

Richwave Technology Inc.

Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees

Article 1

These Regulations are promulgated pursuant to Article 36-1 of the Securities and Exchange Act ("the Act") and the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies (hereafter referred to as "the Guidelines") promulgated by Financial Supervisory Commission (FSC) on 06 July, 2012 in FSC's No. 1010029874 official letter .

Article 2

The company shall comply with these Regulations when making loans to and endorsements/guarantees for others; provided that where another act or regulation provides otherwise, the provisions of such act shall prevail.

Article 3

Under Article 15 of 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; or
- (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" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year, one operating cycle.

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 foreign companies in which the company holds, directly or indirectly, 100% of the voting shares. However, the provisions of Article 9, subparagraphs 3 and 4 concerning the setting of the amount limits and the durations of loans shall still apply.

Article 4

The term "endorsements/guarantees" as used in these Regulations refers to the following:

1. Financing endorsements/guarantees, including:
 - (1) Bill discount financing.

(2) Endorsement or guarantee made to meet the financing needs of another company.

(3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.

2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.

3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Any creation by the company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.

Article 5

The company may make endorsements/guarantees for the following companies:

1. A company with which it does business.

2. A company in which the company directly and indirectly holds more than 50 percent of the voting shares.

3. A company that directly and indirectly holds more than 50 percent of the voting shares in the company.

Companies in which the company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the company holds, directly or indirectly, 100% of the voting shares.

The company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the company, or through a company in which the company holds 100% of the voting shares.

Article 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.

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 7

The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

"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 transaction, whichever date is earlier.

Article 8

The company intending to loan funds to others shall formulate its Operational Procedures for Loaning Funds to Others in compliance with these Regulations, and, after passage by the board of directors, submit the Procedures to the audit committee and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to the audit committee and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

The company has established the position of independent director, when it submits its Operational Procedures for Loaning Funds to Others for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; 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.

Article 9

The company shall specify the following matters in its Operational Procedures for Loaning Funds to Others:

1. Entities to which the company may loan funds according to Article 3 of these regulations.
2. Evaluation standards for loaning funds to others:

(1) The companies which have business relationship with Company can loan. The business relationship means the buying or selling amount between two parties, which one is higher.

(2) Where short-term financing is needed, the reasons for and conditions of extending loans shall be enumerated.

3. The aggregate amount of loans and the maximum amount permitted to a single borrower shall each be prescribed separately for business transactions and for short-term financing respectively:

(1) The total amount for lending shall not exceed 40% of the company's net worth. ; the total amount for lending a single company shall not exceed 50% of the company's net worth.

(2) The total amount for lending to companies having business transaction with the company shall not exceed 40% of the company's net worth; The total amount for lending a single company having business transaction with the company shall not exceed 20% of the company's net worth.

(3) The total amount for lending to companies that have need for short-term financing facility shall not exceed 40% of the company's net worth; the maximum amount lendable to a single company is 20% of the company's net worth.

4. Duration of loans and calculation of interest.

(1)The period of fund loaning is decided by the board of directors. If other companies needs to do the short term endorsement and/or guarantee with company, not allowed to exceed the one year limit.

(2)The interest rate shall not be lower than the short-term borrowing rate quoted by financial institutions.

5. Procedures for handling loans of funds.

To review the documents carefully, elaborate the highest amount, period and the interest calculation way first, than the endorsements made by the company shall be conducted after receiving approval from the approval of the board of directors. If the board of directors believes the necessity to acquire collateral, the company shall provide the collateral, and the value of collateral shall be 20% more than the endorsements to make sure the right.

6. Detailed review procedures, including:

(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.

7. Announcement and reporting procedures:

For those related to fund lending that are required to be reported to government authorities or make public announcement, the company and the subsidiaries shall follow such rules.

8. Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights.

(1) After the endorsements appropriate, the Company shall track the operational, financial and credit status of the object of the endorsements. If there is a collateral, shall notice that the value changing of the collateral.

(2) If the endorsement exceed it's time period and can't be collected, shall follow the legal process to collect protect company's right.

9. If the managers and the person-in-charge violate these regulations and cause the damages of the company, the penalties shall follow company's "Employee Managing Regulation."

10. Procedures for controlling and managing loans of funds to others by subsidiaries shall according to these regulations.

11. Other particulars required by the FSC.

Article 10

Where a subsidiary of the company intends to make loans to others, the company shall instruct it to formulate its own Operational Procedures for Loaning Funds to Others in compliance with these Regulations, and it shall comply with the Procedures when loaning funds.

Article 11

The company intending to make endorsements or guarantees for others shall formulate its Operational Procedures for Endorsements/Guarantees in compliance with these Regulations.

Article 12

The company shall specify the following matters in its Operational Procedures for Endorsements/Guarantees:

1. Entities for which the company may make endorsements/guarantees according to Article 5 of this Regulation.

2. The companies which have business relationship with Company can loan. The business relationship means the buying or selling amount between two parties, which one is higher.

3. The ceilings on the amounts the Company is permitted to make in endorsements/guarantees:

(1) The ceilings on the total amounts the Company is permitted to make in endorsements/guarantees cannot exceed the 40% of its paid-in capital.

(2) The ceilings on the amounts the Company is permitted to make to single company in endorsements/guarantees cannot exceed the 40% of its paid-in capital.

(3) The ceilings on the total amounts the Company and its subsidiary are permitted to make in endorsements/guarantees cannot exceed the 40% of its paid-in capital.

(4) The ceilings on the amounts the Company and its subsidiary are permitted to make to single company in endorsements/guarantees cannot exceed the 40% of its paid-in capital.

(5) The ceilings on the amounts the Company is permitted to make to a company which has business relationship with the Company in endorsements/guarantees cannot exceed the current amount of business.

4. Procedures for making endorsements/guarantees:

(1) The company need endorsements/guarantees shall prepare an official letter to state its application and total amount.

(2) The CFO shall forward the official letter and his comments to President and Chairman. If they approval, then submit to board of directors meeting for retroactive recognition.

5. Detailed review procedures, including:

(1) The necessity of and reasonableness of endorsements/guarantees.

(2) Credit status and risk assessment of the entity for which the endorsement/guarantee is made.

(3) The impact on the company's business operations, financial condition, and shareholders' equity.

(4) Whether collateral must be obtained and appraisal of the value thereof.

6. Procedures for controlling and managing endorsements/guarantees by subsidiaries shall follow this regulation.

7. Procedures for use and custody of corporate chops shall follow “The Regulation of Managing Seals”.

8. Hierarchy of decision-making authority and delegation thereof:

(1) The endorsements/guarantees with the retroactive recognition.

by the board of directors meeting, the related documents shall stamp the Company’s endorsements/guarantees seal to complete the process. The Company shall copy the documents and retained for future reference.

(2) If Chairman disapproved the endorsements/guarantees, the documents shall be returned by Financial Department to the company which required the endorsements/guarantees with the reason of disapproval.

9. Announcing and reporting procedures:

The Company and its subsidiaries shall file the information in table of amounts and itemized details of loans of funds and endorsements and guarantees to the governing agencies’ website.

10. Penalty for violation of these Regulations or the company's Operational Procedures for Endorsements/Guarantees by managers and personnel in charge. The penalty shall follow the Company’s “Employee managing regulation.”

11. For circumstances in which an entity for which the company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, After the endorsements appropriate, the Company shall track the operational, financial and credit status of the object of the endorsements.

After the endorsements appropriate, the Company shall track the operational, financial and credit status of the object of the endorsements.

12. Other particulars required by the FSC.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 11 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 13

Where a subsidiary of the company intends to make endorsements/guarantees for others, the company shall instruct it to formulate its own Operational Procedures for Endorsements/Guarantees in compliance with these Regulations, and it shall comply with the Procedures when making endorsements/guarantees.

Article 14

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 this paragraph and Article 9, paragraph 6 have been submitted to and resolved upon by the board of directors.

The company shall not empower any other person to make such decision.

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 shall be in compliance with Article 3, paragraph 4. In addition, the authorized limit on 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.

The company has established the position of independent director, when it 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.

Article 15

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 under paragraph 1 of the preceding Article.

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 the audit committee in writing of any material violation found.

Article 16

If, as a result of a change in circumstances, an entity for which an endorsement/guarantee 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 the audit committee, and shall complete the rectification according to the timeframe set out in the plan.

Article 17

Before making an endorsement/guarantee for others, the company shall carefully evaluate whether the endorsement/guarantee is in compliance with these Regulations and the company's Operational Procedures for Endorsements/Guarantees for Others. The company may make an endorsement/guarantee only after the evaluation results under this paragraph and Article 12, paragraph 5 have been submitted to and resolved upon by the board of directors, or approved by the chairman of the board, where empowered by the board of directors under Article 12, paragraph 8 to grant endorsements/guarantees within a specific limit, for subsequent submission to and ratification by the next board of directors' meeting. Before making any endorsement/guarantee pursuant to Article 5, paragraph 2, a subsidiary in which the company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the company holds, directly or indirectly, 100% of the voting shares.

The company has established the position of independent director, when it makes endorsements/guarantees for 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.

The company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors and may be used to seal or issue negotiable instruments only in prescribed procedures.

When making a guarantee for a foreign company, the company shall have the Guarantee Agreement signed by a person authorized by the board of directors.

Article 18

The company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under paragraph 1 of the preceding article.

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

Article 19

The company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.

Where the company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 20

Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these Regulations, or the amount of endorsement/guarantee exceeds the limit, the company shall adopt rectification plans and submit the rectification plans to the audit committee, and shall complete the rectification according to the timeframe set out in the plan.

Article 21

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.

Article 22

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:

1. The aggregate balance of loans to others by the company and its subsidiaries reaches 20 percent or more of the company's net worth as stated in its latest financial statement.
2. The balance of loans by the company and its subsidiaries to a single enterprise reaches 10 percent or more of the company's net worth as stated in its latest financial statement.
3. The amount of new loans of funds by the company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the company's net worth as stated in its latest financial statement.

The company shall announce and report on behalf of any subsidiary thereof that is not the 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.

Article 23

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.

Article 24

The company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.

Article 25

The company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of endorsements/guarantees by the company and its subsidiaries reaches 50 percent or more of the company's net worth as stated in its latest financial statement.
2. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches 20 percent or more of the company's net worth as stated in its latest financial statement.
3. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the company's net worth as stated in its latest financial statement.
4. The amount of new endorsements/guarantees made by the company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the company's net worth as stated in its latest financial statement.

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 4 of the preceding paragraph.

Article 26

The company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Article 27

The Operating Procedures shall, after being resolved by the Board of Directors, be submitted to the shareholders' meeting for approval. The same shall be applicable in case of amendment.

These Regulations were resolved on June 26, 2013.

These Regulations were first resolved on May 24, 2019.