made by the Company and its subsidiaries as of the end of the previous month by the 10th day of each month.
2. If the loan balances of the Company and its subsidiaries meet any of the following thresholds, such information shall be publicly disclosed and reported within two days from the date of occurrence:
  - a. The aggregate loan balance of the Company and its subsidiaries to others reaches 20% or more of the Company's net worth as stated in the most recent financial statements.
  - b. The loan balance to a single enterprise by the Company and its subsidiaries reaches 10% or more of the Company's net worth as

stated in the most recent financial statements.

- c. The newly increased loan amount by the Company or its subsidiaries reaches NT\$10 million (or its equivalent in RMB or USD) and 2% or more of the Company's net worth as stated in the most recent financial statements.

If any of the above conditions are met by a subsidiary of the Company that is not a domestic public company, the Company shall make the necessary disclosures and filings on behalf of such subsidiary.

The Company shall assess the status of its loans to others, make adequate allowance for bad debts, appropriately disclose relevant information in its financial reports, and provide necessary documentation to its certifying accountants for the performance of required audit procedures. The term "date of occurrence" as used in these Procedures refers to the earlier of the contract signing date, payment date, Board of Directors' resolution date, or any other date on which the loan counterparty and amount can be definitively determined.

#### Article 8 Post-Loan Monitoring and Procedures for Handling Overdue Claims

1. When the Company loans funds to others, it shall establish a "Loan to Others Registry" to record detailed information for reference, including the loan recipient, loan amount, date of Board of Directors' approval, disbursement date, and all matters that are required to be carefully evaluated in accordance with the Procedures.
2. After loan disbursement, the responsible personnel shall organize and file all documents related to the case, including loan agreements, promissory notes, collateral certificates, insurance policies, and transaction records. These documents shall be placed in a safekeeping envelope, labeled with the contents and the name of the borrower, and submitted to the responsible supervisor for inspection. Once verified, the envelope shall be sealed with stamps of the responsible personnel and the supervisor across the seal, and then registered in the safekeeping logbook for proper custody.
3. In principle, all loans extended by the Company shall not exceed one year in duration.
4. Upon maturity, the borrower shall repay the principal and interest in full.

If repayment is not possible upon maturity and an extension is required, the borrower must submit a written request in advance, which shall be approved by the Board of Directors. The total duration of the loan, including the extended period, shall not exceed one year. If this requirement is violated, the Company may, in accordance with the law, directly dispose of the collateral or seek recovery from the guarantor.

5. The responsible personnel shall compile the “Loan to Others Registry” for the previous month by the 5th day of each month and submit it for hierarchical review.

#### Article 9 Penalties for Violations of the Procedures by Relevant Personnel

Managers and responsible personnel of the Company who violate the provisions of the Procedures may be subject to evaluation in accordance with the Company's personnel regulations and employee reward and disciplinary measures, and appropriate penalties shall be imposed based on the severity of the violation.

#### Article 10 Procedures for Subsidiaries Loaning Funds to Others

If any subsidiary of the Company intends to loan funds to others, it shall establish its own “Procedures for Loaning Funds to Others” and submit them to the Company’s Board of Directors for approval and record. The procedures established by the subsidiary shall be formulated in accordance with the relevant provisions of the Procedures.

- Article 11 The Company’s internal audit personnel shall conduct an audit of the Procedures for Loaning Funds to Others and their implementation at least once every quarter and prepare a written record. If any significant violations are found, written notice shall be promptly given to each supervisor. If the Company has established an Audit Committee in accordance with the Securities and Exchange Act, written notice shall be given to all members of the Audit Committee.

If the Company has appointed independent directors, they shall also be notified in writing.

#### Article 12 Handling of Changes in Loan Recipients or Excess Loan Balances

If due to changes in circumstances the loan recipients no longer comply with the provisions of these Procedures or the loan balances exceed the prescribed limits, the internal audit unit shall urge the Finance Department



to formulate a corrective action plan. The relevant corrective plan shall be submitted to all supervisors and improvements shall be completed according to the schedule of the plan. If the Company has established an Audit Committee in accordance with the Securities and Exchange Act, the corrective plan shall also be submitted to all members of the Audit Committee.

If the Company has appointed independent directors, the plan shall also be submitted to the independent directors.

Article 13 After the Company's "Procedures for Loaning Funds to Others" are approved by the Board of Directors, they shall be submitted to the supervisors and reported to the shareholders' meeting for approval. The same applies to any amendments. If any director expresses dissent with documented records or written statements, the Company shall provide the dissenting director's opinions to all supervisors. If the Company has appointed independent directors, their opinions shall be fully considered when submitting the Procedures to the Board of Directors for discussion. Any dissenting or reserved opinions of the independent directors shall be recorded in the minutes of the Board of Directors.

If the Company has established an Audit Committee, any amendments to the "Procedures for Loaning Funds to Others" shall require the consent of more than half of all Audit Committee members and shall then be submitted to the Board of Directors for resolution. If such consent is not obtained from more than half of all Audit Committee members, the amendments may be approved by at least two-thirds of all directors, and the minutes of the Board of Directors shall record the resolution of the Audit Committee. The term "all members" of the Audit Committee and "all directors" refers to those currently in office. Any matters not covered in the Procedures shall be handled in accordance with relevant laws and regulations.

Article 14 Any matters not covered by the Procedures shall be handled in accordance with applicable laws and regulations, as well as the relevant rules and policies of the Company.