

**DELPHA CONSTRUCTION CO., LTD.****Procedures for Acquisition or Disposal of Assets**

Article 1.

All fund lending by the Company to others, when required in the ordinary course of business, shall be conducted in accordance with these Procedures.

Article 2. Lending Counterparties

The Company may lend funds to the following entities:

1. Companies or sole proprietorships which the Company has business dealings.
2. Entities that require short-term financing due to inter-company or business relationship needs.

The term “short-term” refers to a period of one year or one operating cycle, whichever is longer.

Article 3.

Where the Company lends funds due to business transactions, such loans shall be based on transactions that have already occurred.

Where funds are lent for short-term financing needs, such lending shall be limited to the following circumstances:

1. Where the Company holds, directly or indirectly, more than 50% of the voting shares of the borrower, and the funds are required for repayment of bank loans, equipment purchases, working capital needs, or to support the Company’s future business development.
2. Where the borrower requires funds for purchasing materials or working capital, or such lending is beneficial to the Company’s future business development.
3. Other circumstances approved by the resolution of the Company’s Board of Directors.

Article 4. Limits on Aggregate and Individual Lending Amounts

The aggregate amount of the Company’s loans to others shall not exceed 40% of the Company’s net worth as stated in the most recent CPA-audited or reviewed financial statements.

The limit for loans to any single counterparty shall be determined based on the purpose of the lending, as follows:

1. For counterparties engaged in business transactions with the Company, the loan amount to each such counterparty shall not exceed 50% of the higher of the total purchase amount or



total sales amount between the parties during the most recent fiscal year.

2. For short-term financing needs, the loan amount to any individual counterparty shall not exceed 30% of the Company's net worth as stated in the most recent CPA-audited or reviewed financial statements. (The total amount of loans for short-term financing purposes shall not exceed 40% of the Company's most recent net worth.)

The terms "subsidiary" and "parent company" as used in these Procedures shall be defined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The "net worth of the parent company" refers to the equity attributable to the owners of the parent company as shown in the balance sheet prepared in accordance with the above Regulations.

Loans among foreign companies that are wholly owned (100%) directly or indirectly by the Company, or loans by such foreign companies to the Company, shall not be subject to the limit in Item 2 of the first paragraph above. However, the aggregate loan amount shall still be subject to the 40% net worth cap based on the most recent financial statements.

The lending term shall not exceed one year or one operating cycle, whichever is longer.

Article 5. Lending Procedures

1. Execution Process

- (1) The lending of funds by the Company shall be subject to review by the responsible unit, approval by the Chairperson, consent by the Audit Committee, and final resolution by the Board of Directors.

For lending transactions between the Company and its subsidiaries, or among subsidiaries, the same procedure shall apply. The Board of Directors may authorize the Chairperson to disburse loans in tranches or on a revolving basis to the same borrower within a specific ceiling and for a period not exceeding one year, as resolved by the Board.

The "specific ceiling" mentioned in the preceding paragraph, except where Paragraph 4 of Article 4 applies, shall not exceed 10% of the Company's net worth as per its most recent financial statements for any single borrower.

The lending limit by a subsidiary to any single enterprise shall also not exceed 10% of the subsidiary's net worth based on its most recent financial statements.

During Board discussions, the opinions of independent directors shall be duly considered, and any explicit approvals or objections, along with reasons for objection, shall be recorded in the minutes of the Board meeting.

- (2) The Accounting Department shall maintain a lending register. Upon approval by the Board,



the following details shall be recorded: the borrower, amount, dates of approval by the Audit Committee and the Board, loan disbursement date, and all matters that must be prudently assessed under the review procedure.

- (3) The Audit Office shall conduct quarterly audits of the lending procedures and their implementation, prepare written records of its findings, and promptly notify the Audit Committee in writing upon discovery of any material violations.
- (4) The Accounting Department shall compile a monthly detailed report of loan issuances and cancellations for monitoring and public reporting purposes. A quarterly provision for allowance for bad debts shall be assessed and disclosed in the financial statements, with relevant information provided to the CPA for audit purposes.
- (5) If a loan becomes non-compliant with these Procedures due to changed circumstances or the outstanding balance exceeds limits, the Accounting Department shall formulate a corrective plan, submit it to the Audit Committee, and complete the improvement according to the implementation timeline.

2. Review Procedure

- (1) Applications for fund lending must be submitted in writing by the borrower along with relevant financial information and explanation of loan purposes.
- (2) Upon receipt of the application, the responsible unit shall assess and investigate the necessity and reasonableness of the lending, whether there is a direct or indirect business relationship with the Company, the borrower's financial condition, creditworthiness, debt repayment ability, profitability, and use of funds. The review should also consider the impact of the aggregate lending amount on the Company's operational risk, financial condition, and shareholder equity. A written report shall be prepared and submitted to the Audit Committee and the Board of Directors.
- (3) The Company shall obtain promissory notes for the full loan amount. Where necessary, movable or immovable property shall be furnished as collateral. The value of such collateral shall be assessed quarterly, and additional collateral shall be provided if deemed insufficient. If the borrower offers a personal or corporate guarantor with adequate financial strength and creditworthiness in lieu of collateral, the Board may approve such arrangement based on the review report submitted by the responsible unit. Where the guarantor is a company, its Articles of Incorporation must explicitly authorize the provision of guarantees.

Where consent by the Audit Committee is required under these Procedures but fails to obtain the approval of a majority of all committee members, the lending may nonetheless proceed with the approval of at least two-thirds of all directors. The Audit Committee's resolution shall be recorded in the minutes of the Board meeting.



The terms “all members of the Audit Committee” and “all directors,” as used in these Procedures, shall refer to those currently holding office.

Article 6. Lending Term and Interest Calculation

The term of any loan extended by the Company shall not exceed one year or one operating cycle, whichever is longer.

The interest rate charged by the Company on such loans shall not be lower than the average short-term borrowing rate from financial institutions, and interest shall be calculated monthly. In special circumstances, the interest rate may be adjusted subject to Board approval based on actual needs.

Article 7. Post-Lending Monitoring Measures and Procedures for Handling Overdue Claims

Following disbursement of any loan, the Accounting Department shall continuously monitor the financial condition, business operations, credit standing of the borrower and its guarantors, and any changes in the value of the collateral. All findings shall be documented in writing. In the event of any material change, the General Manager and relevant responsible units shall be notified immediately for prompt action.

Upon full repayment of the principal and accrued interest—whether at maturity or by early repayment—the promissory notes shall be returned to the borrower, and any registered collateral shall be duly released or canceled.

If the borrower fails to repay the loan at maturity, the Company may enforce its rights by disposing of the collateral or seeking recovery from guarantors in accordance with applicable laws.

Article 8. Public Disclosure and Reporting Procedures

1. By the 10th day of each month, the Accounting Department shall compile and publicly report the ending balance of loans to others for the previous month, including loans made by the Company and its subsidiaries, along with the monthly operating revenue.
2. In addition to monthly reporting of loan balances, if any of the following thresholds are reached, the Accounting Department shall submit relevant information for public disclosure within two days from the date of occurrence of the event:
 - (1) The total outstanding loans of the Company and its subsidiaries exceed 20% of the Company's net worth as stated in the most recent financial statements.
 - (2) The total outstanding loans of the Company and its subsidiaries to a single entity exceed



10% of the Company's most recent net worth.

- (3) A new loan made by the Company or any subsidiary exceeds NT\$10 million and 2% of the Company's most recent net worth.

For the purposes of these Procedures, the "date of occurrence" refers to the earlier of the contract signing date, payment date, date of Board resolution, or any other date on which the lending counterparty and amount are confirmed.

Article 9. Control Procedures for Loans to Subsidiaries

1. Each subsidiary of the Company shall, in accordance with the applicable regulations of the competent authority, establish its own "Operating Procedures for Lending Funds to Others." Such procedures shall be approved by the subsidiary's Board of Directors, submitted to each supervisor, and presented to the shareholders' meeting for approval. The same procedure shall apply to any amendments. Implementation shall follow the established procedures. If the subsidiary has established an Audit Committee, its "Operating Procedures for Lending Funds to Others" shall first be approved by the Audit Committee, then by the Board of Directors, and finally submitted to the shareholders' meeting for approval. The same applies to amendments.
2. If a subsidiary is not a public company, it shall follow its own "Internal Control System" and "Operating Procedures for Lending Funds to Others" when extending loans. The subsidiary shall submit to the Company, by the 5th day of each month, a report summarizing the previous month's loan balance, borrowers, terms, and other relevant information.
3. If a non-public subsidiary extends loans that meet the thresholds specified in Subparagraph 3, Paragraph 2 of Article 8, it shall notify the Company of the date of occurrence. The Company shall then make the required public disclosure through the designated website of the competent authority.

Article 10. Penalties

If any personnel involved in the lending process violate these Procedures, the Company shall take disciplinary action commensurate with the severity of the violation, as outlined below. Such violations shall also be considered in the individual's annual performance evaluation:

1. Violation of Approval Authority:
First-time offenders shall receive an oral warning. Repeat offenders shall receive a written warning and be required to attend internal control training. In the case of repeated or serious violations, reassignment shall be imposed.
2. Violation of Review Procedures:



First-time offenders shall receive an oral warning. Repeat offenders shall receive a written warning and be required to attend internal control training. In the case of repeated or serious violations, reassignment shall be imposed.

3. Violation of Public Disclosure Requirements:

First-time offenders shall receive an oral warning. Repeat offenders shall receive a written warning. In the case of repeated or serious violations, reassignment shall be imposed.

4. **Supervisors of Violating Personnel:**

Supervisors of personnel who violate the procedures shall also be subject to disciplinary action, unless they can provide a reasonable explanation for failing to prevent the violation in advance.

Where the Board of Directors or any director, in the course of performing their duties, violates these Procedures or resolutions adopted by the shareholders' meeting, the independent directors shall, in accordance with Article 218-2 of the Company Act, notify the Board or the relevant director to cease such conduct.

If the Company extends loans exceeding 40% of its net worth, the responsible person of the Company shall be jointly and severally liable with the borrower for repayment. In the event the Company incurs losses as a result, the responsible person shall also be liable for compensation.

Article 11. Adoption and Amendments of the Procedures

These Procedures shall be approved by a majority of all members of the Audit Committee and subsequently by the Board of Directors before being submitted to the shareholders' meeting for final approval. If any director expresses dissent during the Board's deliberation and such dissent is recorded or submitted in writing, the Company shall present the dissenting opinion to the shareholders' meeting for discussion. The same process shall apply to any amendments.

If the Procedures fail to obtain the approval of a majority of all Audit Committee members, they may nonetheless be adopted with the approval of at least two-thirds of all directors. The resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.

The terms "all members of the Audit Committee" and "all directors" refer to those currently in office.

During Board deliberations, the opinions of independent directors shall be duly considered. Any objections or reservations expressed by independent directors shall be recorded in the minutes of the Board meeting.