Phihong Technology Co., Ltd.

Procedures for the Loaning of Funds to Others

Article 1: The procedures for the loaning of funds to others of the Company shall be subject to the Procedures.

Article 2: The Company's loans to others shall comply with one of the following conditions; however, external investment requirements for business shall be subject to Paragraph 2, Article 3, of the "Regulations for External Investments and Technical Cooperation of the Ministry of Economic Affairs; this shall not apply to capital contributions by way of loans.

(1) Companies that have business dealings with the Company, limited to related parties for business requirements, which shall be subject to Subparagraph 1, Paragraph 1, Article 3.

(2) Companies that have short-term financing requirements, limited to the following:

(a) Short-term financing requirements of companies in which the Company directly and indirectly holds over 50% of their voting shares due to finance and business;

(b) Short-term financing requirements of companies directly and indirectly holding over 50% of the Company's voting shares due to finance and business.

The term "short-term" as used in the preceding paragraph means one year or one business cycle, whichever is longer.

Article 3: Total loans to others and the limit for individual borrowers

The total loans to others by the Company shall not exceed 40% of its net worth in the latest financial statements certified or reviewed by CPAs. The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:

(1) For companies with business dealings with the Company, the individual loan amount shall not exceed the number of business transactions with them in the most recent year or in the latest financial statements.

(2) For companies that have short-term financing requirements, the individual loan amount shall not exceed 40% of the Company's net worth in the latest financial statements certified or reviewed by CPAs.

If inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or loans of funds to the Company by any overseas subsidiary in which the Company holds, directly or indirectly, 100% of the voting shares are for short-term financing requirements, the amount shall not be restricted to the limit of 40%

of the Company's net worth in the latest financial statements certified or reviewed by CPAs, and the requirement of one year or one business cycle shall not apply to the financing period. However, the total loans and individual limit shall not exceed 150% of the net worth in the latest financial statements of the Company, and the period shall not exceed five years; the relevant requirements shall be subject to the "Procedures for the Loaning of Funds to Others of the Group's Subsidiaries."

The "related parties," "subsidiaries, and "parent company" referred to herein are recognized based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

If the responsible person of the Company violates Paragraph 1, arrangements shall be made according to Article 15 of the Company Act.

Article 4: Loaning of funds

(1) Procedures

1. Loans and short-term financing are reviewed by the responsible department of the Company and implemented after being submitted to and approved by the chairman and reported to the board for resolution.

   Loans of funds between the Company and its subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board pursuant to the preceding paragraph, and the chairman may be authorized, for a specific borrowing counterparty, within 10% of the Company's net worth in its latest financial statements, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

   The Company has appointed independent directors; during the discussion at the board meetings, it shall take into full consideration each independent director's opinions; independent directors' opposing opinions or qualified opinions shall be included in the minutes of the board meeting.
2. The accounting department shall prepare a memorandum book for fund-loaning activities. After the loans have been resolved by the board, the borrower, amount, date of approval by the board, lending/borrowing date, and matters to be carefully evaluated under the review procedures shall be truthfully recorded.
3. The internal auditors shall audit the Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the independent directors in writing of any material violation found.
4. The accounting department shall perform evaluations, provide adequate allowances for bad debt on a quarterly basis, and disclose information on loans and CPAs in the financial statements.
5. If, as a result of a change in circumstances, the loan balance exceeds the limit, the Company shall adopt rectification plans, submit the rectification plans to all the independent directors, and complete the rectification according to the timeframe set out in the plan.

(2) Review procedures

1. For loans provided by the Company, the borrower applying for the loans shall submit relevant financial statements and describe the purposes of such borrowings in advance; the application shall be made in writing.
2. After the Company has accepted the application, the responsible department shall investigate and evaluate whether the borrower has any direct (indirect) business dealings with the Company, the financial position of its scope of business, repayment ability, credit rating, profitability, and purposes of borrowing, formulate relevant written reports by taking into account the operating risks of the Company's total loans on its operations, financial position, and the level of impact on shareholders' rights and interests, and submit them to the board for review.
3. When engaging in loans or short-term financing, the Company may obtain guarantee notes with an equivalent amount. When necessary, the Company shall create the mortgage on chattels or real estate, and it shall assess whether the value of the collateral is equivalent to the balance of the loans on a quarterly basis. It will request more collateral when necessary. For the guarantee for the creditor's rights in the preceding paragraph, if the debtor provides individual or corporate guarantees with equivalent credit standing and credit to replace the provision of collateral, the board may make arrangements with reference to the review report of the responsible department. For corporate guarantees, the Company shall be aware of whether the articles of incorporation of the corporation have the terms that it may provide guarantees.

Article 5: Loan period and interest calculation method

If a borrower borrows funds from the Company, the period shall be limited to one year.

Upon the expiry of the short-term loans to others of the Company, the borrower may not make repayment with no actual cash flow or postpone the repayment deadline through the board. However, for inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or loans of funds to the Company by any overseas subsidiary in which the ultimate parent company holds, directly or indirectly, 100% of the voting shares are for short-term financing requirements, if a postponement is required as the repayment cannot be made upon the expiry, the short-term loans may be postponed. If the board approves the postponement of the deadline before its expiration, repayment with actual cash flow is not required. However, the postponement is up to one time, and the postponement period shall not exceed five years.

The interest calculation for loans provided by the Company shall be limited to the average interest rate of short-term borrowings provided by financial institutions to the Company plus/less 10% and shall accrue on a monthly basis. In special circumstances, adjustments may be made according to the actual circumstances after obtaining the approval of the board.

Article 6: Subsequent control measures of loans and procedures for overdue creditor's rights

After the distribution of each entry of loans, the Finance Department shall keep abreast of the changes in the finance, business, and relevant credit ratings of the borrower and its guarantor and the changes in the value of the collateral and prepare written records. If there are any material changes, they shall be immediately reported to the president and relevant responsible departments for handling as soon as practicable.

Upon the expiry of loans or the early repayment of borrowings before the expiry, the borrower shall settle the principal plus the interest payable, and then the Company will return the guarantee notes to the borrower or cancel the mortgage.

If the borrower is unable to make repayments upon the expiry, the Company may make disposals regarding the collateral or guarantor it provided and request claims according to the law.

Article 7: Announcement and reporting procedures

When announcing and reporting loans to others to the competent authority according to the requirements, the Company makes arrangements according to the relevant requirements.

If subsidiaries of the Company that are not domestic public companies have matters for announcement and reporting according to the requirements, the Company shall make announcements and reporting on behalf of them.

Article 8: Control procedures for loans to others by subsidiaries.

(1) The Company's subsidiaries shall formulate their "procedures for the loaning of funds to others" according to the " Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the Financial Supervisory Commission, and such procedures shall be approved by the audit committee and the board; the same shall apply for any amendment.

(2) When a subsidiary of the Company provides loans to others, it shall formulate relevant written reports according to its "internal control system" and "procedures for the loaning of funds to others" and submit them to the Company for approval before implementation. It shall also compile a written summary of the loan balance, borrowers, and periods in the preceding month and report to the Company before the 5th of each month. The accounting department of the Company will prepare a memorandum book for the loans of the subsidiaries. The audit department shall include the subsidiaries' loans to others in the quarterly audit, and the audit status shall be included in the necessary item for reporting to the audit committee and the board regarding auditing operations.

(3) If a subsidiary of the Company is not a public company and its loan balance has reached the standards for announcement and reporting in Paragraph 2, Article 7, it shall notify the Company on the occurrence

date, and the Company shall make announcements and reporting on the designated website according to the requirements.

Article 9: Punishment provisions

If the handling personnel of the Company's loans to others violate the " Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the Financial Supervisory Commission or the Procedures, the Company may make arrangements based on the violation circumstances according to the following requirements:

The violation will be recorded and used as a reference for the annual personal performance evaluation.

(1) Violation of the decision-making authority: The first-time violator shall be given a verbal warning, the personnel who violate the regulations again shall be given a written warning and participate mandatorily in the internal control system training classes. Repeat violators or those with serious circumstances shall be transferred from the original job.

(2) Violation of the review procedures: The first-time violator shall be given a verbal warning, and the personnel who violate the regulations again shall be given a written warning and participate mandatorily in the internal control system training classes. Repeat violators or those with serious circumstances shall be transferred from the original job.

(3) Violation of the public announcement and report: The first-time violator shall be given a verbal warning, the personnel who violate the regulations again shall be given a written warning. Repeat violators or those with serious circumstances shall be transferred from the original job.

(4) The superior of the violator shall also be punished; however, if a reasonable description can be provided regarding the failure to prevent in advance, this shall not apply.

(5) Where the Board of Directors or directors violate relevant regulations and the resolutions of the shareholders' meeting when performing duties, the Audit Committee shall notify the Board of Directors or directors to stop the violation in accordance with Article 218-2 of the Company Act.

Article 10: The establishment of the Procedures was resolved and approved by the audit committee and the board, and the Procedures were implemented after being reported to and approved by the shareholders' meeting. If a director expresses an opposing opinion with a record or written statement in place, the Company shall submit its opposing opinion to the supervisors and report it to the shareholders' meeting for discussion; the same shall apply to any amendment. The Company has appointed independent directors; during the discussion at the board meetings, it shall take into full consideration each independent director's opinions; independent directors' opposing opinions or qualified opinions shall be included in the minutes of the board meeting.

Article 11: The Procedures were established on May 11, 1990.
The 1st amendment was made on June 16, 1997.
The 2nd amendment was made on June 18, 1998.
The 3rd amendment was made on May 20, 1999.
The 4th amendment was made on June 9, 2003.
The 5th amendment was made on June 9, 2006.
The 6th amendment was made on June 13, 2008.
The 7th amendment was made on June 10, 2009.
The 8th amendment was made on June 15, 2010.
The 9th amendment was made on June 11, 2015.
The 10th amendment was made on June 8, 2016.
The 11th amendment was made on June 19, 2019
The 12th amendment was made on June 12, 2024.