

Ping Ho Environmental Technology Co., Ltd.

Procedures for Lending Funds to Others Parties

Article 1 Except in the following situations, the Company itself shall not lend funds to shareholders or any other individuals:

1. Companies or firms with business transactions with The Company itself.
2. For those who require short-term funding needs due to inter-company or inter-firm necessities. The financing amount shall not exceed 40% of the net worth of the enterprise being loaned to.

The term "short term" as mentioned in the preceding paragraph refers to one year. However, for companies with an operating cycle longer than one year, the operating cycle shall prevail.

The term "financing amount" as mentioned in Item 2 of the first paragraph refers to the accumulated balance of the Company's short-term funding needs.

Lending transactions of funds between foreign companies in which The Company itself holds 100% of voting shares directly and indirectly, or when foreign companies in which The Company itself holds 100% of voting shares directly and indirectly lend funds to The Company itself, are not subject to the restriction of Item 1, Subparagraph 2. But shall still comply with the provisions of Article 3 and Article 7.

When the company's responsible person violates the provisions of the first paragraph, they shall be jointly and severally liable with the borrower for the return responsibility; if the company suffers damages, they shall also be liable for compensation.

Article 2 When the Company itself engages in lending transactions due to business transactions, it should primarily be based on the occurrence of those transactions. The amount of lending should be limited to the higher of the procurement or sales amount between the Company itself and the counterparty in the most recent year or up to the current year at the time of the lending.

For those who engage in lending due to short-term funding needs, it is limited to the following situations:

1. The Company itself invests in companies accounted for using the equity method for reasons such as repaying bank loans, plant construction needs, equipment acquisition, or working capital requirements.
2. Companies in which the Company indirectly holds more than 50% of shares for reasons such as repaying bank loans, plant construction needs, equipment acquisition, or working capital requirements.

3. Companies in which The Company directly or indirectly holds more than 50% of shares, due to the need for reinvestment where such reinvestment is related to The Company's business operations and beneficial to the future business development of The Company.

Article 3 The total loaning limit of The Company itself and the limit for individual counterparties are stipulated as follows:

1. The total amount of funds loaned by The Company itself shall not exceed 40% of the net worth as stated in the most recent consolidated financial statements audited or reviewed by a CPA. The total amount of funds loaned by individual subsidiaries of The Company itself shall not exceed 40% of the owner's equity as stated in the most recent financial report balance sheet audited or reviewed by a CPA for each subsidiary.
2. For companies or firms with business transactions with The Company itself, the lending limit to individual counterparties by The Company itself shall not exceed the total amount of business transactions (referred to as the "total transaction amount," which is the higher of the procurement or sales amount between the two parties) for the most recent year or up to the current year at the time of the lending.
3. For companies or firms requiring short-term funding needs, the lending limit to individual counterparties by The Company itself shall not exceed 40% of the net worth as stated in the most recent consolidated financial statements audited or reviewed by a CPA. The aforementioned term "short term," according to the previous interpretation by the Ministry of Economic Affairs, refers to a period of one year or one operating cycle, whichever is longer.

Article 4 When lending funds to others, it should be handled after a Resolution by the Board of Directors and cannot be authorized for decision by others. However, major lending of funds must be approved by the Audit Committee in accordance with relevant regulations and submitted for a resolution by the Board of Directors. Lending of funds between The Company itself and subsidiaries or between subsidiaries should be submitted for a Resolution by the Board of Directors in accordance with regulations. The Chairperson may be authorized by the Board of Directors to disburse in installments or use the funds on a revolving basis to the same recipient within a certain limit and a period not exceeding one year. The aforementioned fixed amount shall not exceed 10% of the Company's net worth in the most recent financial statements.

When The Company itself lends funds to others, the opinions of all independent directors shall be fully considered, and their specific opinions of approval or disapproval and reasons for disapproval should be included in the records of the

Board of Directors.

Article 5

Procedures for controlling the lending of funds by the subsidiary to others:

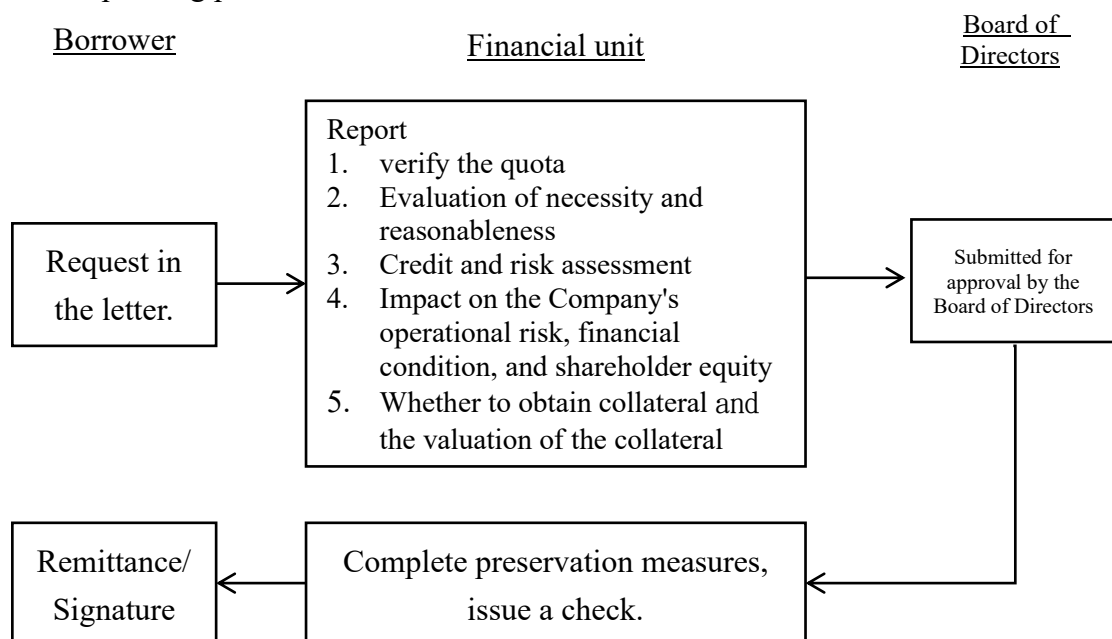
1. If a Subsidiary of the Company, due to business needs, intends to lend funds to others, the Company itself should instruct the Subsidiary to establish "Procedures for Lending Funds to Others" in accordance with the 'Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,' and handle matters according to the established procedures. However, the net worth is calculated based on the Subsidiary's net worth.
2. The Company's finance and accounting department shall obtain the detailed report of the balance of funds loaned to others by each subsidiary before the fifth of each month.
3. The internal auditors of the Company itself should regularly audit each subsidiary's compliance with their "Procedures for Lending Funds to Others," create written records, and if any violations are found, notify the audited subsidiaries to make improvements. A follow-up report should be regularly prepared to ensure that appropriate improvement measures have been promptly adopted.

The terms Subsidiary and The parent company as referred to in these operating procedures should be identified in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The term net worth as referred to in these operating procedures refers to the equity attributable to owners of the parent on the balance sheet as stipulated by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 6

Operating procedures:



- Article 7 Term for financial accommodation and method of calculation of interest:
1. Each financing term shall not exceed one year, and the repayment date must be specified at the time of borrowing.
 2. The interest rate must not be lower than the average interest rate of The Company's short-term loans. Interest is calculated individually based on the annual interest rate, and interest collection is settled monthly, quarterly, or at the end of the year.

Article 8 Credit and risk assessment:
The Company's financial unit should regularly collect, analyze, and evaluate the credit and operational status of borrowing institutions to provide a reference for the Board of Directors in assessing risk.

Article 9 Preservation measures:
If, after evaluation, it is determined that collateral is required from the lending counterparty, the counterparty must provide real estate or valuable securities of equivalent value to be pledged to The Company itself at the time of the loan. Alternatively, they must sign a promissory note with the expected repayment date as the note's maturity date and submit it to The Company itself for safekeeping, to facilitate protection.

- Article 10 Announcement and declaration procedure:
1. The Company itself should announce and report the balance of funds loaned by the Company and its subsidiaries for the previous month before the tenth of each month.
 2. If the lending of funds meets any of the following criteria, it should be announced and declared within two days from the occurrence of the fact:
 - (1) When the balance of funds loaned by the Company itself and its Subsidiary to others reaches 20% or more of the Company's net worth in the most recent financial statements.
 - (2) When the balance of funds loaned by the Company itself and its Subsidiary to a single enterprise reaches 10% or more of the Company's net worth in the most recent financial statements.
 - (3) The Company itself and its Subsidiary have provided additional funds loaned amounting to more than NT\$10 million and more than 2% of the Company's net worth in the most recent financial statements.

If the Subsidiary of the Company is not a publicly issued company in the domestic market, and the Subsidiary has matters under Item (2) of the preceding paragraph that should be disclosed and declared, the Company itself should make the

disclosure and declaration on behalf of the Subsidiary.

The term announcement and reporting as referred to in these operating procedures means inputting information into the reporting website designated by the Financial Supervisory Commission.

The term "date of occurrence" as referred to in these operating procedures means the earliest of the contract signing date, payment date, Resolution by the Board of Directors date, or any other date that sufficiently determines the recipient of the loan and the amount.

Article 11 The provisions of this operating procedure are not applicable to actions of indemnification arising from endorsements and guarantees.

Article 12 Follow-up control measures for loaned amounts and procedures for handling overdue claims:

1. The financial unit handling loan matters should establish a register for reference, detailing the loan recipient, amount, approval date by the Board of Directors, disbursement date, and other matters that require careful assessment.
2. The Company itself shall assess the situation of fund lending and allocate adequate allowance for doubtful accounts. Additionally, it should appropriately disclose relevant information in the financial reports and provide related data to the certifying CPA to carry out necessary audit procedures.
3. Internal auditors should audit this operational procedure and its implementation at least quarterly and create written records. If any major violations are found, they should immediately notify the Audit Committee in writing. Due to a change of circumstances, if the borrower does not comply with the provisions of this operating procedure or the balance exceeds the limit, the Company itself should establish an improvement plan and submit the relevant improvement plan to the Audit Committee, and complete the improvements according to the plan schedule.
4. If any overdue claims that cannot be redeemed even after demand, legal proceedings should be immediately taken against the debtor to ensure the Company's rights.

Article 13 If the managers and responsible personnel of The Company itself violate these operating procedures, they will be punished in accordance with the Company's work regulations, depending on the severity of the case.

Article 14 This operational procedure shall be approved by more than half of all members of the Audit Committee and the Board of Directors, then submitted for agreement by the shareholders' meeting before implementation. If any director expresses opposition and there is a record or written statement, such opposition should be sent to the Audit Committee and submitted to the shareholders' meeting for discussion. Revisions shall follow the same procedure.

When submitting this operational procedure for discussion by the Board of Directors in accordance with the preceding provision, the opinions of all

independent directors shall be fully considered. If independent directors have any objections or reservations, they should be clearly recorded in the minutes of the Board meeting.

If the first item is not approved by more than half of all the members of the Audit Committee, it may proceed with the approval of more than two-thirds of all directors, and the resolution of the Audit Committee must be recorded in the minutes of the Board meeting.

The term "all members of the Audit Committee" and "all directors" in the preceding item and paragraph refers to the actual number of serving members.

Article 15

The procedure was established on May 29, 2019.

The 1st amendment was made on August 30, 2019.

The 2nd amendment was made on March 3, 2020.