

# CHC Resources Corporation

## Procedures for Loaning of Funds

Established on June 24, 2014  
The 3rd amendment was made on August 25, 2021

Article 1. These Procedures were established according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (the "Regulations") promulgated by the Financial Supervisory Committee (the "FSC"). The Company shall comply with these Procedures when providing loans to others; for unaddressed matters in the Procedures, comply with requirements under relevant laws and the FSC's Regulations.

Article 2. The definition of terms used in the Procedures are as follow:

1. Announce and report: Refers to the process of entering data to the information reporting website designated by the FSC.
2. Date of occurrence: Refers to the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other dates that can confirm the counterparty and monetary amount of the endorsement/guarantee, whichever date is earlier.
3. Subsidiary: Recognize according to the requirements under the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."
4. Net value of the Company: Refers to the equity attributable to the owners of the Company stating in the latest balance sheet prepared according to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."
5. The Company's total operating revenue and total assets: The total operating revenue and total assets in the most recent annual parent company only financial report are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
6. All Audit Committee members: Refers to the actual number of persons currently serving in the Audit Committee.
7. All Directors: Refers to the actual number of persons currently serving as Directors.

Article 3. Regarding the entity receiving the loans from the Company, except for companies under the Company's control or the Company's affiliates stated in Article 369-2 of the Company Act that require short-term financing facility, the Company may not provide loans to any Shareholder or another party.

The short-term in the preceding paragraph refers to a period within one year.

Article 4. Article 4 The total amount of loans of the Company shall not exceed 20% of the net value of the Company, and the amount of loans provided to an individual company under control or an affiliate shall not, in aggregate, exceed 10% of the net value of the Company.

Article 5. The Company's limit on the duration of an individual loan shall not exceed one year, and the interest rate of the loan shall be flexibly adjusted with consideration to the capital costs of the Company at the time of providing such loans; however, the rate shall not be lower

than the monthly returns of the Money Market Fund for domestic investment and trust companies for the year.

Article 6. When providing loans to others, the Company's application and evaluation procedures are as follow:

1. For the application of loans from the Company, the borrower shall complete the loan application, which shall detail the amount, period, use of the borrowing, and the guarantee provision. When necessary, the Company may request other supplementary information.
2. The Finance Department shall complete the evaluation on the following matters and provide a proposal for the entity receiving the loans, credit, period, interest calculation method, and other loaning conditions:
  - (1) The necessity of and reasonableness of extending loans to others.
  - (2) Borrower credit status and risk assessment.
  - (3) Impact on the Company's business operations, financial condition, and Shareholders' equity.
  - (4) Whether collateral must be obtained and appraisal of the value thereof.

Article 7. Before providing loans to others, the Company shall duly evaluate whether the loan complies with the restrictions related to companies providing loans set out in the Company Act and the requirements under the Procedures and the FSC's Regulations according to the evaluation results and proposed loan conditions in Subparagraph 2 in the preceding Article. The loan may be provided after being submitted to the Audit Committee for approval and reported to the Board meeting for the passing of the resolution. The Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to drawdown.

Where approval by more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented when approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.

Article 8. Subsequent measures for control of loans and procedures for handling delinquent creditor's rights are as follow:

1. After the appropriation of the loans, the Finance Department shall keep abreast of the finances, business, and relevant credits of the borrower. For those who had provided collaterals, the Finance Department shall be aware of whether there is any change in the value of the guarantee. For any significant changes, the Finance Department shall prepare proper solutions and submit to the Chairman for approval and report at the next Board meeting.

2. For any circumstances occurred to the borrower, the loan credit provided shall be frozen and may not be utilized subsequently; meanwhile, all outstanding borrowings shall be deemed as falling due. The Finance Department shall negotiate with the borrower regarding the repayment plan and shall immediately adopt security measures for ensuring the creditor's right of the Company when necessary:
  - (1) Where the borrower failed to settle the principals and interests according to the agreement.
  - (2) Where the borrower exempted from the provision of collaterals has recorded deteriorating credits or financial status during the loan period and failed to provide collaterals within the period notified by the Finance Department for such provision.
3. When the loan is falling due, the borrower shall immediately repay the principals and interests. Borrowers who require extension when the debt is falling due shall submit their requests in advance. Where the Finance Department confirmed that such borrowers have no circumstances set out in the preceding subparagraph, the extension may be implemented after receiving the consent from the Chairman; however, the total period of borrowings shall not exceed one year.

Article 9. Regarding matters of loans, the Finance Department of the Company shall prepare a memorandum book and record in detail the entity for which the loan is provided, the amount, the date of passage by the Board, the date of approval by the Chairman in installment for the same counterparty, the date of loan appropriation, and the matters to be carefully evaluated under Paragraph 1 of Article 7.

The Company's internal auditors shall audit the "Procedures for Providing Loans to Others" and the implementation thereof no less frequently than monthly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.

Article 10. As a result of changes of condition, the entity for which a loan is made no longer meets the requirements of these Procedures, or the amount of loan exceeds the limit, the Company shall establish improvement plans and submit the improvement plans to the Audit Committee, and complete the improvement according to the timeframe set out in the plan.

Article 11. The Company shall make announcements and reports according to the requirements under the FSC's Regulations.

Article 12. Where the Company's payments are in line with any of the following circumstances:

1. Where accounts receivable (including related parties and non-related parties) have not been recovered three months after the normal credit period and the amount is significant.
2. Where the amount of a payment other than accounts receivable, such as other receivables, prepayments, or refundable deposits, is significant or of special nature, and meets any of the following conditions and has not been recovered

three months after the normal credit period.

- (1) The payment amount is not bound by a contract.
- (2) The payment amount is inconsistent with the performance obligations stipulated in the contract.
- (3) The reason for payment disappears.

The sum of the amounts in the preceding two subparagraphs from a single counterparty reach 1% of the total operating revenue, or from all counterparties reach 1.5% of the total assets, it shall be submitted to the Board of Directors at least quarterly to decide whether it is loaning of funds. Except for the proof that there is no intention of lending the (such as taking legal action or proposing specific and feasible control measures), it shall belong to the category of loaning of funds.

A payment in the preceding paragraph identified as in the category of loaning of funds as the approved by the Board of Directors shall be included in the total amount of the funds loaned and the limit of individual counterparties in accordance with the provisions of Article 4, and shall be declared and announced in accordance with the provisions of Article 11. Where the payment in the preceding paragraph included makes the resulting amount exceeds the limit of funds to be loaned, it shall be handled in accordance with the provisions of Article 10.

Article 13. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide relevant information to CPAs for the implementation of necessary auditing procedures.

Article 14. Where the Company's subsidiary intends to provide loans to others, the respective Procedures for Providing Loans to Others shall be established according to the FSC's Regulations for domestic public companies; the respective Procedures for Providing Loans to Others shall be established according to these Procedures for non-domestic public companies, and the provision of loans shall be subject to the procedures so established, respectively.

Article 15. For subsidiaries with Procedures for Providing Loans to Others in place, the Directors and Supervisors of subsidiaries assigned by the Company shall supervise subsidiaries to duly implement the procedures so established.

Regarding the appropriateness of subsidiaries' Procedures for Providing Loans to Others, a domestic public company's subsidiary shall submit the audit report prepared by its internal auditors to the Company; for a subsidiary that is not a domestic public company, the Company may assign its internal auditors or instruct the subsidiary to engage external auditors to conduct a project audit in due course.

Article 16. For managers and organizing personnel of the Company violating the requirements of the

Procedures and resulting in significant losses of the Company, punishments shall be imposed based on the severity of the circumstances according to the Company's "Regulations for Rewards and Punishments of Practitioners."

Article 17. These Procedures shall be implemented after being approved at the Board meeting and submitted to the Shareholders' Meeting for approval. Where a Director expresses dissent with records or written statement made, and any amendments hereto, the Company shall submit such dissent to the Audit Committee and report to the Shareholders' meeting for discussion.

The amendments to the Procedures shall have more than half of consents from all Audit Committee members before submitting to the Board for resolution, Where approval by more than half of all Audit Committee members is not obtained, the amendments may be implemented when approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.