

ENNOSTAR Inc.

Handling Procedures for Loaning Funds to Other Parties

Article 1: Purpose

In order to provide specific operating rules in respect of capital lending by the Company, the Handling Procedures are enacted in accordance with the “Guidelines for Handling Capital Lending, Endorsements and Guarantees Made by Public Companies” promulgated by the Financial Supervisory Commission (“FSC”).

Article 2: Targets

Based on Article 15 of Company Act, except for the following situations, the funding of the Company should not loan to any shareholders or others:

1. The companies or firms having business relationship with the Company.
2. Companies or firms with the demand for short-term financing. The so-called “short-term” refers to one year or one business cycle (whichever is longer). The so-called “financing” amount refers to the cumulative balance of the Company’s short-term funding for financing.

The person in charge of the company who violates the provisions of paragraph 1 shall be responsible for the return of the loan jointly and severally with the borrower; if the company suffers damage, the person in charge shall also be liable for damages.

Article 3: Necessity of loans of funds to others

When the Company approves loans of funds to other companies or firms in demand for the loaning of fund as a result of business relationship, paragraph 2 Article 4 shall be applicable. Only the companies or firms subject to the following situation is regarded as necessary for the short-term loans for financing:

1. Other companies or firms have the demand for short-term financing as a result of procurement on materials or business turnaround.
2. Other companies or firms approved by the BOD for loans of funds.

Article 4: Limit of total facility of loan and individual target

1. The total facility of the Company to other companies or firms
The total facility of loan of the Company to other companies of firms should be limited to 30% of the net worth of the Company.
2. The total facility of loan to individual company or firm
(1) For company or firm who has business relationship with the

Company, the individual loan should not exceed the total transaction amount between both parties in the most recent year. The so-called “total transaction amount” refers to purchase or sales amount, whichever is higher.

- (2) For companies or firms with the necessity of short-term financing, the Company should not loan more than 10% of the Company’s net worth for each individual case, and the aggregate outstanding amount of capital lending shall not exceed 10 percent of the Company’s net worth.
3. The restriction in the preceding paragraph shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares. However, the Company’s subsidiaries shall still prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans.

Article 5: Procedures of loans

1. Crediting

Before the Company proceeds with any loans to others, the creditor is required to provide all necessary data and financial information in order to apply for financing from the Company. After accepting the application, the Company’s Treasury Department shall evaluate the reason, use of proceeds, purpose, amount, effect on such capital lending, the value of the collateral and the credit and operational conditions of the applicant (borrower), and further evaluate the impact on the Company’s operation risk, financial conditions and the shareholders equity caused by such capital lending. Results of the evaluations shall be submitted to the board of directors for discussion and approval.

2. Security

Except the borrower is a subsidiary, when conducting any loans to others, the Company should request guaranteed checks equivalent to the loan amount and mortgage of chattel or real estate when necessary. The Board of Directors may take reference from the crediting report from Finance department if the debtor provides individual or corporation with qualified financial status as a guarantee. The Company should pay attention to whether there is any clause related to guarantee in the

Articles of Incorporation of those corporation.

3. Delegation Scope

Before approving any loan to others, the Company's Finance department should submit the application to President and Board of Directors for approval based on the evaluation result of Paragraph 1, Article 5.

Any loan between the Company and any subsidiary, or between different subsidiaries, should be submitted to the Board of Directors for deliberation and approval based on the evaluation result of Paragraph 1, Article 5. The Chairman is authorized to approve the same debtor within the delegated credit line decided by the Board of Directors for any loan (installment or revolving) under 1-year tenure. Except for stipulated in Paragraph 2, Article 2, the delegated credit line for any single enterprise shall not exceed 10% net worth of the Company or the subsidiary based on the most recent financial statement.

When it submits the matters related to loaning funds to other parties for discussion by the Board of Directors, the Company should consider each independent director's comments for any loan to others. If an independent director has objections or reservations, it should be stated in the meeting minutes of the board of directors.

4. 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 evaluated.

Article 6: Tenure and interest calculation

Each funding is limited in one year or one operating cycle (whichever is longer).

The loan interest should not be lower than the highest interest for the Company's short-term finance from financial institutes. The payment of interest is on a monthly basis unless otherwise approved by the BOD for adjustment based on status quo.

Article 7: Post-debt management and procedures of overdue loan

1. After loan drawdown, the Company should monitor the financial and business status, as well as related credit updates of the debtor and guarantor. For those providing collaterals, the Company should keep track of any changes to the value of them. In case of any major variation, the Chairman should be notified immediately and observe his/her instructions.

2. Upon maturity date of the loan or complete pay-off prior to maturity date, the Company should calculate the interest payable. Before canceling the loans by commercial papers or canceling mortgages, the Company shall confirm that debtor settle all the principal and interest.
3. Upon maturity date, the debtor should repay all debt, including interests. In the case the debtor needs to apply for extension of payment, the debtor shall apply in advance, which should be reviewed and approved by the Board of Directors. Each extension is limited to 3 months and each debtor may only apply once and should comply with tenure limitation in Paragraph 1 Article 6. Otherwise the Company is entitled to impose punishment or compensation from the collaterals or guarantor(s) of the debtor.

Article 8: Management procedures for loans of funds to others from subsidiaries

1. When any subsidiary of the Company intends to loan to others, such subsidiary should set procedures referring to “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the FSC, consulting with the Company’s opinions, and comply with such procedures.
2. When any subsidiary of the Company intends to loan to others, such subsidiary should provide related data to the Company and proceed after consulting with related personnel in the Company.
3. After drawdown, the subsidiary should continue to update the Company on a regular basis for the follow-up status of the loaned credit line.

Article 9: Information Disclosure

1. The Company should announce and declare the endorsement/guarantee balance as of the last month end for the Company and subsidiaries prior to the 10th of each month.
2. When the Company’s loan balance meets any of the following standards, the Company is required to make promulgation within 2 days after the occurrence date:
 - (1) The loan balance of the Company and subsidiaries to others achieve more than 20% of the Company’s net worth according to the most recent financial statements.
 - (2) The loan balance of the Company and subsidiaries to a single enterprise achieve more than 10% of the Company’s net worth according to the most recent financial statements.
 - (3) The new loans of fund of the Company or subsidiaries is more than NT\$10 millions and above 2% of the Company’s net worth according to the most recent financial statements.

“The occurrence date” in this paragraph means the contract signing date, the payment date, the Board of Directors resolution date, or other dates that can confirm the counterparties of loan and monetary amounts, whichever date is earlier.

3. If any subsidiary of the Company is not a listed company and the subsidiary meets any of the requirements as above-stated under each subparagraph in the preceding paragraph, the Company should make declaration on behalf of the subsidiary. When determining whether the outstanding amount reaches the net worth threshold prescribed in Paragraph (2) above, the test shall be whether the outstanding amount of the subsidiary’s capital lending reaches the prescribed percentage of the Company’s net worth.

“The occurrence date” in paragraph 2 means the contract signing date, the payment date, the Board of Directors resolution date, or other dates that can confirm the counterparties of loan and monetary amounts, whichever date is earlier.

4. The Company should evaluate or recognize the contingent loss of the loans and disclose related information in financial reports, offering related data to CPAs for necessary audit procedures.

Article 10: Audit

The internal auditors should write a written report to include the procedures of endorsement/ guarantee and implementation updates at least on a quarterly basis. If any major violation against rules is discovered, the auditors should notify the Audit Committee in a written notice.

Article 11: Penalty

In the case of violation of the Company’s manager(s) or responsible person(s) against “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” stipulated by Financial Supervisory Commission and the Procedures, the auditors or their supervisors should report such case to the President or Board of Directors immediately. And the President or Board of Directors should impose proper disciplinary action based on the seriousness of such case on related personnel.

Article 12: Others

1. The “subsidiaries” and “parent company” referred to in the Procedures should be based on the rules in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. "Net worth" means the balance sheet equity attributable to the owners

of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

3. Matters not provided for in the Handling Procedures shall be governed by relevant laws, regulations, and the Company's other internal regulations.
4. The announcement and declaration of this Procedure means announce to the website appointed by the regulators.
5. In case of any changes resulting in violation against the Procedures for the target of loans or exceeding the limit of balance, the Company should stipulate a plan for improvement and submit such plan to the Audit Committee. The Company should also commit to such improvement in compliant with the plan.

Article 13:

Effectiveness and Amendment

1. Enactment of or amendment to the Handling Procedures shall be approved by majority members of the Audit Committee and submit to the board of directors for resolution. If the setting or amendments is not approved by one-half of all members of the Audit Committee, it may be resolved by more than two-thirds of all directors, and the resolutions of the Audit Committee shall be stated in the meeting minutes of the Board of Directors. If for a legitimate reason it is impossible to hold a meeting of the Committee, matters on the meeting agenda shall be adopted with the consent of two thirds or more of the entire board of directors.
2. The Handling Procedures shall be approved by the board of directors and further submitted to the shareholders meeting for approval and will become effective afterwards. The same shall apply to amendments to the Handling Procedures.

Article 14:

The Handling Procedures were enacted at the promoters' meeting on August 7, 2020; first amendment was made on May 24, 2024.