

# **IKKA HOLDINGS(CAYMAN) LIMITED**

## **Procedures for loaning funds to others**

### **Article 1 Purpose**

In order to meet the actual operating needs of our company, we need to lend funds to other companies. In order to ensure that our company's operating procedures for lending funds to others are followed, we have formulated these operating procedures.

### **Article 2 Legal Basis**

This operating procedure is formulated in accordance with Article 36-1 of the Securities and Exchange Law of the Republic of China and the relevant provisions of the "Criteria for Handling Fund Loans and Endorsement Guarantees of Publicly Offered Companies".

### **Article 3 Fund Loans and Objects**

The company's funds may not be loaned to shareholders or any other person except in the following circumstances:

1. Those who have business dealings between companies or between banks.
2. There is a need for short-term financing between companies or banks. The amount of financing shall not exceed 40% of the company's net worth.

The short-term term mentioned in the preceding paragraph refers to one year. However, if the company's business cycle is longer than one year, the business cycle shall prevail.

The financing amount mentioned in the second paragraph of Paragraph 1 refers to the cumulative balance of the company's short-term financing funds.

If a foreign company that directly or indirectly holds 100% of the voting shares of the company engages in capital lending, or if a foreign company that directly or indirectly holds 100% of the voting shares of the company engages in capital lending to the company, it shall not be subject to the provisions of Paragraph 1, Subparagraph 2. limit. However, the capital loan limit and period shall still be handled in accordance with the provisions of Articles 6 and 8 of these operating procedures.

### **Article 4 Definition**

1. The subsidiaries and parent companies referred to in these operating procedures shall be identified in accordance with the provisions of the financial reporting standards for securities issuers.
2. The company's financial reports are prepared in accordance with the International Financial Reporting Standards. The net value referred to in these operating procedures refers to the equity attributable to the owners of the parent

company in the balance sheet stipulated in the company's financial reporting standards.

3. Announcement reporting as referred to in these operating procedures refers to input into the information reporting website designated by the Financial Supervisory Commission of the Republic of China.

4. The date of occurrence of the fact referred to in these operating procedures refers to the earlier of the transaction signing date, the payment date, the board of directors resolution date, or other dates that are sufficient to determine the object and amount of the fund loan.

#### Article 5 Evaluation Standards for Fund Loans to Others

If the company lends funds due to business relationships with other companies or banks, the business transactions shall be based on the principle that the business transactions have already occurred, and the loan amount shall be the same as that of the most recent year or as of the current year when the funds were loaned. The amount of the company's purchases or sales, whichever is higher, shall be in accordance with the provisions of the total amount of capital loans and individual limits in Article 6; if it is necessary to provide short-term financing, it shall engage in capital loans, subject to the following circumstances:

1. The company's affiliated companies need short-term financing due to business needs.
2. Other companies or banks need short-term financing due to material purchase or operational turnover needs.
3. Other funds loaned with the approval of the company's board of directors.

#### Article 6 The total amount of capital loans and the limits for individual objects

The total amount of the company's funds loaned to others shall not exceed 100% of the company's most recent net worth verified by accountants or audited financial statements. The limit for each loan object is set as follows according to the reason for the loan:

1. When companies or banks that have business dealings with our company engage in capital lending, the total amount shall not exceed 40% of the company's net worth. The individual loan amount shall not exceed the capital of the most recent year or the current year. The amount of the loan, whichever is higher between the company and the purchase or sales amount, shall not exceed 10% of the company's latest net worth verified by accountants or audited financial statements.
2. When a company or bank that needs short-term financing is engaged in fund lending, the total amount shall not exceed 40% of the company's net worth. The

individual loan amount shall not exceed the company's most recent accountant's verification and certification or 30% of the net value of the financial statements reviewed.

3. When foreign companies that directly or indirectly hold 100% of the voting shares of the company, unless there are relevant laws and regulations in the place where the company is established, which should be followed, when lending funds, the total amount shall not exceed 100% of the company's net worth; The limit for individual objects is limited to no more than 100% of the company's net worth.

4. The aforementioned net worth shall be based on the data contained in the latest financial statements verified or reviewed by accountants.

#### Article 7 Fund Loans and Operation Procedures

##### 1. Procedures

(1) When the company handles capital loans or short-term financing matters, it should carefully evaluate whether it complies with the "Criteria for Handling Fund Loans and Endorsement Guarantees of Publicly Offered Companies" of the competent authority of the Republic of China and the provisions of these operating procedures, and shall be reviewed by the company's responsible department Afterwards, together with the investigation and evaluation results of Paragraph 2, Paragraph 2 of this Article, the results will be submitted to the Board of Directors for approval and then handled.

(2) Fund loans between the company and its subsidiaries, or between subsidiaries, shall be subject to a resolution of the board of directors in accordance with the provisions of the preceding paragraph. The board of directors may authorize the chairman of the board to allocate loans in installments or on a recurring basis to the same loan target, within a certain amount, and within a period not exceeding one year. The so-called certain amount must comply with the provisions of Article 6 and be resolved by the board of directors; in addition, the company or subsidiary's authorized amount of funds loaned to a single enterprise shall not exceed 10% of the net worth of the company's most recent financial statement.

(3) During board discussions, the opinions of each independent director should be fully considered, and their clear opinions of agreement or objection and the reasons for their objections should be included in the board records.

(4) The financial unit should establish a record book for fund loan matters. After the fund loan is approved by the board of directors, the details of the fund loan recipient, the amount, the date of approval by the board of directors, the date of fund loan, and matters that should be carefully evaluated in accordance with the

review procedures should be published for future reference.

(5) The financial unit should prepare a detailed list of the capital loans and cancellations that occur every month to facilitate control, tracking, and announcement reporting. It should also disclose the capital loan information in the financial report and provide relevant information to certified accountants.

## 2. Review procedures

(1) When our company handles capital loans, the company or bank applying for the capital loan should first submit relevant financial information and describe the purpose of the loan, and apply in writing.

(2) After the company accepts the application, the responsible department shall determine the necessity and rationality of lending funds to others, the credit and risks of the loan and counterparty, whether there is a direct (indirect) business relationship with the company, After investigating and evaluating the financial status, solvency and credit, profitability and borrowing purposes of the businesses it operates, and taking into account the impact of the company's total loan amount on the company's operational risks, financial status and shareholders' equity, it is planned to A relevant written report shall be submitted to the Board of Directors for review.

(3) When the company handles capital loans and short-term financing matters, it should obtain guarantee notes of the same amount. If necessary, it should handle the mortgage setting of movable or immovable properties, and evaluate on a quarterly basis whether the value of the collateral is equivalent to the balance of the capital loan. If necessary Additional collateral should be provided.

(4) Financing between the company and its subsidiaries that directly or indirectly hold 100% of the voting shares is not subject to the restriction of the preceding paragraph.

(5) The Company shall not only conduct short-term financing in accordance with the provisions of this article for enterprises or group enterprises without collateral, in the same industry and with the same related relationship, but shall also strengthen risk assessment and set loan and limit limits.

## Article 8 Capital Loan, Term and Interest Calculation Method

### 1. Loan and term:

(1) The term of each fund loan is one year in principle. However, if the company's business cycle is longer than one year, the business cycle shall prevail.

(2) If the company directly or indirectly holds 100% of the voting shares of the foreign company, it will provide financing to the company, or the foreign company that directly or indirectly holds 100% of the voting shares will provide funds to

the company. The term shall be limited to ten years. If there is an extension, the number of extensions is limited to two times, and each extension period shall not exceed six years.

2. Interest calculation method:

The interest calculated on the capital loan shall not be lower than the average interest rate of the company's short-term borrowings from financial institutions and shall be calculated on a monthly basis. In special circumstances, it may be adjusted based on the actual situation with the approval of the board of directors.

3. Between the Company and its subsidiaries that directly or indirectly hold 100% of the voting shares, if the overdue accounts exceed the credit period and are classified as capital loans, interest shall not be accrued.

Article 9 Follow-up control measures for the loaned amount and procedures for handling overdue claims:

1. After the loan is disbursed, you should always pay attention to the financial, business and related credit status of the borrower and the guarantor. If any collateral is provided, you should also pay attention to whether there is any change in the value of the guarantee. If there are major changes, you should immediately report Notify the general manager and take appropriate action according to instructions.

2. When the borrower repays the loan at or before the maturity of the loan, he should first calculate the interest payable and repay the principal together with the principal before canceling the promissory note and returning it to the borrower or canceling the mortgage.

3. Due to the short-term financing loan provided by the company to others until the expiration of the term, the company shall not repay the loan without actual cash flow or extend the repayment term with the approval of the board of directors. However, if foreign companies that directly and indirectly hold 100% of the voting shares of the company, or foreign companies that directly and indirectly hold 100% of the voting shares of the company engage in capital loans to the company, if the loan period is extended by the board of directors before the expiration date, , there is no need to have actual cash flow for repayment, but repayment should still be made in the form of actual cash flow when the extension period expires; in case of violation, the company may take disciplinary action and claim compensation in accordance with the law with respect to the collateral or guarantor provided.

4. When circumstances change and the loan does not meet the requirements or the balance exceeds the limit, an improvement plan should be formulated and

the relevant improvement plan should be sent to the audit committee. The improvement plan should also be sent to the independent directors, and the improvement should be completed according to the planned schedule.

#### Article 10 Internal Audit

Internal auditors should audit the operating procedures and implementation of fund lending to others at least quarterly, and keep written records. If major violations are discovered, they should immediately notify the audit committee in writing, and should also notify the independent directors in writing.

#### Article 11 Fund loan processing and control procedures for subsidiaries

If a subsidiary of the company intends to engage in lending funds to others, it shall formulate operating procedures for lending funds to others in accordance with these operating procedures, which shall be approved by the chairman of the company and submitted to the board of directors of the company for review.

#### Article 12 Announcement and declaration

1. The company shall make an announcement before the 10th of each month to report the loan balance and balance of funds of the company and its subsidiaries for the previous month.

2. If the company's capital loan reaches one of the following standards, it shall be announced and reported within two days from the date of the fact:

(1) The balance of funds loaned by the company and its subsidiaries to others exceeds 20% of the net value of the company's most recent financial statements.

(2) The balance of funds loaned by the company and its subsidiaries to a single enterprise exceeds 10% of the net value of the company's most recent financial statement.

(3) The amount of new capital loans of the company or its subsidiaries exceeds NT\$10 million and exceeds 2% of the net value of the company's most recent financial statements.

3. If the company's subsidiary is not a domestic public offering company, if the subsidiary has matters that should be announced and reported in paragraph 3 of the preceding paragraph, the company shall handle them.

#### Article 13 Penalties

1. When the company's managers and organizers violate these operating procedures, they will be reported for assessment in accordance with the company's work rules and will be punished according to the severity of the case.

2. When the person in charge of the company violates the provisions of Article 3, he shall be jointly and severally liable with the borrower for the return; if the company suffers damage, he shall also be liable for damages.

#### Article 14 Other Matters

1. The company should evaluate the situation of capital loans and set aside adequate provisions for bad debts, appropriately disclose relevant information in financial reports, and provide relevant information to certified accountants to perform necessary verification procedures.
2. Matters not covered in these operating procedures or when subsequent laws and regulations change, shall be handled in accordance with the currently effective relevant laws and regulations of the Republic of China and the company's relevant regulations.

#### Article 15 Implementation and Revision

1. This operating procedure will be implemented after being approved by the board of directors and submitted to the shareholders' meeting for approval. From the time the company establishes the audit committee, amendments to this procedure shall be approved by the audit committee and passed by the board of directors, and then submitted to the shareholders' meeting for approval before implementation. If any director expresses objections and has a record or written statement, the company shall Submit the objections to the audit committee and the shareholders' meeting for discussion.
2. When the company submits this operating procedure to the board of directors for discussion in accordance with the provisions of the preceding paragraph, it shall fully consider the opinions of each independent director. If the independent directors have any objections or reservations, they shall be recorded in the board of directors' records.
3. If Paragraph 1 is not carried out without the consent of more than one-half of all members of the Audit Committee, it may be implemented with the consent of 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.
4. All members of the audit committee referred to in the preceding paragraph and all directors referred to in the preceding paragraph shall be counted based on those who are actually in office.
5. This operating procedure will be implemented with the approval of the shareholders' meeting on March 20, 2020.

First revised on June 29, 2020.

The second revision will be on November 7, 2024.