



銘旺實業股份有限公司

HAKERS ENTERPRISE CO., LTD.

Procedures for Lending Funds to Other Parties

Article 1 Purpose

To establish a set of procedures for lending funds to other parties within the company, ensuring a clear and systematic process.

Article 2 Contents

1. Borrowing Parties:

- (1) Entities engaged in business transactions with the company.
- (2) Entities requiring short-term working capital financing from the company.

For the purpose of the preceding clause, "short-term" refers to a period of up to one year. However, if the company's operating cycle exceeds one year, the operating cycle shall be used as the reference.

The term "financing amount" refers to the cumulative balance of the company's short-term working capital financing.

The restriction in the second sentence of the first paragraph shall not apply to funding provided by foreign companies in which the company directly or indirectly holds a 100% voting interest or by foreign companies in which the company directly or indirectly holds a 100% voting interest. Nonetheless, the company shall establish the total financing limit and individual limits for such funding and specify the financing term.

In the event of a violation of the first paragraph by the company's responsible party, they shall be jointly liable for repayment with the borrower. If the company incurs any losses as a result, the responsible party shall also be liable for compensating the company for the damages.

2. Reasons and Necessity for Lending Funds to Other Parties:

When the company engages in lending funds to other companies or businesses due to business transactions, it shall comply with the provisions of Article 3, paragraph 2. Lending funds to other parties due to the necessity for short-term working capital financing is limited to the following circumstances:

- (1) Companies in which the company holds a stake of fifty percent or more require short-term working capital financing for business purposes.

- (2) Other companies or businesses require short-term working capital financing for the procurement of materials or operational turnover.
- (3) Other parties for whom fund lending has been approved by the company's board of directors.

3. Total and Individual Limits on Lending Funds:

- (1) The total amount of funds lent by the company shall not exceed forty percent of the company's net worth.
- (2) For companies or businesses engaged in transactions with the company, the individual lending amount shall not exceed the higher of the transaction amount between the two parties. The term "transaction amount" refers to the higher of the purchase or sales amount between the two parties.
- (3) For companies or businesses requiring short-term working capital financing, the individual lending amount shall not exceed twenty-five percent of the company's net worth. However, when the company requires short-term working capital financing for subsidiaries in which it holds a hundred percent of the shares, the total amount of individual fund lending shall not exceed forty percent of the company's net worth.
- (4) Companies, both domestic and foreign, in which the company directly or indirectly holds a hundred percent of the voting shares shall still be subject to the restrictions in the first three paragraphs.

4. Lending Operation Procedures:

(1) Credit Assessment:

When the company engages in lending funds, the borrower is required to submit necessary company information and financial data and make a written application for financing limits. After receiving the application, the Finance Department shall conduct an investigation and evaluation of the borrower's business activities, financial condition, debt-repayment capability, creditworthiness, profitability, and the purpose of the loan and prepare a report.

The assessment by the Finance Department regarding fund lending shall at least include:

- i. Necessity and reasonableness of lending funds to other parties.
- ii. Assessing whether the fund lending amount is necessary based on the financial condition of the borrowing party.
- iii. Checking if the cumulative fund lending amount is within the limits.
- iv. Evaluating the impact on the company's operational risk, financial condition, and shareholder equity.
- v. Deciding whether collateral needs to be obtained and assessing the value of

the collateral.

- vi. Reviewing the credit history and risk assessment records of the borrowing party.

(2) Collateral:

When the company lends funds, it shall obtain an equivalent promissory note and, when necessary, establish a pledge on movable or immovable property. In cases where the debtor provides a financially capable and creditworthy individual or company as a guarantor instead of providing collateral, the Board of Directors may consider the Finance Department's credit report. If a company serves as a guarantor, attention should be paid to whether its articles of incorporation include provisions allowing it to act as a guarantor.

(3) Authorization Scope:

When the company engages in lending funds, after the credit assessment by the Finance Department, it shall be approved by the General Manager and submitted for approval by the Board of Directors. No other individual is authorized to make this decision.

In the case of fund lending between the company and its parent company, subsidiary, or subsidiary companies, the lending shall be based on the Board of Directors' resolution, as per the previous paragraph. The Chairman of the Board may be authorized to disburse funds in installments or for revolving use to the same borrowing party within the approved limit and for a period not exceeding one year, as per the Board of Directors' resolution. The term "approved limit" in the previous paragraph shall not exceed ten percent of the most recent financial statement's net worth of a publicly traded company or its subsidiary, except when it complies with the regulations in Article 3, paragraph 4. The opinions of independent directors, both for and against, and their reasons shall be carefully considered and documented in the Board of Directors' records.

5. Loan Term and Interest Calculation Method:

- (1) The loan term for each fund lending shall, as a general rule, not exceed one year. In exceptional circumstances, an extension of the loan term may be granted following approval by the Board of Directors, based on the actual situation.
- (2) The interest rate for fund lending shall not be lower than the highest interest rate applicable to short-term borrowings from financial institutions by the company. Interest on company loans shall generally be paid monthly. In exceptional situations, adjustments to the interest rate may be made following approval by the Board of Directors, based on the actual circumstances.

6. Post-Disbursement Monitoring and Procedure for Overdue Claims:

- (1) After the disbursement of a loan, continuous monitoring of the financial, business,

and credit conditions of the borrower and guarantor, if any, shall be carried out. In cases where collateral is provided, any significant changes in collateral value shall be closely observed. In the event of substantial changes, immediate notification to the Chairman of the Board shall be made, and appropriate actions shall be taken as per instructions.

- (2) When the borrower repays the loan at maturity or before, the interest payable shall be calculated first, and upon full payment of both principal and interest, the promissory note or mortgage rights shall be canceled and returned to the borrower.
- (3) At loan maturity, the borrower shall promptly settle the principal and interest. If an extension is required due to the inability to repay at maturity, a request for extension must be submitted in advance. This request shall be subject to approval by the Board of Directors. Each extension period shall not exceed three months, and only one extension is allowed. In the event of non-compliance, the company may dispose of the provided collateral or call upon the guarantor for repayment in accordance with the law.

7. Internal Control:

- (1) When conducting fund lending activities, the company shall maintain a ledger in which detailed records of fund lending, including the recipient, amount, date of Board of Directors' approval, lending date, and other aspects subject to careful evaluation as required, are documented.
- (2) The company's internal auditors shall conduct quarterly audits of the fund lending procedures and their execution, maintaining written records. In case of identifying significant violations, the Audit Committee shall be promptly notified in writing. In the event of substantial violations, appropriate measures shall be taken against the responsible managers and personnel.
- (3) If changes in circumstances result in the borrower no longer meeting the criteria outlined in this guideline or exceeding the prescribed limits, the company shall establish an improvement plan. This plan shall be submitted to the Audit Committee, and the company shall follow the plan's schedule to implement the necessary improvements, thereby strengthening internal control within the company.

8. Public Announcement and Reporting

- (1) The company shall announce and report the fund lending balances of the company and its subsidiaries for the previous month by the 10th day of each month.
- (2) When the fund lending balance of the company or its subsidiaries meets any of the following criteria, the company shall announce and report it within two days from

the date on which the event occurred:

- i. The fund lending balance of the company and its subsidiaries to other parties exceeds twenty percent of the company's most recent financial statement's net worth.
- ii. The fund lending balance of the company and its subsidiaries to a single entity exceeds ten percent of the company's most recent financial statement's net worth.
- iii. The company or its subsidiaries provide new fund lending exceeding NT\$10 million and accounting for more than two percent of the most recent financial statement's net worth of the publicly traded company. For subsidiaries of the company that are not domestically publicly traded companies and meet the requirements of this third clause, the company shall make the announcement and report.

The calculation of the fund lending balance as a percentage of net worth for subsidiary companies in the previous clause shall be based on the fund lending balance of the subsidiary company as a percentage of the company's net worth.

The term "date on which the event occurred" as mentioned in this procedure refers to the date that precedes the other relevant dates, such as the contract date, payment date, date of the Board of Directors' resolution, or any other date sufficient to determine the fund lending recipient and amount.

Article 3 Miscellaneous

1. When the company's subsidiaries intend to lend funds to other parties, the company shall instruct its subsidiaries to establish fund lending procedures in accordance with the guidelines for publicly traded companies' fund lending and endorsement guarantee, and shall ensure compliance with the established procedures.
2. The company shall evaluate fund lending situations, set aside adequate bad debt reserves, appropriately disclose relevant information in financial reports, and provide the necessary data for auditors to perform required audit procedures and issue an appropriate audit report.
3. In cases not covered by these operating procedures, the company shall follow relevant laws and regulations as well as the company's internal rules.

Article 4 Effectiveness and Amendment

The fund lending procedures established by the company shall require the agreement of at least two-thirds of the members of the Audit Committee, followed by approval by the Board of Directors, and submission for approval at the shareholders' meeting. In the event that a director raises objections with records or provides a written statement, the

company shall present these objections for discussion at the shareholders' meeting, and any necessary amendments shall follow the same process.

If approval is not obtained from at least two-thirds of the members of the Audit Committee as mentioned in the preceding paragraph, the procedures may be approved by at least two-thirds of the entire Board of Directors. The resolution of the Audit Committee shall be explicitly recorded in the minutes of the Board of Directors' meeting. The term "all members of the Audit Committee" in the first paragraph and "entire Board of Directors" in the preceding paragraph shall be based on the actual incumbents in their respective roles.

Article 5 Establishment and Amendment Dates

This operating procedure was established on December 22, 2009.

The first amendment was made on May 13, 2011.

The second amendment was made on June 14, 2013.

The third amendment was made on June 23, 2020.