

Kedge Construction Co., Ltd.

Regulations for Loaning of Funds to Others

Article 1 Purpose

In order to follow the operating procedures of the company's capital loans and others, and to strengthen internal control, this procedure has been established.

Article 2 Fund loan and object, reason and necessity

- (I) Where there is a need for financing between our company and other companies or banks due to business transactions.
- (II) Where an inter-company or inter-firm short-term financing facility is necessary.

Article 3 The total amount of capital loan and the limit of individual objects

- (I) The total amount of funds loaned by the company shall not exceed 40% of the net value of the company's latest financial statements as the upper limit.
- (II) The company or bank number with which the company has business dealings, the individual loan amount shall not exceed the business dealing amount. The business transaction amount referred to refers to the higher of the purchase or sale amount between the two parties.
- (III) For companies or bank numbers that are necessary for short-term financing, the company's individual loan amount shall not exceed 20% of the company's latest financial statement net value as the upper limit.

The company's financial report is prepared in accordance with the International Financial Reporting Standards. The net value mentioned in this operating procedure refers to the equity of the owner of the parent company's balance sheet as required by the securities issuer's financial report °

Article 4 The company's capital loan to others shall be handled by the resolution of the board of directors. When submitting to the board of directors for discussion, the opinions of independent directors shall be fully considered, and the clear opinions of their agreement or opposition and the reasons for their opposition shall be included in the records of the board of directors.

Article 5 Loaning of Funds Operations

(I) Procedures

1. The company's handling of capital loans or short-term financing matters shall be processed after the company's authority and responsibility department evaluates and sends it to the financial unit for review, then submits it to the chairman of the board for approval and submits it to the board of directors for resolution.
2. Loan extensions of a material nature shall be approved by one-half or more of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of one-half or more of all Audit Committee members as required is not obtained, the procedures may be implemented if approved by two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting. The terms "all Audit Committee members" and "all Directors" shall be counted as the actual number of persons currently holding those positions.
3. The financial unit shall establish a reference book for fund loans and matters. After the fund loan is approved by the board of directors, the target of the fund loan, the amount, the date of approval by the board of directors, the date of fund lending, and the items that should be carefully evaluated in accordance with the review procedures shall be published for future reference.
4. Internal auditors shall audit the operating procedures and implementation of fund lending to others on a quarterly basis, and make written records. If major violations are discovered, they shall immediately notify each audit committee member in writing.
5. The financial unit should prepare a detailed list of capital loans and events that occur and cancel each month to control tracking and handle announcements and declarations, and should assess and set adequate allowances for bad debts on a quarterly basis, and in the financial report to disclose capital loans and information and provide relevant information for the certified accountant.
6. If, due to changes of circumstances in the company, a borrower no longer satisfy the criteria set forth in the relevant regulations or its balance exceeds the maximum lending limit, the financial unit shall provide a corrective plan to the each member of the Audit Committee and the

proposed corrective actions should be implemented within the period specified in the plan.

(II) Review procedure

1. When the company handles the capital loan, the application for the capital loan and the company or bank number should first attach the relevant financial information and state the purpose of the loan, and apply in writing.
2. After the company accepts the application, the authority and responsibility department shall determine the necessity and rationality of the fund loan to others, whether the loan object has a direct (indirect) business relationship with the company, the financial status of the business, and the compensation investigate and evaluate debt capacity and credit, profitability and borrowing purposes, after considering the impact of the company's capital loans and total amount on the company's operating risks, financial status and shareholders' equity, the relevant written report is proposed to be submitted to the board of directors for review.
3. When the company handles capital loans or short-term facilities, it should obtain the same amount of guaranteed promissory notes or debit notes. If necessary, it should handle the mortgage setting of movable or real property, the authority and responsibility unit shall evaluate whether the value of the collateral is equivalent to the balance of the fund loan and the balance, and additional collateral shall be provided when necessary. Among the collaterals, except for land and marketable securities, all should be insured in accordance with regulations, and the insured amount shall not be less than the replacement cost of the collateral, and the insurance policy should be noted that the company is the beneficiary. As for the guarantee of the creditor's rights in the preceding paragraph, if the debtor provides considerable resources and personal credit or the company as a guarantee instead of providing collateral, the board of directors may refer to the results of the credit investigation of the Finance Department; those who take the company as a guarantee should pay attention to whether the articles of association of the company providing the guarantee have provisions that can be used as guarantee.

Article 6 Loan and term and interest calculation method

The term of each fund loan must not exceed one year or one business cycle (whichever is longer), but short-term financing must not exceed one year. If you need to renew the loan when it expires, you should go through the loan application procedures again.

The financing interest rate shall not be lower than the company's short-term loan interest rate from financial institutions, and the interest shall be calculated once a month; in case of special circumstances, it may be adjusted according to the actual situation after the approval of the board.

Article 7 Follow-up control measures for the loaned amount, and procedures for handling overdue claims

After the loan is allocated, you should always pay attention to the financial, business and related credit status of the borrower and the guarantor. If there is a collateral provider, you should also pay attention to whether the value of the guarantee has changed. In case of major changes, you should immediately notify the chairman, and follow the instructions for proper treatment.

When the borrower repays the loan before maturity or maturity, the interest payable shall be calculated first, and the principal shall be paid off before the promissory note or IOU can be cancelled and returned to the borrower or the mortgage is cancelled.

If the borrower fails to pay off and needs to extend the period, he must apply in advance and submit it to the board of directors for approval.

Article 8 Announcement declaration procedure

(I) Before the tenth of each month, the financial unit shall lent the funds of the company and its subsidiaries to the balance of the previous month, and apply for an announcement on the website designated by the Financial Supervision and Administration Commission (hereinafter referred to as the Financial Regulatory Commission) with the turnover.

(II) In addition to the monthly announcement of the fund loan and balance, when the company's fund loan meets one of the following standards, the responsible unit should immediately attach relevant information to notify the financial unit to handle the announcement report on the website designated by the FSC within two days from the date of the fact:

1. The aggregate balance of loans to others by the public company and its subsidiaries reaches 20 percent or more of the public company's net worth as stated in its latest financial statement.
2. The balance of loans by the public company and its subsidiaries to a single enterprise reaches 10 percent or more of the public company's net worth as stated in its latest financial statement.
3. The amount of new loans of funds by the public company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the public company's net worth as stated in its latest financial statement.
4. The "factual date" refers to the date of the contract, the date of payment, the date of the board of directors' resolution, or the date on which other funds are fully funded to determine the target and amount of the loan, whichever is the former.

Article 9 Procedures for Controlling and Managing Extension of Loans by Subsidiaries

- (I) Subsidiaries of the company shall also formulate the "Regulations for Loaning of Funds to Others" in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies ". After approval by the board of directors, they shall be sent to the supervisors and reported to the shareholders meeting for approval, the same applies to corrections.
- (II) If a subsidiary of the Company is to extend loans to others, it shall do so in accordance with the internal control system and the Procedures for Extending Loans to others, and shall submit the written reports of the previous month's loan balances, borrowers and dates to the Company on the 5th day of each month. The audit unit of the Company shall list the loans extended by subsidiaries as one of the monthly audit items, the implementation of this audit shall be listed as a necessary item when reporting audit operations to the Audit Committee and the Board of Directors.
- (III) If a subsidiary of the company is not a domestic public offering company, the subsidiary shall notify the company on the day of the occurrence of the matters that should be announced and declared in the third paragraph of Article 8, paragraph 2, the company also handles announcements and declarations on the website designated by the FSC in accordance with

regulations.

Article 10 Penalties

In the event that the persons in charge of the company's provision of endorsements/guarantees violate the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" from the Financial Supervisory Commission or this Procedures, the following measures shall be taken depending on the violation. The record of non-compliance will serve as a reference for the annual performance evaluation.

- (I) Violation of verification authority, review procedures, announcements: first-time violations should be given verbal warnings, re-offenders should be given written warnings, and forced to participate in the company's internal control training courses, repeat offenders or serious circumstances should be transferred.
- (II) Those who violate the regulations should also be punished by higher-level supervisors, but those who can reasonably explain that they have not taken precautions are not limited to this.
- (III) If the Board of Directors or Directors violated the relevant regulations and the resolutions of the shareholders' meeting, the Audit Committee shall notify the Board of Directors or Directors in accordance with Article 218-2 of the Company Act.

Article 11 The Procedures will be implemented after passing resolution of the Board of Directors and Audit Committee and being sent to the shareholders' meeting for approval. If there is any Director expresses dissent and it is contained in the records or a written statement, the Company shall send the dissenting opinions to the members of the Audit Committee and report them to shareholders' meeting for discussions. The same shall apply to any amendment.

Where the Procedure is submitted for discussion of the Audit Committee in accordance with the preceding paragraph, the Procedure shall first be approved by one-half or more of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of one-half or more of all Audit Committee members as required is not obtained, the procedures may be implemented if approved by two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.

The terms "all Audit Committee members" and "all Directors" in paragraph 2 shall be counted as the actual number of persons currently holding those positions.

When submitting this operating procedure to the board of directors for discussion in accordance with the first paragraph, the opinions of independent directors shall be fully considered, and the clear opinions and reasons for their approval or opposition shall be included in the board of directors' records.

Article 12 This amendment was made on Jun. 15, 2020.