

# **Metaage Corporation**

## **Procedures for Loaning Funds and Making Endorsements/Guarantees for Others**

### Article 1: Purpose

These Procedures are established according to Article 36-1 of the Securities and Exchange Act and the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by the competent authorities to provide a dependable reference for the Company to handle loaning funds and making endorsements/guarantees for others.

#### Section I Procedures for Loaning Funds

### Article 2: Borrowers

- I. Companies or firms having business transactions with the Company.
- II. Companies or subsidiaries with short-term financing needs.

“Short-term” as stated above means one year or the operating cycle for borrowers with an operating cycle longer than one year.

“Financing amount” as stated in these Procedures means the cumulative balance of the Company’s short-term financing.

The restriction in paragraph 2 shall not apply to the loaning of funds among overseas companies of which the Company directly and indirectly holds 100% of the voting shares or between the Company and overseas companies of which the Company directly and indirectly holds 100% of the voting shares. However, the credit limit and term of loans shall still be defined in accordance with Article 4 and paragraph 4 of Article 5.

The credit limit stated in paragraph 2 shall not apply to short-term financing when the amount of the Company’s paid-in capital reaches NT\$1 billion, the Company is a member of the leasing association, agrees to follow the association’s self-discipline regulations, and has acted according to Article 4, paragraph 3. However, the credit limit may not exceed 100% of the net worth.

When violating Article 2, paragraphs 1 and 2 and the proviso of the preceding paragraph, the Company’s responsible person shall bear joint and several liability with the borrower for repayment, as well as the damage, if any, caused to the Company.

### Article 3: Reasons and Necessity for Loaning Funds to Others

The Company shall proceed with the loaning of funds to other companies or firms for business transactions according to Article 4, paragraph 3. Loaning of funds required for short-term financing shall be limited to the following situations:

- I. Short-term financing required by companies of which the Company holds over 50% of the shares.
- II. Short-term financing required by other companies or firms in need of revolving capital for material procurement or operations.
- III. Other situations where the Company’s Board of Directors approves the loaning of funds.

Article 4: Total Amount of Loaning of Funds and Credit Limit of Individual Borrowers

- I. The total amount of funds loaned to others may not exceed 40% of the Company's net worth as disclosed in the most recent financial statements.
- II. For companies in need of short-term financing, the credit limit for individual borrowers may not exceed 20% of the Company's net worth as disclosed in the most recent financial statements.
- III. For companies or firms having business transactions with the Company, the credit limit for individual borrowers may not exceed the trading amount between both parties in the previous year or the projected trading amount in the next year, and may not exceed 20% of the Company's net worth as disclosed in the most recent financial statements. "Trading amount" as stated above means the purchase or sale amount between both parties, whichever is higher.
- IV. If the borrower does not meet the lending requirements any more or the balance exceeds the credit limit due to changes in the circumstances, a corrective plan shall be formulated, submitted to the Audit Committee and implemented as scheduled.

The restrictions on the total amount and term apply to the loaning of funds required for short-term financing among the overseas subsidiaries of which the Company directly and indirectly holds 100% of the voting shares or between the Company and the overseas subsidiaries of which the Company directly and indirectly holds 100% of the voting shares. However, the Company still needs to define the limit and term of funds loaned to the subsidiaries.

Besides completing the procedures for loaning funds to others as stated in Article 5, the Company with a paid-in capital reaching NT\$1 billion, being a member of the leasing association and agreeing to follow the association's self-discipline regulations shall enhance risk assessment when providing short-term financing without collateral or for borrowers in the same industry and the same affiliate or group business, and the total amount of the loan may not exceed 40% of the borrower's net worth or the credit limit for individual borrowers may not exceed 20% of the borrower's net worth.

Article 5: Procedures for Loans

I. Credit Investigation

When receiving a loan application, after performing a credit investigation and risk assessment on the necessity and fairness of the loan and the scope of services, financial status, solvency and credit, earnings power, and purpose of borrowing of the applicant, the handling unit shall assess the Company's operational risk, financial status, impact on the rights and interests of shareholders, and the value of collateral to formulate an assessment report that includes the maximum credit limit, term, and interest calculation method.

## II. Security

To ensure the obligation, borrowers shall issue to the Company commercial paper at an amount equal to the loan amount to facilitate the Company to request payment from the bank on the maturity date. In addition to providing the said commercial paper, borrowers shall, at the Board's request, provide collateral with a value equal to the financing amount, and ensure the integrity of rights. When borrowers replace the said collateral with personal or corporate guarantees of equal financial power or credit, the Board may accept such guarantees based on the handling unit's credit investigation results. When corporate guarantees are provided, the company providing such guarantees shall stipulate the provision of guarantees for others in its articles of incorporation and submit the Board meeting minutes regarding the resolution on the provision of related guarantees.

## III. Scope of Authorization

When loaning funds to others, after performing the credit investigation by the handling unit, the Company shall submit the results to the chairperson for approval and report to the Board for resolution and may not authorize others to make the decision.

Loaning of funds between the Company and the parent company or subsidiaries or among subsidiaries shall be submitted to the Board for a resolution according to the preceding paragraph. The chairperson may be authorized to disburse loans in installments or make a revolving credit line for the same borrower within a certain credit limit resolved by the Board and with a term not exceeding one year.

Except for the loaning of funds required for short-term financing among overseas companies of which the Company directly and indirectly holds 100% of the voting shares, "a certain credit limit" as stated in the preceding paragraph means the credit limit of loaning of funds to a single company by the Company or a subsidiary not exceeding 10% of the Company's net worth as disclosed in the most recent financial statements.

If independent directors have been established, their opinions shall be fully considered at discussions of the Board, and their assent or dissent and reasons for dissent shall be included in the Board meeting minutes.

## IV. Loan Period and Interest Calculation

- (I) The maximum term of each loan for others may not exceed one year or one operating cycle from the date of the loan, whichever is longer.
- (II) The interest rate for loans shall consider the interest rate for the Company's savings and loans at the bank and shall be adjusted according to the actual situation. Except with other special requirements, interest shall be calculated once a month and charged monthly, quarterly, or in a lump sum at maturity.

## V. Measures for Loan Control and Management and Procedures for Handling Overdue Obligations

- (I) After loaning funds, the Company shall keep constant track of the financial, business, and related credit status of the borrowers and guarantors. When collateral is provided, the Company shall keep track of the value change of collateral and immediately report any significant value changes, if any, to the chairperson and take appropriate action as instructed.
- (II) When a borrower repays the loan on or before the maturity, the handling unit shall calculate the payable interest in advance and shall only cancel and return the commercial paper provided by the borrower or cancel the mortgage of collateral after the borrower repays both the principal and interest.
- (III) The borrower shall pay back in full both the principal and interest by the loan maturity. The borrower shall pay up both the principal and interest by the loan maturity. Request for extension, if required, shall be made in advance and granted upon the approval of the Board. Borrowers are entitled to two extensions, each no longer than 3 months. When borrowers fail to repay the loan, the Company may claim disposal of the provided collateral or claim repayment from the guarantors and charge a default penalty according to the loan contract. Borrowers in need of a second loan after the repayment of the first loan shall make a new application to the Company.

#### VI. Internal Control

- (I) The Company shall create a memorandum account for loaning of funds to others to register the borrower and amount of funds, Board approval date, fund loaning date, and credit investigation and assessment data for reference.
- (II) The Company's internal auditors shall audit the procedures for loaning funds to others and the implementation thereof at least once a quarter and maintain a record accordingly. Significant violations, if any, shall be reported to the Audit Committee immediately.
- (III) Managers or handling personnel of the Company breaching these Procedures intentionally or out of gross negligence shall be punished according to the Company's personnel administration regulations.

#### Article 6: Publishing and Reporting

- I. The Company shall report the balance of funds for loaning of the Company and subsidiaries in the previous month by the 10th of each month.
- II. If any of the following circumstances occur in the loaning of funds to others, the Company shall publish and report the event within two days after the date of event occurrence:
  - (I) The aggregate balance of loans of the Company and subsidiaries for others is over 20% of the Company's net worth as disclosed in the most recent financial statements.
  - (II) The aggregate balance of loans of the Company and subsidiaries for a single company is over 10% of the Company's net worth as disclosed in the most recent financial statements.

(III) The amount of new loans of the Company or subsidiaries is over NT\$10 million and over 2% of the Company's net worth as disclosed in the most recent financial statements.

III. If a subsidiary is not a domestic public company, the Company shall publish and report the matters required for publishing and reporting as stated in subparagraph 3 of the preceding paragraph for this subsidiary.

Article 7: Other Matters

I. Procedures for control of loaning funds to others by subsidiaries:

(I) When subsidiaries wish to loan funds to others, the Company shall request them to formulate their own procedures for loaning funds to others according to the regulations and loan funds to others according to such procedures. These Procedures shall apply mutatis mutandis when subsidiaries loan funds to others.

(II) Subsidiaries shall report to the Company in writing the borrowers and balance of funds for loaning in the previous month by the 10th of each month.

(III) When auditing subsidiaries according to the annual audit program, internal auditors shall also inspect the status of the implementation of the procedures of subsidiaries for loaning funds to others. When defects are found, internal auditors shall follow up with their improvements and submit a follow-up report to the president.

(IV) "Subsidiary" as stated in these Procedures shall be determined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(V) The Company prepares financial statements according to the International Financial Reporting Standards (IFRS). "Net worth" as stated in these Procedures means the equity attributable to the owners of the parent company in the statement of financial position as stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

II. The Company shall assess the status of the loaning of funds to others, reserve a sufficient allowance for bad debts, appropriately disclose the relevant information in the financial statements, and provide the relevant data for certified public accountants (CPAs) to implement the necessary auditing procedures.

Section 2 Procedures for Endorsements/Guarantees

Article 8: Scope of Endorsements/Guarantees

I. Endorsements/guarantees for financing:

(I) Bill discount financing.

(II) Endorsements or guarantees for the financing of other companies.

(III) Issuance of a separate negotiable instrument to a non-financial company as security for the Company's financing.

II. Endorsements/guarantees for customs duty: Endorsements or guarantees for the customs duty of the Company or other companies.

- III. Other endorsements/guarantees: Endorsements or guarantees beyond the scope of the above two subparagraphs.
- IV. These Procedures shall also apply to the creation of a pledge or mortgage on personal property or real property as security for the loans of other companies.

Article 9: Recipients of Endorsements/Guarantees

The Company may make endorsements/guarantees only for the following companies:

- I. Companies having business transactions with the Company.
- II. Companies of which the Company directly and indirectly holds over 50% of the voting shares.
- III. Companies directly and indirectly holding over 50% of the Company's voting shares.

The Company and companies of which the Company directly and indirectly holds over 90% of the voting shares may make endorsements/guarantees for one another.

When the Company fulfills its contractual obligations by making mutual endorsements/guarantees for another company in the same industry or for joint builders for undertaking a construction project, or all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, or companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes according to the Consumer Protection Act for one another, the Company may make endorsements/guarantees regardless of the restrictions in the preceding two paragraphs.

"Capital contributing" as stated in the preceding paragraph means capital directly contributed by the Company or through a company of which the Company holds 100% of the voting shares.

Article 10: Limit of Endorsements/Guarantees

- I. The total amount endorsed/guaranteed for others may not exceed 50% of the Company's net worth as disclosed in the most recent financial statements. The total amount endorsed/guaranteed for a single company may not exceed 20% of the Company's net worth as disclosed in the most recent financial statements.
- II. The aggregate amount endorsed/guaranteed by the Company and subsidiaries for others may not exceed 50% of the Company's net worth as disclosed in the most recent financial statements. The necessity and fairness shall be explained to the Board when the aggregate amount endorsed/guaranteed for others exceeding 50% of the Company's net worth. The aggregate amount endorsed/guaranteed by the Company and subsidiaries for a single company may not exceed 20% of the Company's net worth as disclosed in the most recent financial statements.
- III. For companies or firms having business transactions with the Company, the endorsed/guaranteed amount for each of them may not exceed the trading amount between both parties in the previous year or the projected trading amount in the next year, and may not exceed 20% of the Company's net worth as disclosed in the most recent financial statements. "Trading amount" as stated above means the purchase or sale amount between both parties, whichever is higher.

- IV. The endorsed/guaranteed amount between the Company and companies of which the Company directly and indirectly holds over 90% of the voting shares may not exceed 10% of the Company's net worth as disclosed in the most recent financial statements, except for endorsements/guarantees between the Company and companies of which the Company directly and indirectly holds over 100% of the voting shares.
- V. If the endorsed/guaranteed party does not meet the endorsement/guarantee requirements any more or the balance exceeds the limit due to changes in the circumstances, a corrective plan shall be formulated, submitted to the Audit Committee and implemented as scheduled.

Article II: Procedures for Endorsements/Guarantees

I. Credit Investigation

When making endorsements/guarantees, after assessing the necessity and fairness of endorsement/guarantee, investigating the credit and assessing the risk of the endorsed/guaranteed party, and assessing the Company's operational risk, financial status, and impact on the rights and interests of shareholders, the handling unit shall submit a request to the Board for approval or to authorize the chairperson to grant endorsements/guarantees with an amount under NT\$100 million before signing or sealing the checks for issuing. However, significant endorsements/guarantees shall be approved by the Audit Committee according to the relevant regulations and reported to the Board for resolution.

II. Security

When making endorsements/guarantees, the Company may request collateral and assess the value as necessary to protect the Company's rights and interests.

III. Scope of Authorization

(I) Endorsements/guarantees shall be made with the Board's approval in principle. However, the chairperson may be authorized to grant endorsements/guarantees with an amount under NT\$100 million and apply for ratification in the next Board meeting. However, significant endorsements/guarantees shall be approved by the Audit Committee according to the relevant regulations and reported to the Board for resolution. Endorsements/guarantees between the Company and companies of which the Company directly and indirectly holds over 90% of the voting shares shall be made only after Board approval, except endorsements/guarantees between the Company and companies of which the Company directly and indirectly holds over 100% of the voting shares. If independent directors have been established, their opinions shall be fully considered at discussions of the Board, and their assent or dissent and reasons for dissent shall be included in the Board meeting minutes.

- (II) When it is necessary for the Company to make endorsements/guarantees in excess of the limits set in the procedures for making endorsements/guarantees without violating the procedures for making endorsement/guarantee, the endorsements/guarantees shall be approved by the Board while the potential loss on excessive endorsement/guarantee shall be guaranteed by over one half of all directors, and the procedures for making endorsements/guarantees shall be revised and reported to the meeting of shareholders for ratification. If it is rejected by the meeting of shareholders, a plan shall be formulated to cancel the excessive part by a deadline. If independent directors have been established, their opinions shall be fully considered at discussions of the Board, and their assent or dissent and reasons for dissent shall be included in the Board meeting minutes.

#### IV. Measures for Follow-up Control and Procedures for Cancellation of Endorsements/Guarantees

- (I) The handling unit shall follow up the financial and business status and fund utilization of the endorsed/guaranteed party. When there is a significant change, the handling unit shall immediately request the endorsed/guaranteed party to provide a business plan to assess its financial status and the plan's feasibility. The handling unit shall also notify the chairperson immediately and take appropriate action as instructed.

If the endorsed/guaranteed party is a subsidiary with a net worth lower than one half of the Company's paid-in capital, the financial department shall assess the operational risk of that subsidiary and its impact on the Company and submit a report to the Board each quarter, except for companies of which the Company directly and indirectly holds 100% of the voting shares.

For subsidiaries whose shares have no par value or a par value other than NT\$10, the paid-in capital calculated according to the preceding paragraph shall be the sum of the share capital plus paid-in capital in excess of par.

The handling unit shall proactively follow up the closure and cancellation of expiring endorsements/guarantees.

- (II) When cancelling endorsements/guarantees at the request of the endorsed/guaranteed party or the Company, the handling unit shall ensure that the endorsed/guaranteed party has cancelled the Company's endorsement/guarantee liability.
- (III) The handling unit shall at any time register the cancelled endorsements/guarantees in the memorandum account to reduce the endorsed/guaranteed amount.

#### V. Internal Control

- (I) The Company shall create a memorandum account for endorsements/guarantees to register the endorsed/guaranteed party and amount, date of Board approval or chairperson authorization, date of endorsement/guarantee, and the condition and date of cancellation for reference.



- (II) The Company's internal auditors shall audit the procedures for endorsements/guarantees and the implementation thereof at least once a quarter and maintain a record accordingly. Significant violations, if any, shall be reported to the Audit Committee immediately.
- (III) Managers or handling personnel of the Company breaching these Procedures intentionally or out of gross negligence shall be punished according to the Company's personnel administration regulations.

VI. Procedures for Seal Use and Custody

- (I) The Company shall use the corporate seal registered with the Ministry of Economic Affairs as the dedicated seal for endorsements/guarantees. The seal and endorsement/guarantee checks shall be kept in the custody of the responsible staff to use the seal and issue checks according to the procedures. Any changes in the responsible staff shall be approved by the Board.
- (II) When making endorsements/guarantees for overseas companies, the letter of guarantee issued by the Company shall be signed by a person authorized by the Board.

Article 12: Publishing and Reporting

- I. The Company shall report the balance of the endorsed/guaranteed amount of the Company and subsidiaries in the previous month by the 10th of each month.
- II. If any of the following circumstances occur in the endorsements/guarantees for others, the Company shall publish and report the event within two days after the date of event occurrence:
  - (I) The aggregate balance of endorsements/guarantees by the Company and subsidiaries for others is over 50% of the Company's net worth as disclosed in the most recent financial statements.
  - (II) The aggregate balance of endorsements/guarantees by the Company and subsidiaries for a single company is over 20% of the Company's net worth as disclosed in the most recent financial statements.
  - (III) The aggregate balance of endorsements/guarantees by the Company and subsidiaries for a single company is over NT\$10 million, and sum of the face value of endorsements/guarantees, investments accounted for with the equity method, and the balance of loans for this company is over 30% of the Company's net worth as disclosed in the most recent financial statements.
  - (IV) The amount of new endorsements/guarantees of the Company or subsidiaries is over NT\$30 million and over 5% of the Company's net worth as disclosed in the most recent financial statements.
- III. If a subsidiary is not a domestic public company, the Company shall publish and report the matters required for publishing and reporting as stated in subparagraph 4 of the preceding paragraph for this subsidiary.

Article 13: Other Matters

- I. Procedures for control over endorsements/guarantees for subsidiaries:

- (I) When subsidiaries wish to make endorsements/guarantees for others, the Company shall request them to formulate their own procedures for making endorsements/guarantees for others according to the regulations and make endorsements/guarantees for others according to such procedures. These Procedures shall apply mutatis mutandis when subsidiaries make endorsements/guarantees for others.
  - (II) Subsidiaries shall report to the Company in writing the endorsed/guaranteed parties and balance of endorsed/guaranteed amount in the previous month by the 10th of each month.
  - (III) “Subsidiary” as stated in these Procedures shall be determined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
  - (IV) The Company prepares financial statements according to the International Financial Reporting Standards (IFRS). “Net worth” as stated in these Procedures means the equity attributable to the owners of the parent company in the statement of financial position as stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- II. The Company shall assess or recognize the loss contingency from the endorsements/guarantees for others, appropriately disclose the relevant information in the financial statements, and provide the relevant data for certified public accountants (CPAs) to implement the necessary auditing procedures.

Article 14: Effectivity and Amendment

These Procedures shall be implemented upon the approval of over one half of all Audit Committee members, passage by the Board, and ratification by the meeting of shareholders. Without the approval of over one half of all Audit Committee members, these Procedures may also be implemented with the approval of over two thirds of all directors and the ratification by the meeting of shareholders. The decision of the Audit Committee shall be recorded in the Board meeting minutes. Objections made by directors in recorded or written statement shall also be discussed at the Board meeting. The same shall apply to amendments thereto.

“All Audit Committee members” and “all directors” as stated in the preceding paragraph shall be calculated according to the members and directors actually in office.

When Board discussion is required, the opinions expressed by individual independent directors shall be fully considered, and the dissenting or qualified opinions, if any, of independent directors shall be recorded in the Board meeting minutes.

The 1st amendment was made on May 27, 2003.

The 2nd amendment was made on June 9, 2006.

The 3rd amendment was made on June 16, 2009.

The 4th amendment was made on June 18, 2010.

The 5th amendment was made on June 19, 2013.

The 6th amendment was made on June 13, 2016.

The 7th amendment was made on May 28, 2019.

The 8th amendment was made on May 28, 2020.

The 9th amendment was made on August 25, 2021.