

Fu Chun Shin Machinery Manufacture Co., Ltd.

Procedure for Lending Funds to Others

I. Subject:

If the company needs to lend funds to other companies (hereinafter referred to as borrowers) due to business needs, it must handle it in accordance with this procedure. Unaddressed matters in the Procedures shall be subject to the requirements of relevant laws and regulations.

II. Content:

Article 1 : Lending Objects

Under 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. Those who have business dealings with the company.
2. Those who have short-term financing needs with the company.

The financing amount shall not exceed 40% of the company's net value.

The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year, one operating cycle.

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

The restriction in paragraph 1, subparagraph 2 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 public company holds, directly or indirectly, 100% of the voting shares. However, the Public Company 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 2 : Reasons and Necessity for Lending Funds

If the company lends funds due to business dealings with other companies or firms, it should follow the provisions of Paragraph 2 of Article 3 of this procedure; if the funds are lent due to the necessity of short-term financing, it should be limited to the following circumstances:

1. A company in which the company holds more than 50% of shares needs short-term financing due to business needs.
2. Another company or firm needs short-term financing for purchasing materials or operational turnover.
3. Other cases approved by the company's board of directors.

Article 3 : Total Amount and Limits for Individual Objects of Fund Lending

1. The company's fund lending should be based on its financial status, with a maximum limit not exceeding 40% of its current net value.
2. For companies or firms that have business dealings with the company, the individual lending amount should not exceed the business transaction amount between both parties. The business transaction amount refers to the higher of the purchase or sales amount between both parties.
3. For companies or firms that need short-term financing, the individual lending amount should not exceed 20% of the company's net value.

Article 4 : Lending Procedures

1. For financing related to affiliated enterprises, the financing request letter (or official letter) should be submitted, and the relevant departments of the company should review its

necessity and reasonableness, evaluate the financial status and its impact on the company's operational risks, financial status, and shareholders' rights, and assess its use, purpose, and benefits. Opinions on whether to lend should be signed, and the financial department should formulate the interest rate and period.

2. For financing unrelated to affiliated enterprises, in addition to the previous paragraph, the financial unit should conduct a credit investigation on the borrowing company, evaluate its risk and keep evaluation records, and obtain equivalent guarantee notes. If necessary, appropriate movable or immovable property mortgage should be handled, and the company's claim should be ensured by evaluating the value of the collateral.
3. The company's fund lending matters should be evaluated by the financial unit, approved by the chairman, and then reported to the board of directors for resolution. No one else should be authorized to make the decision. Fund lending between the company and its parent or subsidiary companies should be handled in accordance with the previous paragraph and reported to the board of directors for resolution.
4. Fund lending between the company and its parent or subsidiary companies may set lending limits based on operational capital turnover and scheduling needs and reported to the board of directors for resolution.

The term "certain amount" in the preceding paragraph, except for those complying with Paragraph 4 of Article 1, means that the authorization limit for the company or its subsidiaries to lend funds to a single enterprise shall not exceed 10% of the net value of the company's most recent financial statement. Additionally, the opinions of each independent director should be fully considered, and their clear opinions of agreement or disagreement and the reasons for disagreement should be included in the board meeting

minutes.

Article 5 : Loan Period and Interest Calculation

1. Period: Each loan period should not exceed one year from the lending date.
2. Interest Rate: Should not be lower than the highest short-term loan interest rate the company gets from financial institutions, and interest should be calculated monthly.
3. In special circumstances approved by the board of directors, the financing period may be extended, or the interest rate may be adjusted according to actual needs.

Article 6 : Follow-up Control Measures for Lent Amounts and Procedures for Handling Overdue Claims

1. After loan disbursement, attention should be paid to the financial, business, and credit status of the borrower and guarantor. If there is a significant change in the value of the provided collateral, it should be reported to the chairman immediately and handled appropriately as instructed.
2. When the borrower repays the loan upon or before maturity, the interest due should be calculated and paid along with the principal, then the promissory note, loan, etc., should be canceled and returned to the borrower, or the mortgage should be canceled.
3. If the borrower fails to repay the principal and interest at maturity and needs an extension, a request should be submitted in advance and approved by the board of directors. Each extension should not exceed three months and should be limited to one time. If the borrower fails to comply, the company may dispose of and recover the provided collateral or guarantor according to the law.

Article 7 : Internal control

1. The company should establish a register for fund lending matters, detailing the lending objects, amounts, board resolution dates, fund lending dates, and matters that should be carefully evaluated according to the regulations.
2. Internal auditors should audit the fund lending procedures and their implementation at least quarterly, make written records, and notify all members of the audit committee in writing if any significant violations are found. The company should also deal with the managers and responsible personnel according to the severity of the violation.
3. If there is a change in circumstances, resulting in non-compliance with Article 1 or exceeding the limit, an improvement plan should be formulated and sent to all members of the audit committee, and improvements should be completed according to the planned schedule.

Article 8 : Announcement and Reporting

1. The company should announce and report the balance of fund lending of the company and its subsidiaries before the 10th of each month.
2. The company should announce and report within the next business day if the balance of fund lending reaches any of the following standards:
 - A. The balance of fund lending by the company and its subsidiaries reaches more than 20% of the company's net value according to the latest financial report.
 - B. The balance of fund lending by the company and its subsidiaries to a single enterprise reaches more than 10% of the company's net value according to the latest financial report.
 - C. The newly increased fund lending amount by the company

or its subsidiaries reaches more than NT\$10 million and more than 2% of the company's net value according to the latest financial report.

If the company's subsidiaries are not domestic public companies, the company should handle the announcement and reporting for such subsidiaries.

Article 9 : Control Procedures for Subsidiaries' Fund Lending to Others

1. If the company's subsidiaries intend to lend funds to others, they should also formulate procedures for fund lending to others and handle it according to this procedure.
2. Subsidiaries should keep written records of fund lending to others and prepare a detailed table of fund lending to other companies for the previous month before the 10th of each month.
3. When the company's auditors conduct audits on subsidiaries according to the annual audit plan, they should also understand the implementation of the subsidiaries' fund lending procedures. If any deficiencies are found, they should follow up on their improvement and make a follow-up report to the chairman.

III. Other Matters:

The company should evaluate the fund lending situation according to international financial reporting standards and set aside adequate bad debt provisions. It should also disclose relevant information in the financial report and provide relevant information for the certifying accountant to perform necessary audit procedures and issue an appropriate audit report.

IV. Punishment

Managers and responsible personnel of the company who violate this procedure shall be subject to assessment and punishment according to the company's personnel management methods and

employee handbook, depending on the severity of the circumstances.

V. Implementation and amendment

This procedure shall be implemented after approval by the board of directors, sent to all members of the audit committee, and submitted to the shareholders' meeting for approval. If any director expresses dissent and has records or written statements, the company should also send the dissent to all members of the audit committee and submit it to the shareholders' meeting for discussion. Amendments shall be handled in the same manner. If the company has independent directors, their opinions should be fully considered when discussing this procedure at the board of directors' meeting, and their clear opinions of agreement or disagreement and the reasons for disagreement should be included in the board meeting records.

The amended version was approved by the shareholders' meeting on May 31, 2022. (Date of approved by the Board of Directors is on March 16, 2022)