



Procedures for Lending Funds to Other Parties

Document Number: ICA-PR-206

Version: 9.0

Page1 (of-1)

1. Purpose

If the Company needs to lend funds to other companies, it must do so in accordance with this operating procedure. Any matters not covered by this procedure shall be handled in accordance with the provisions of relevant laws and regulations.

2. Legal Basis

This operating procedure is established in accordance with the “Regulations Governing Loans and Endorsements/Guarantees by Publicly Traded Companies.”

3. Definitions Used in This Procedure

1. Short-term: Refers to one year or one business cycle (whichever is longer).
2. Subsidiary and Parent Company: As defined in the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”
3. Net Worth: Refers to the equity attributable to the Company as shown in the most recent balance sheet prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”
4. Effective Date: Refers to the earlier of the contract date, payment date, date of the board of directors’ resolution, or any other date sufficient to determine the borrower and the loan amount.
5. All members of the Audit Committee: Refers to the members of the Audit Committee who are actually in office.
6. All Directors: Refers to the directors who are actually in office.

4. Borrowers

Pursuant to Article 15 of the Company Act, the Company’s funds may not be lent to shareholders or any other person, except in the following circumstances:

1. A company or business entity that has business dealings with the Company; the term “business dealings” as used herein refers to entities that purchase goods from or sell goods to the Company.
2. Companies or businesses that require short-term financing from the Company; the financing amount (defined as the cumulative balance of the Company’s short-term financing) shall not exceed 40% of the net worth of the borrowing entity.

Loans between foreign companies in which the Company directly or indirectly holds 100 percent of the voting shares , or loans from such foreign companies to the Company, are not subject to the restriction in the second subparagraph of the preceding paragraph; however, they must still comply with the limits and terms specified in Articles 5 and 6.



Procedures for Lending Funds to Other Parties

Document Number: ICA-PR-206

Version: 9.0

Page2 (of-1)

5. Limits on Loans to Third Parties

1. For loans to companies or businesses with which the Company has business dealings, the total loan amount shall not exceed 20% of the Company's net worth; the amount of any individual loan shall not exceed the higher of the purchase or sales amount between the parties for the most recent fiscal year. The term "business dealings amount" refers to the higher of the purchase or sales amount between the parties.
2. For loans to companies or businesses in need of short-term financing, the total loan amount shall not exceed 20% of the Company's net worth; the amount of any individual loan shall not exceed 10% of the Company's net worth.

6. Term and Interest Calculation Method

1. The term of each short-term loan shall be no longer than one year from the date of disbursement.
2. Interest on the loaned funds is calculated on a daily basis by first multiplying the sum of the daily loan balances (i.e., the total accumulated balance) by the annual interest rate, and then dividing the result by 365 to determine the interest amount. As a general rule, the annual interest rate shall not be lower than the Company's average short-term bank borrowing rate.
3. Unless otherwise specified, interest on loans shall generally be collected monthly, and the borrower shall be notified one week prior to the agreed interest payment date to make the payment on time.
4. Loans between foreign companies in which the Company directly or indirectly holds 100 percent of the voting shares shall be limited to a term of ten years or ten business cycles and shall not be subject to the restrictions in Paragraph 1. Interest rates and interest payments shall not be subject to the restrictions in Paragraph 2; such loans may be made on an interest-free basis and shall not require collateral.

7. Review Procedures

1. Application Procedure

1. The borrower shall provide basic information and financial data, complete the application form (Appendix 1), specify the purpose of the funds, the loan term, and the loan amount, and submit the application to the Company's Administration Department.
2. If the loan is made in connection with a business relationship, the staff of the Company's Administration Department shall assess whether the loan



Procedures for Lending Funds to Other Parties

Document Number: ICA-PR-206

Version: 9.0

Page3 (of-1)

amount is commensurate with the value of the business relationship; if the loan is necessary for short-term liquidity, the reasons and circumstances justifying the loan shall be listed, and a credit investigation shall be conducted. The relevant information and proposed loan terms shall be submitted to the head of the Administration Department and the General Manager for review, and then submitted to the Board of Directors for resolution. However, for significant loans, approval from the Audit Committee must be obtained in accordance with relevant regulations, and the matter must be submitted to the Board of Directors for a resolution.

3. When the Company lends funds to others, it shall fully consider the opinions of each independent director, and clearly record in the minutes of the Board of Directors meeting any opinions in favor or against, as well as the reasons for any objections.
2. Credit Investigation
 1. For first-time borrowers, the borrowing enterprise shall provide basic information and financial data to facilitate the credit investigation.
 2. For existing borrowers, a credit investigation shall be conducted anew; in the event of a major or urgent matter, such an investigation may be conducted at any time as necessary.
 3. If the borrowing enterprise is in sound financial condition and its annual financial statements have been certified by a certified public accountant for financing purposes, a credit investigation report not older than one year may be used, together with the certified public accountant's audit report for that period, as a reference for the loan.
 4. When conducting credit investigations on borrowing enterprises, the Company shall also assess the impact of the loan on the Company's operational risks, financial condition, and shareholders' equity.
3. Loan Approval and Notification
 1. Following a credit investigation and evaluation, the Board of Directors has resolved not to approve the loan application. The staff member in charge should promptly notify the applicant company of the reasons for the rejection.
 2. Following a credit investigation and evaluation, if the Board of Directors resolves to approve the loan application, the handling staff shall promptly notify the borrowing enterprise in writing, detailing the Company's loan terms—including the loan amount, term, interest rate, collateral, and guarantors—and request that the borrowing enterprise complete the contract



Procedures for Lending Funds to Other Parties

Document Number: ICA-PR-206

Version: 9.0

Page4 (of-1)

signing procedures within the specified timeframe.

4. Contract Signing and Collateral Verification

1. For loan applications, the handling staff shall draft the terms of the loan agreement. After review by the supervisor and approval by the legal counsel, the signing procedures shall be carried out.
2. The content of the contract shall be consistent with the approved loan terms. After the borrower and the joint guarantor have signed and affixed their seals to the contract, the handling officer shall complete the formalities for the guarantor's registration.

5. Valuation of Collateral and Establishment of Security Interests

For loan cases involving collateral, the borrowing enterprise shall provide the collateral and complete the procedures for establishing a pledge or mortgage. The Company shall also assess the value of the collateral to secure its claims.

6. Insurance

1. With the exception of land and marketable securities, all collateral must be covered by fire insurance and other relevant insurance policies. As a general rule, the insured amount shall not be less than the value of the pledged collateral, and the insurance policy shall designate the Company as the beneficiary. The name of the insured property, quantity, storage location, insurance terms, and endorsements as stated on the policy shall be consistent with the Company's original approved loan terms.
2. The handling staff should ensure that the borrowing enterprise is notified to renew the insurance policy before the expiration of the coverage period.

7. Disbursement

Once the loan terms have been approved, the contract has been signed by the borrower, and the registration of the collateral (pledge) has been completed, funds may be disbursed after all procedures have been verified and found to be in order.

8. Repayment

After the loan is disbursed, the bank shall regularly monitor the borrower's and guarantor's financial, business, and credit conditions. If collateral has been provided, the bank shall monitor any changes in its value. One month prior to the loan maturity date, the bank shall notify the borrower to repay the principal and interest upon maturity.

1. When the borrowing enterprise repays the loan upon maturity, the interest due must first be calculated and paid together with the principal before the promissory notes, IOUs, and other debt instruments can be canceled and returned to the



Procedures for Lending Funds to Other Parties

Document Number: ICA-PR-206

Version: 9.0

Page5 (of-1)

borrower.

2. If a borrower applies to have a mortgage right discharged, the lender must first verify whether there is any outstanding loan balance before deciding whether to approve the discharge of the mortgage.

9. Extension

If a borrower with whom the Company has a business relationship requires an extension prior to the maturity of a loan, the borrower must apply for an extension one month before the maturity date. The Company shall submit the request to the Board of Directors for approval, after which the relevant procedures shall be reprocessed.

10. Recording and Safekeeping of Cases

1. When the Company handles loan matters, it shall establish a record book (Appendix II) to detail, for reference, the borrower, the amount, the date of Board approval, the date of loan disbursement, and matters that must be carefully assessed in accordance with these operating procedures.
2. After disbursement, the staff member handling the loan case shall place the promissory note, promissory bills, and other evidence of debt, collateral documents, insurance policies, and related correspondence into a custody envelope in the proper order. The contents of the custody envelope and the client's name shall be clearly marked on the envelope, which shall then be submitted to the supervisor of the Administration Department for inspection. Upon confirmation that the contents are correct, the envelope shall be sealed, and both parties shall sign or affix their seals to the custodial items register before the items are placed in safekeeping.

11. Precautions for Lending Funds to Others

1. Before the Company lends corporate funds to third parties, it shall carefully assess whether the transaction complies with the provisions of these operating procedures. The assessment results shall be submitted to the Board of Directors for resolution before proceeding; no other person may be authorized to make such decisions.
2. Loans between the Company and its subsidiaries, or between subsidiaries, shall be subject to a resolution by the respective boards of directors. The Chairman may be authorized to disburse funds in installments or on a revolving basis to the same borrower, up to a specific limit approved by the board and for a period not exceeding one year. Except as provided in Article 3, Paragraph 2, the authorized



Procedures for Lending Funds to Other Parties

Document Number: ICA-PR-206

Version: 9.0

Page6 (of-1)

loan amount for a single enterprise by the Company or a subsidiary shall not exceed 10% of the net worth of the Company or the subsidiary as reflected in its most recent financial statements.

3. The Company's internal auditors shall audit the procedures for lending funds to third parties and their implementation at least once per quarter and prepare written records; if any material violations are discovered, they shall immediately notify the Audit Committee in writing.
4. If, due to a change in circumstances, a borrower no longer complies with the provisions of this procedure or the outstanding balance exceeds the limit, the managing unit shall formulate a corrective action plan, submit the relevant corrective action plan to the Audit Committee for review, and complete the corrective actions in accordance with the plan's timeline.
5. The staff member in charge shall prepare a detailed statement of loans to other companies for the previous month by the 10th of each month and submit it for review through the appropriate channels.

12. Control Procedures for Subsidiaries Lending Funds to Third Parties

1. If a subsidiary of the Company intends to lend funds to a third party, it must establish operating procedures in accordance with the "Regulations Governing Loans and Endorsements/Guarantees by Publicly Traded Companies" and proceed in accordance with those procedures; however, net worth shall be calculated based on the subsidiary's net worth.
2. Subsidiaries shall prepare a detailed statement of funds lent to other companies for the previous month by the 10th of each month (excluding the 10th) and submit it to the Company for review.
3. The subsidiary's internal audit personnel shall also audit the procedures for lending funds to third parties and their implementation at least quarterly and prepare written records; if any material violations are discovered, they shall immediately notify the Company's audit unit in writing, and the Company's audit unit shall forward the written materials to the Audit Committee.
4. When the Company's audit personnel conduct audits at subsidiaries in accordance with the annual audit plan, they shall also assess the implementation of the subsidiaries' procedures for lending funds to third parties. If any deficiencies are identified, they shall continuously monitor the progress of corrective actions and prepare a follow-up report to be submitted to the Board of Directors.



Procedures for Lending Funds to Other Parties

Document Number: ICA-PR-206

Version: 9.0

Page7 (of-1)

13. Disclosure of Information

1. The Company shall enter the outstanding loan balances of the Company and its subsidiaries for the previous month into the Public Information Observation Station by the 10th of each month.
2. If the Company's outstanding loan balance meets any of the following criteria, it shall be entered into the Public Information Observation Station within two days from the date the event occurs:
 1. The aggregate outstanding balance of loans made by the Company and its subsidiaries to third parties reaches 20 percent or more of the Company's net worth as reported in its most recent financial statements.
 2. The outstanding balance of loans made by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as reported in its most recent financial statements.
 3. A new loan amount extended by the Company or its subsidiaries reaches NT\$10 million or more and constitutes 2 percent or more of the Company's net worth as reported in its most recent financial statements.
3. If a subsidiary of the Company is not a publicly traded company in Taiwan, the Company shall be responsible for making the disclosure and filing required under the third subparagraph of the preceding paragraph on behalf of such subsidiary.
4. The Company shall assess the status of loans and set aside adequate allowances for bad debts, appropriately disclose relevant information in its financial reports, and provide relevant data to the certifying accountant to perform the necessary audit procedures.

14. Penalties

If the Company's managers and key personnel violate these operating procedures, they shall be subject to review and evaluation in accordance with the Company's personnel regulations and work rules, and penalties shall be imposed based on the severity of the violation.

15. Implementation and Amendments

This procedure shall be approved by at least one-half of all members of the Audit Committee, submitted to the Board of Directors for resolution, and then presented to the shareholders' meeting for discussion; the same applies to any amendments. If approval is not obtained from at least one-half of all members of the Audit Committee, the procedure may be implemented with the approval of at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board



Procedures for Lending Funds to Other Parties

Document Number: ICA-PR-206

Version: 9.0

Page8 (of-1)

of Directors meeting.

Furthermore, when the Company submits these operating procedures to the Board of Directors for discussion in accordance with regulations, it shall fully consider the opinions of each independent director; if any independent director expresses an objection or reservation, such opinion shall be recorded in the minutes of the Board of Directors meeting.



Procedures for Lending Funds to Other Parties

Document Number: ICA-PR-206

Version: 9.0

Page9 (of-1)

Appendix I

_____公司 向東台精機股份有限公司借款申請書

- 一、基本資料(附件)：
- 二、財務資料(附件)：
- 三、資金用途：
- 四、借款期間：
- 五、借款金額：
- 六、審核程序：
 1. 資金貸與之必要性及合理性：
 2. 貸與對象之徵信及風險評估：
 3. 對公司營運風險、財務狀況及股東權益之影響：
 4. 是否取得擔保品及擔保品之價值：

董事
長

總
經
理

管
理
部

經
辦



Procedures for Lending Funds to Other Parties

Document Number: ICA-PR-206

Version: 9.0

Page10 (of-1)

Appendix II

東台精機股份有限公司

資金貸與他人備查簿

資 金 貸 與 他 人	日 期	
	事 項	
	方 式	
	對 象	
	金 額	
董事會通過日期		
風險評估結果		
取得擔保品內容		
備 註		

管理部主管：

財務主管：

經辦人：