

Powertech Technology Inc.

Procedures for Lending Funds to Others

Article 1. Purposes

1. These Procedures are established and modified based on “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission.
2. These Procedures are adopted for the Company to follow when dealing with lending funds to others.

Article 2. Qualification for Borrowers

Borrowers to which the Company may lend its funds shall be limited to the following:

1. companies or other businesses having business relationship with the Company; or
2. companies or other businesses in need of funds for a short-term period. For the purpose of these Procedures, "short-term period" shall mean the period of one (1) year or one business circle, whichever is longer.

Article 3. Lending Limits

1. The accumulated balance of loans lent by the Company shall not exceed forty percent (40%) of the net worth of the Company; provided however, that the aggregate amount of loans for short-term financing given by the Company shall not exceed ten percent (10%) of the net worth of the Company; provided further, that, such lending limits need not apply to a lending between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company.
2. The total amount of loans lent to a company or business having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending. For the purpose of these Procedures, the "transaction amount" shall mean the sales or purchase amount between the parties, whichever is higher.

3. The total amount of loans lent to a company or business for short-term financing shall not exceed five percent (5%) of the net worth of the Company.
4. When there is a lending for funding needs between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, or the above-mentioned foreign subsidiaries lending for funding needs to the Company, the amount for such lending shall not be subject to the limit of forty percent (40%) of the net worth of the Company, but shall still be subject to the limit set forth in paragraphs 2 and 3, this Article 3 and Article 5.

When a responsible person of a company violates paragraph 1 of the preceding paragraph, the responsible person shall bear joint and several liabilities with the borrower for repayment; if the company suffers damage, the responsible person also shall be liable for damages.

Article 4. Reason and Necessity for Lending Funds to Others (Evaluation Criteria for Lending of Funds)

Lending funds to companies or other businesses having business relationship with the Company shall be subject to the limits set forth in paragraph 2, Article 3. Short-term financing may only be given to the following:

1. companies in which the Company directly or indirectly holds more than ten percent (10%) of the voting capital and which is in need of funds for a short-term period for business purposes;
2. companies or other businesses which is in need of funds for a short-term period for purposes of purchasing raw materials or satisfying the working capital need; or
3. any other parties to which the lending of funds by the Company have been approved by the Board of Directors.

Article 5. Term of Lending

The term of each loan extended by the Company shall not exceed one (1) year.

Article 6. Payment of Interest

Loans extended by the Company shall bear interest at the interest rate for short-term loans published by the bank as of the date of the delivery of loan

proceeds. The interest should be paid monthly unless otherwise approved by the Board of Directors in response to particular circumstances.

1. Interest charged on a daily basis: The amount of interest shall be calculated by multiplying the balance of the loan by the applicable interest rate, and then divided by 365.
2. Payment of Interest: Unless otherwise approved by the Board of Directors, interest payment shall be made once per month. The Company should notify the borrower to make such payment within one week of the scheduled payment date. If the payment is overdue, a default penalty will be charged on a daily basis after the due date.
3. Default Penalty: If the borrower has delayed any payment, for payment in default for a period of not more than six (6) months, a default penalty calculated by multiplying the unpaid amount by the sum of the applicable interest rate and ten percent (10%) will be charged; and for payment in default for a period of more than six (6) months, a default penalty calculated by multiplying the unpaid amount by the sum of the applicable interest rate and twenty percent (20%) will be charged.

Article 7. Credit Check and Risk Evaluation

1. Any borrower, when applying for a loan from the Company, shall submit a written application together with the required basis information and financial data to the Company. The Finance Department shall conduct the credit check to investigate and evaluate the borrower's operation status, financial condition, liquidity, credit history, profitability and the proposed use of loan proceeds. If the term of loan is to be extended year by year, such credit check should be conducted once a year.
2. If it is found that the borrower has a good credit rating and the proposed use of proceeds is acceptable, the personnel-in-charge shall prepare a credit check report, evaluating the necessity and rationality of the loan application, the proposed use of proceeds, the amount to be extended by the Company, the credibility and risk of the borrower and the value of the collaterals. In addition, the personnel-in-charge shall also evaluate the impacts towards the Company's operating risk, financial position and shareholders' equity, and

shall propose the interest rate and the term of the loan, then submitting to the manager(s)-in-charge for review and presenting the same to the Board of Directors for its approval.

Article 8. Delegation and Authorization

Any lending of the Company's funds shall be evaluated by the Finance Department, then submitted to the Chairman for his/her review and then presented to the Board of Directors for its approval.

Any lending between the Company and any of its subsidiaries or between its subsidiaries shall be approved by the Board of Directors in accordance with the preceding paragraph and the Chairman may be authorized to deliver the loan proceeds in installment or make a revolving credit line available for the borrower to draw down within one year.

Except any lending between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company as provided in the paragraph 1, Article 3, the loan amount authorized by the Board of Directors pursuant to the preceding paragraph for the Chairman to deal with may not exceed ten percent (10%) of the net worth of the lending company as shown on the latest financial statements.

“Parent” and “Subsidiary” of a specified company referred to herein shall be identified in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. In case that the financial reports of the Company are prepared applying International Financial Reporting Standards (IFRSs), the term “net worth” used herein shall mean the shareholders’ equity attributable to the parent as defined under Regulations Governing the Preparation of Financial Reports by Securities Issuers.

In determining whether to approve a lending, the Board of Directors shall take into full consideration each Independent Director's opinion. Independent Directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the meeting of the Board of Directors.

Article 9. Notification and Execution of Agreements

1. Upon the approval of any loan by the Board of Directors, the personnel-in-charge shall notify the borrower as soon as possible by mail or phone of the terms of the loan, including the amount, term, interest rate, required collateral and guarantor(s) and shall require a written agreement to be signed by the borrower within the specified time limit. The loan proceeds shall not be delivered by the Company until the mortgage on the collateral has been perfected and the process for verification of the guarantor has been completed.
2. Written loan agreements shall be prepared by the Finance Department and reviewed in accordance with the Company's requirements; and may only be signed upon the approval of the manager(s)-in-charge.
3. The content of written loan agreements shall be consistent with the approved terms of loans. After the borrower and the joint guarantor(s) have signed or affixed seal on written loan agreements, the personnel-in-charge shall proceed to complete the process for verification of the guarantor(s).

Article 10. Collateral

The Company shall require borrowers issue promissory notes in the exact amount required to fully secure the loan repayment, and may also require personal property or real property as collateral to be mortgaged when necessary. If any borrower is proposing to arrange for an individual or a company with a good credit history and sufficient financial resources to be a guarantor instead of providing the required collateral, the Board of Directors should decide whether to accept such proposal based on the credit check report prepared by the Finance Department and verify with the articles of incorporation of the company proposed to be a guarantor for conflicts.

Article 11. Insurance

1. All collateral, except land and securities, shall be covered by property damage insurance. For vehicles, comprehensive insurance shall be procured. The insured amount shall, in principle, be not less than the amount of the mortgage thereon. The Company shall be named as the beneficiary of the insurance.

2. At all times during the term of a loan, all the collateral shall be covered by required insurance. The personnel-in-charge shall notify the borrower to renew the insurance before it expires.

Article 12. Delivery of Funds

Loan proceeds may only be delivered after the approval by the Board of Directors and the completion of agreement signing process, guarantor verification process, delivery of required promissory notes, verification of receipt, perfection of mortgage on collateral and insurance enrollment.

Article 13. Bookkeeping and Accounting

1. Upon each loan is extended, the Finance Department shall produce a list detailing the collateral and/or credit guarantee in proper categories, and then submit the same to the Accounting Department for entry in the proper account book(s).
2. The Accounting Department shall be responsible for making sufficient provision based on the condition of the Company's lending profile, adequately disclosing information in the financial reports and providing external auditors with necessary information for conducting due auditing.

Article 14. Monitoring and Collection

1. During the term of a loan, the Finance Department shall periodically monitor the financial condition, operation status and credit of the borrower and the guarantor (if any) and the value of collateral (if any) across time. In case any material adverse change is found, the Finance Department shall report to the Chairman and take proper actions per the Chairman's instructions. The Company shall give notice to the borrower for repayment of the loan when due or extension of the term of the loan, at least one (1) month prior to the maturity date.
2. Borrowers shall be required to repay loans in full together with interest accrued thereon when due on or prior to the applicable maturity date (if permitted) and the promissory notes and receipts of loans may only be voided and returned to borrowers upon such full repayment.
3. Borrowers shall be required to repay loans in full together with interest

accrued thereon on the applicable maturity date. The maturity date for a loan may be extended for three (3) months each time with the prior approval of the Board of Directors and on more than two times. Failure to repay loans in full together with interest accrued thereon when due may result in foreclosure of collateral and/or recourse to guarantors.

Article 15. Cancellation of Mortgage

Upon receipt of a request for cancellation of mortgage, the Company shall verify if all the mortgage debts have been fully paid off in order to determine whether to accept such request.

Article 16. Document Control and Management

The Company shall establish and maintain a memorandum book for its fund-lending activities and truthfully record the identification of borrowers, loan amounts, dates of the Board of Directors' approvals, dates of funds delivery and matters required to be carefully evaluated. Documentation of a loan extended by the Company, including the loan agreement and receipt, the promissory note, the certificates relating to collateral, insurance policies and the correspondences, shall be well preserved in order.

Article 17. Filing and Disclosure

1. The Company shall each month file the information of loan balances of it and its subsidiaries as of the end of the previous month with the Financial Supervisory Commission and publicly disclose the same by entering such information on the website designated by the Financial Supervisory Commission by the 10th day of each month.
2. Whenever any of the following events occurs, the Company shall file the relevant information with the Financial Supervisory Commission and publicly disclose the same within two days (date of occurrence included):
 - (1) The aggregate balance of loans lent by the Company and its subsidiaries reaches twenty percent (20%) or more of the net worth of the Company as shown on its latest financial statement.
 - (2) The aggregate balance of loans lent by the Company and its subsidiaries to a company or business reaches ten percent (10%) or more of the net worth

of the Company as shown on its latest financial statement.

- (3) The amount of new loans lent by the Company or its subsidiaries reaches NT\$10 million or more, and reaches two percent (2%) or more of the net worth of the Company as shown on its latest financial statement.

In case that the event stated in clause (3) occurs to any of the Company's subsidiaries which is not a public company in Taiwan, the Company shall file with the Financial Supervisory Commission and publicly disclose the information on behalf of such subsidiary.

The term "date of occurrence" used herein shall mean date of agreement execution, date of delivery of proceeds, date of the resolution of the Board of Directors or any other date on which the party and the amount of the loan of funds can be ascertained, whichever is earlier.

Article 18. Internal Audit

The Company's internal auditors shall perform auditing on the Company's lending profile every quarter and produce written reports. Should there be any violation found, a notification shall be made in writing.

Article 19. Miscellaneous

1. The Company's managers and other persons-in-charge violating these Procedures shall be sanctioned subject to the Company's discipline rules.
2. In the event that a borrower becomes disqualified under these Procedures after a loan has been extended or there is any excess over the lending limit(s) set forth in these Procedures due to unexpected changes, corrective plans shall be proposed and submitted to the Audit Committee. The Company shall then take such planned correction actions within the period specified in such plans.
3. When any subsidiary of the Company plans to lend funds to others, the Company shall cause the subsidiary to establish relevant procedures in accordance with these Procedures and then follow those procedures to deal with its lending activities.

Article 20. The adoption of these Procedures and any amendment hereto shall be approved by a majority of members of the Audit Committee and then

submitted to the Board of Directors for its approval. Without the approval of the Audit Committee, these Procedures and any amendment hereto may also be approved and adopted by two third (2/3) of members of the Board of Directors with the detail of the Audit Committee's decision being recorded in the Board meeting minutes. In determining whether to approve and adopt these Procedures and any amendment hereto, the Board of Directors shall take into full consideration each Independent Director's opinion. Independent Directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the meeting of the Board of Directors. "Members" of the Board of Directors or of the Audit Committee referred to herein shall mean the existing members.

These Procedures for Lending Funds to Others were adopted on March 31, 1998.
The first Amendment hereto was adopted on June 20, 2002.
The second amendment hereto was adopted on June 18, 2003.
The third amendment hereto was adopted on June 19, 2009.
The fourth amendment hereto was adopted on June 24, 2011.
The fifth amendment hereto was adopted on June 14, 2013.
The sixth amendment hereto was adopted on June 26, 2014.
The seventh amendment hereto was adopted on July 29, 2021.