

Sinyi Realty Inc.

Procedures for Loaning Funds to Other Parties

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Article 1

To secure the safety of lending funds to others and to strengthen financial stability and business development, Sinyi Realty Inc. (hereinafter, the "Company") establishes the procedures for loaning funds to other parties (the "Procedures") pursuant to the Securities and Exchange Act and the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies announced by the competent authority.

Article 2

In accordance with the Article 15 of the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

1. Where an inter-company or inter-firm business transaction calls for a loan arrangement; or
2. Where an inter-company or inter-firm short-term financing facility is necessary.

The term "short-term" as used in the preceding paragraph means one year. However, if the Company's business cycle is more than one year, such business cycle shall prevail.

The term "financing amount" as used in paragraph 1, sub-paragraph 2 of this Article means the cumulative balance of the Company's short-term financing.

The responsible person of the Company who has violated the provisions of the first paragraph 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 3

Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the Procedures, and shall submit, together with the

evaluation result to the Audit Committee for approval and then resolved by the board of directors. The board of directors shall not empower any other person to make such decision.

Loans of funds between the Company and its subsidiaries, or between its subsidiaries, shall be submitted by the [lender's](#) board of directors pursuant to the paragraph 1, [article 6, paragraph 1, or article 9, paragraph 2](#) of the Article and the chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors 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 "certain monetary limit" mentioned above shall be in compliance with the preceding paragraph. In addition, the authorized limit on loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the Company.

The restriction in paragraph 1, subparagraph 2 of the preceding article shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares, or foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares loaning to the Company. The limits and duration of inter-company loans of funds between the foreign companies above shall be in compliance with their individual regulations.

When the board of directors discusses the matter of loaning funds to others, it 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.

"Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the International Financial Reporting Standards. "Net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the International Financial Reporting Standards.

Article 4

The aggregate amount of loans of funds shall not exceed 50% of the net worth of the Company, of which includes that such necessary short-term financing facility shall not exceed 40% of the amount of the net worth of the

Company.

Lending of funds for a need of short-term financing may be only done under the following circumstances and the total amount for lending to a single company for funding for a short-term period shall not exceed 5 percent of the net worth of the Company while the aggregate amount of loans of funds for short-term financing shall not exceed 10% of the net worth of the Company.

1. The Company's key customer or supplier, the borrower, is in need of short-term financing for materials purchasing or operational needs.
2. Whenever there is a need of short-term financing for the purpose of strategic consideration.

The maximum of lending of funds for a need of short-term financing to any individual entity of which the Company directly or indirectly owns 50% or more of its voting shares shall not exceed 30% of the net worth of the Company and the aggregate amount of loans of funds for short-term financing to all entities of which the Company directly or indirectly owns 50% or more of its voting shares shall not exceed 40% of the net worth of the Company.

The maximum amount permitted to a single borrower for business transactions shall not exceed the total transaction amount between the parties during the period of one year prior to the time of loaning, while the aggregate amount of loaning funds to borrowers for business transactions shall not exceed 10% of the net worth of the Company. The "total transaction amount" mentioned above means the operating revenue and service revenue for goods sold or services provided (including the amount of signed contracts), or the amount spent on purchases of goods and expenditures for services (including the amount of signed contracts), whichever is higher, in the course of regular business activities between the two companies.

Article 5

In principle, the term of each loan extended by the Company shall not exceed one year. However, term of loan may be extended subject to the approval of the Audit Committee and the resolution of the board of directors under specific circumstances. But the term of short-term financing shall not exceed one year.

The interest of lending of funds shall be calculated and collected on monthly

basis. The interest rate is negotiated between the counterparties but shall not below the basic interest rate of Taiwan Bank plus 1%, except the interest rate of lending to the Company's subsidiary shall not be lower than the borrowing average interest rate of the Company at the disbursement date.

Article 6

The Company's proposal to lend funds to others shall include an analysis of the necessity and reasonableness of the loan, the impact on the Company's operational risk, financial condition, and shareholders' equity, as well as whether collateral should be obtained and the assessed value of such collateral. A credit investigation and risk assessment report shall be prepared accordingly. The loan may only be executed after obtaining approval from the Audit Committee and a resolution by the board of directors.

The Company's procedures of lending of funds were as follows, and shall be in accordance with the relevant internal process:

1. Application: Any borrower, applying for a loan from the Company, shall submit application or a letter, stating in detail the loan amount requested, term and purpose.
2. Credit checking:
 - (1) The first-time borrower shall provide certain basic information and financial data to the Company's financial division to pass the data on to the legal department or internal auditor to facilitate the evaluation and credit checking.
 - (2) The Company shall do the credit checking once a year and, if the case is material, may adjust once a half year depending on the conditions.
 - (3) If the borrower is under a good financial condition with the attested annual financial report of financing purpose, the Company shall refer to the financial report when evaluating the loan case.
3. Decision making of Loan:
 - (1) After the credit checking and evaluation, if the borrower's credibility is poor or there exists any inappropriate purpose of loan or other doubts, the Company's legal department or internal auditor shall inform the financial division the reason of refusing to grant the loan. The financial division shall reply to the borrower at the immediate time when decision of loans has been made.
 - (2) After the credit checking and evaluation, if the Company's legal department or internal auditor find the borrower has good credit, the

purpose of loan is appropriate, and there are no other doubts of loan, the financial division shall submit the application to the president, the Audit Committee and the board of directors for approval, together with the credit evaluation report and opinion prepared by the legal department or the internal auditor.

- (3) Upon approval of a loan case, the financial division shall promptly inform the borrower of the term of loan such as the amount, duration, interest rate, collaterals and guarantor requirements.

4. Verification of the parties and signing of the agreement:

- (1) The personnel in charge of the loan shall prepare and fill out the loan contract in accordance with the approved term of loan.
- (2) After the borrower and the association guarantor have signed the agreement, the personnel in charge shall cautiously deal with the procedure of verification of the parties. If the borrower or the association guarantor is a juridical person, the personnel responsible for handling for the loan shall pay attention to their articles of incorporation to see if the guarantee is permitted.

5. Collaterals provision:

To secure the creditor's right, except for the subsidiary whose 80% of ownership is owned directly or indirectly by the Company, the borrower shall draw a promissory note with the same amount of the loan to the Company. The borrower shall provide the personal property or real estate as collaterals when the amount of loan is more than 10 million New Taiwan Dollars.

6. Insurance:

Except for land and securities, the collaterals shall be covered with fire insurance. If the collaterals are vehicles, they shall be covered with full coverage of auto insurance. In principle, the insurance coverage shall not less than the hypothecary value of the collaterals. The Company shall be the beneficiary stated in the insurance policy.

7. Appropriation:

The Company shall appropriate the loan only when the borrower completes the procedure of signing the loan of contract, handing in the promissory note or IOU, registering mortgage over the collaterals and having the collaterals insured.

8. Bookkeeping:

When the Company completes the procedure of loaning funds to other parties, the financial division shall in sequence make journal entries related to the acquisition of collaterals and warranties and have the records in the account book.

Article 7

After a loan has been disbursed, the financial, business, and credit condition of the borrower shall be monitored on a regular ongoing basis. If collateral has been provided, it shall be monitored for any changes in the collateral value. Before the loan is due, the Company shall inform the borrower of paying off the loan and interest or applying for the borrowing extension. The personnel in charge shall prepare every month the previous month's details of loaning funds to other parties.

Should a borrower no longer satisfy the criteria set forth in the relevant regulations and/or these Procedures or there be any excess over the lending limit due to unexpected changes, the Company shall have the personnel responsible for handling the loan case make a corrective plan with the financial division to provide to the Audit Committee and the proposed correction actions should be implemented within the period specified in such plan.

Article 8

If the borrower repays the loan when or before it becomes due, the interest payable shall first be calculated, and shall be paid together with the principal, before the promissory note may be cancelled and returned to the borrower or the mortgage cancelled.

When a loan becomes due and the borrower does not repay the loan or apply for the borrowing extension, the Company shall perform necessary procedures by law to protect the debt right.

Article 9

If a subsidiary of the Company intends to lend funds to others in need of business, the Company shall order the subsidiary to adopt operational procedures of lending funds to other parties pursuant to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies submitted to the subsidiary's shareholders meeting for approval after the resolution of its board of directors and the Company's

approval. Any amendment is subject to the same procedures. "The Company's approval" mentioned above means the approval process from the Company's financial department to the chairman.

When proposing to lend funds to another, the subsidiary shall assess in detail the reasonableness and necessity of the loan to others, and its impact on the Company's operational risk, financial condition, and shareholders' equity, as well as whether collateral shall be obtained and the assessed value of the collateral. The assessment results shall be formed as credit checking and risk evaluation report submitted to the subsidiary's board of directors for approval.

The Company's subsidiaries engaging in fund lending transactions with other subsidiaries shall notify the Company's finance department and obtain approval from the Company's chairperson.

In addition to the provisions of the preceding paragraph, the loan of funds of a subsidiary of the Company shall be approved by the Audit Committee and the Board of Directors of the Company if the borrowers are:

1. Those which are not the Company or a subsidiary of the Company, and the amount of loans exceeds NT\$10 million;
2. Subsidiaries in which the Company directly or indirectly holds less than 80% of the voting shares, and the amount of capital loans exceeds NT\$10 million;
3. Subsidiaries in which the Company directly or indirectly holds more than 80% but less than 100% of the voting shares, and the amount of capital loans exceeds NT\$100 million.

If a subsidiary of the Company lends funds to a subsidiary in which the Company directly or indirectly holds 100% of the voting shares, and the loan amount exceeds NT\$100 million, in addition to complying with the provisions of Paragraph 3, the transaction must also be submitted for approval by the Company's Audit Committee and Board of Directors at the latest meeting.

Article 10

The Company shall announce and report the previous month's balance of loans of funds made by itself and its subsidiaries by the 10th day of each month.

If the Company's loans of funds reach one of the following levels, the Company shall announce and report such fact within two days of the Date of Occurrence with the Date of Occurrence counted as one day. "Date of Occurrence" means the earliest of the date of contract signing, date of payment, date of board of directors' resolution, or the date that the borrower and monetary amount of the transaction can be confirmed.

1. The balance of loans of funds by the Company and the Company's subsidiaries to others reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of loans of funds by the Company and the Company's subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
3. The amount of new loans of funds by the Company or any of the Company's subsidiaries reaches NT\$10 million or more and also reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any of its subsidiaries that are not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

Article 11

The Company shall evaluate the status of lending funds to others and provide appropriate allowance for bad debt and shall properly disclose the related information in its financial statements and provide the data to the certified public accountants for the purpose of performing necessary audit procedures.

The Company's internal auditor shall at least audit quarterly the status of lending funds to others and document the performance. He/she shall notice the Audit Committee along with the improvement report immediately once the material violation was found.

When a managerial officer or in-charge personnel of the Company violates the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies announced by the competent authority or the Rules, subsequent castigation is subject to the

related Personnel Articles of the Company.

Article 12

The Procedures shall be approved by more than half of the Audit Committee members, the Board of Directors and the Shareholders Meeting. Any amendment is subject to the same procedure.

If the proposals would not be obtained approval of more than half of all Audit Committee members as required, 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.

The terms "all Audit Committee members" in the first paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

When a revision of the Procedure matter is submitted for discussion by the board under the preceding rule, the opinion of each independent director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the Board of Directors meeting minutes. The written dissenting opinions shall be submitted to the shareholders' meeting for discussion.