

Chailease Holding Company Limited
Operational Procedures for Loaning Funds to Others

Amended and approved by shareholders' meeting on Dec. 1, 2010
Amended and approved by shareholders' meeting on Feb. 21, 2011
Amended and approved by shareholders' meeting on May 30, 2013
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Article 1 Chailease Holding Company Limited (“the Company”) shall comply with the “Operational Procedures for Loaning Funds to Others” (“the Procedures”) when loaning funds to others; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 2 The Company may make loaning funds for the following companies or businesses:

1. Other companies or businesses which have business transaction calls for a loan arrangement with the Company.
2. Other companies or businesses that have the short-term financing facility needs.

Article 3 Evaluation standard for loaning funds:

1. Companies or businesses that have business transaction calls for a loan arrangement with the Company.
2. Companies or businesses that have the short-term financing facility needs include under the following circumstances:
 - (1) Companies or businesses that the Company directly or indirectly holds more than 50% of the voting shares have short-term financing facility needs due to business needs.
 - (2) Other companies or businesses have short-term financing needs due to operating working capital needs.
 - (3) The Company’s Board of Directors agrees to grant loans.

Article 4 Total capital for loaning funds and the limitation for single borrower:

1. The total amount for lending to a company having a business relationship with the Company shall not exceed 60% of the worth in the latest financial reports.
2. For aggregate amount of loans granted to others under Paragraph 2 of Article 2 in the Procedures shall not exceed 40% of the net worth in the latest financial reports.

The restriction shall not apply to inter-company loans of funds between subsidiaries that are not located in the territory of the Republic of China

(Taiwan) of which the Company holds, directly or indirectly, 100% of the voting shares or financing provided to the Company by subsidiaries that are not located in the territory of the Republic of China (Taiwan) of which the Company holds, directly or indirectly, 100% of the voting share. However the setting of the amount limits and the durations of loans shall still apply.

3. The amount of loan granted to the accommodator who ask for the loans based on business relationship transactions with the Company shall not exceed the total amount of business transaction of the last operating cycle.
4. The total amount of loan of a single borrower in need of funds for a short-term period should not exceed 10% of the net worth in the latest financial reports.

The net worth described in the Procedures is referred to the latest balance sheet equity attributable to the owners of the Company which is attested by the certificated public accountant.

The director who has violated the provisions of the Paragraph 1 shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to the Company resulted there-from.

Article 5 Periods and interest calculation method for loans granted:

The loan period is limited to 1 year (including the extension of deadline when expiration is reached), but if the company's operating cycle is longer than 1 year, subject to operating cycle. When the period is due, the full amount of loan shall be settled, if there is still a need for loans, the borrower needs to re-apply under the regulations in the Procedures. The method for calculating interests is based on the benchmark interest rates with some markup and the interests are calculated monthly, quarterly or calculated at the loan due date. And the interest rate shall not be lower than the highest borrowing interest rate from banks or the funding cost of the Company.

The restriction of the method for calculating interests shall not apply for fund-lending to subsidiaries that are not located in the territory of the Republic of China (Taiwan) of which the Company holds, directly or indirectly, 100% of the voting shares and to authorized Chairman of the Board on behalf of the Company for approval.

Article 6 Fund loaning procedure:

1. When conducting fund loaning, the Company shall ask the Credit Department to review the borrower's credit condition, purpose of the loans, guarantee terms and the impact on the Company's business operations , financial condition and shareholders' equity; First, meticulous credit investigation

shall be conducted and then the highest amount of loan, loan period and interest calculation method are appraised and decided; evaluation reports are then made and submitted to the Board of Directors for resolution and shall not authorize others to decide. The Company shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

2. The Company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated under the preceding paragraph.

3. The Company's internal auditors shall audit the Operating Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.

If, as a result of a change in circumstances, an entity for which an loans is made does not meet the requirements of the Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.

Article 7 The evaluation procedures and report indicated in previous Article shall include:

1. The necessity and reasonableness of extending loans to others.
2. Borrower credit status and risk assessment.
3. Impact on the Company's business operations, financial condition and shareholders' equity
4. Whether collateral must be obtained and appraisal of the value thereof.

Article 8 Information Disclosure:

1. Regular Bulletin and Report Items:

The Accounting and Financial Department of the Company shall announce and report the previous month's loan balances of the Company and subsidiaries by the 10th day of each month in compliance with the Regulations of the Financial Supervisory Committee of the Executive Yuan.

2. Irregular Bulletin Items:

When the loans granted by the Company and its subsidiary reach one of the following criteria, the Accounting and Financial Department shall announce and report the matters on the date of its occurrence:

- (1) The aggregate balance of loans to others by the Company and the

Subsidiary reaches 20% or more of the net worth as stated in the Company's the latest financial statement.

- (2) The balance of loans by the Company and the Subsidiary to a single enterprise reaches 10% or more of the net worth as stated in the Company's the latest financial statement.
- (3) The amount of new loans of funds by the Company or the Subsidiaries reaches NT\$10 million or more, and reaches 2 % or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of the Subsidiaries thereof that is not a public company of Republic of China any matters that such subsidiary is required to announce and report.

Any subsidiary of the Company shall provide the Accounting and Financial Department of the Company with the written details before or at least on the occurrence date, which shall be stipulated in the "Operational Procedures for Loaning Funds to Others" of each subsidiary.

3. "Date of occurrence" in the Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount, whichever date is earlier.
4. The company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose the relevant information in the financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Article 9 The follow-up control measures of the loans granted and handling procedure for overdue and non-performing loans:

1. If there is any collateral for the lending, then the collateral must be pledged to protect the Company's interest.
2. Once the loans are approved, the amount of the loans should be appropriated at once and should not be appropriated in installments or become revolving line of credit.

However, if the loans are between the Company and its Subsidiary or between the subsidiaries of the Company, the Director of the Board, after authorized by the Board of the Directors, could give the borrower less than one year installment appropriation of the loan within the original loan amount (should comply with the provisions of Paragraph 2 of Article 4 in the Procedures and the authorized amount should not exceed 10% of the net worth in latest financial reports) authorized by the Board of Directors.

Before a loan is appropriated, the personal information confirmation must be

performed and the guarantee promissory note shall be collected. The appropriation procedure shall comply with the related regulations in the Company's "Payment Approval Procedures".

3. Borrowers shall repay the principal and interest at each interest payment date, for those unable to repay on time, the Company could sell the collateral or ask the loan's guarantor for compensation to ensure debt recovery.
4. At loan maturity or maturity loan repayment, the interest payable shall be calculated first, together with the principal shall be settled at once then the promissory note and other creditor's right certificates could be nullified or the mortgage could be cleared.

Article 10 Should the Company's manager or employee handling the fund loaning business violated the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" bulletined by the Financial Supervisory Commission of the Executive Yuan or the Procedures; he/she shall be dealt with according to the Company's "Regulations governing employee rewards and punishment".

If the fund is loaned to the Company's related persons or enterprises, the Procedures and "Regulations governing Related Person Transaction" shall be followed and complied to handle the case.

Article 11 Procedures for controlling and managing loans of funds to others by subsidiaries: If the Subsidiary of the Company is engaged in loaning funds to others, it shall draft and follow its own "Internal audit mechanism" and "Operational Procedure for Loaning Funds to Others", and it shall report to the Company's Accounting and Financial Department in writing the situation of funds loaning to others within the prescribed time limit.

The Company's Audit Department shall include Subsidiary's fund loaning operation as one of the audit item and list such audit report as a necessary item in reporting audit business to the Board of Directors and the Audit Committee.

Article 12 The Procedures are adopted or amended shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. After the procedures have been approved by the board of directors, they shall be submitted to the Shareholders' Meeting for approval. If

any director expresses the dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the Shareholders' Meeting for discussion. The same process shall be followed for amendments to the Procedures.

The terms "all audit committee members" and "all directors" in paragraph 1 shall be counted as the actual number of persons currently holding those positions.