



## **Sonix Technology Co., Ltd.**

### **Procedures for Lending Funds to Other Parties**

Article 1: These Procedures are promulgated pursuant to Article 36-1 of the Securities and Exchange Act and Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees.

Article 2: Object of loan funds

According to the Company Act, the company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

1. Where an inter-company or inter-firm business transaction calls for a loan arrangement.
2. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth.

The term "short-term" means one year or one operating cycle (whichever is longer).

The term "financing amount" as used in paragraph 1, sub-paragraph 2 of this Article means the cumulative balance of the company's short-term financing.

The restriction in paragraph 1, subparagraph 2 shall not apply to inter-company loans of funds between overseas companies in which the company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the company by any overseas company in which the company holds, directly or indirectly, 100% of the voting shares.

When a responsible person of the company violates paragraph 1, the responsible person shall bear joint and several liability with the borrower for repayment; if the company suffers damage, the responsible person also shall be liable for damages.

Article 3: The aggregate amount of loans and the maximum amount

The company provided that such financing amount shall not exceed 40 percent of the company's net worth.

1. For inter-company or inter-firm that have business dealings with the company, the amount of loans for individual should not exceed the business transactions amount of the most recent year; based on the risk considerations, the loans amount should not exceed 10% of the company's net worth. The business transaction amount refers to the income from the sales or services or the purchase or expense, whichever is higher.
2. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 10 percent of the company's net worth.

Article 4: Duration of loans and calculation of interest

The term of the company's loan is based on the period required by the borrower, and the longest period shall not exceed one year from the date of loan or one operation cycle (whichever is longer).

Unless special agreement on the calculation and collection of lending interest, the



interest rate shall not be lower than the maximum interest rate of the company's short-term borrowing from financial institutions, and calculated on a monthly basis.

Article 5: Procedures for handling loans of funds

1. Credit evaluation

A. When the company handles the loan of funds, need get the applicant company application letter, detailing the loan amount, term, purpose and provision of guarantee, and shall provide basic information and financial information to the company for credit investigation.

B. The financial department according the information to consider the necessity and rationality of lending funds to others, the credit investigation and risk assessment of the lending target, the impact on the company's operating risks, financial status, and shareholders' equity, and whether collateral should be obtained and the appraised value of the collateral, etc.

2. Loan approval

A. Before making a loan of funds to others, the company shall carefully evaluate whether the loan is in compliance with these Regulations and the company's Operational Procedures for Loaning Funds to Others. The company may loan funds to others only after the evaluation results under previous paragraph have been submitted to and resolved upon by the board of directors. The company shall not empower any other person to make such decision. When the company loans funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

B. Loans of funds between the company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, 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 draw down. The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended by the company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company, except in cases of companies in compliance with Article 2, paragraph 4.

3. Loan guarantee

Except for subsidiaries directly or indirectly holding more than 50% of the voting shares of the company, when lending funds to others, the borrower should be required to provide promissory notes and collateral (such as real estate, securities or signed guarantee notes) of the same amount, and go through procedures for setting up pledge

or mortgage rights to protect the company's creditor's rights.

#### 4. Insurance

Except for land and securities, all collaterals should be insured for fire insurance, and vehicles should be insured for all risks; the insurance amount should not be lower than the pledged value of the collateral; The name, quantity, storage location, insurance conditions, and insurance endorsement of the property should be consistent with the company's original loan conditions.

Article 6: Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights

#### 1. Repayment

A. After the loan is granted, always pay attention to the financial, business and credit status of the borrower. If there is any collateral provided, it should also pay attention to whether there is any change in the value of the guarantee. In case of any major change, the chairman should be notified immediately, and follow the instructions to deal with it appropriately. Two months before the due date of the loan, the borrower shall be notified to pay off the principal and interest at the due date or to go through the extension procedure.

B. When the borrower repays the loan when the loan is due, the payable interest shall be calculated first, and the creditor's note, promissory note and other certificates of credit shall be canceled and returned to the borrower only after the principal is paid off together. The provided collateral or guarantor shall be disposed of or recovered according to law.

C. If the borrower applies for writing off the mortgage right or canceling the setting of the pledge right, he should first find out whether there is a loan balance, and then decide whether to agree to the application.

#### 2. Organize and keep files

The company shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated, relevant documents shall be kept by special personnel.

#### 3. Internal audit

The company's internal auditors shall audit the Operational Procedures for Lending Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the audit committee member in writing of any material violation found.

#### 4. Overrun improvement

If, as a result of a change in circumstances, an entity for which Lending Funds to Others is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the company shall adopt rectification plans and submit the rectification plans to all the audit committee, and shall complete the rectification

according to the timeframe set out in the plan.

#### 5.Extension and Recovery

If the loan is due to fail to repay and needs to be extended, it is necessary to make a request in advance and report to the board of directors for approval. Each deferred repayment shall not exceed six months, and shall be limited to one time; The collateral provided will be disposed of directly and legal recovery procedures will be carried out.

#### Article 7: Announcement and reporting procedures

- 1.The company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month.
- 2.The company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:
  - A.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.
  - B.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.
  - C.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.
- 3.The company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.
- 4.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 certified public accountants with relevant information for implementation of necessary auditing procedures.
- 5."Date of occurrence" in these regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds, whichever date is earlier.
- 6."Subsidiary" and "parent company" as referred to in these regulations shall be as determined under the Regulations Governing the preparation of Financial Reports by Securities Issuers.
- 7.Where the company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.



- Article 8: Procedures for controlling and managing loans to subsidiaries
1. The company's subsidiary intends to making loans due to business needs, the subsidiary must formulate a procedure in accordance with the regulations of the Financial Supervisory Commission and proceed.
  2. The internal auditors conduct annual audits at subsidiaries, they should also check the implementation of the subsidiary's making loans for others. If there have deficiencies found, they should continue to track their improvement and make a follow-up report to the audit committee.
- Article 9: When the company's managers and organizer violate the procedures, they will be punished according to the relevant regulations to the severity of the circumstances.
- Article 10: The procedures shall come into effect upon approval of one-half or more of all audit committee members and approved by the board of directors, and furthermore shall be submitted for a resolution by the shareholders meeting, and the same applies to amendments.
- Article 11: The Procedures were established on April 10, 1999.  
The 1st amendment was made on May 29, 2002.  
The 2nd amendment was made on June 18, 2003.  
The 3rd amendment was made on June 15, 2006.  
The 4th amendment was made on June 16, 2009.  
The 5th amendment was made on June 15, 2010.  
The 6th amendment was made on June 22, 2011.  
The 7th amendment was made on June 20, 2013.  
The 8th amendment was made on June 15, 2018.  
The 9th amendment was made on June 14, 2019.  
The 10th amendment was made on July 16, 2021.