

ASMedia Technology Inc. Operational Procedures for Loaning Funds to Others (Amended)

Date of amendment: June 08, 2017

Article 1 Loaning of funds to other legal entities or groups (hereinafter as borrowing parties) made by the Company should be handled in accordance with the provisions addressed in the Procedures. If there are matters not covered by the Procedures, they should be handled in accordance with the relevant laws and regulations.

Article 2 The parties to whom the Company may lend its funds shall be limited to:

1. Companies having business relationships with the Company.
2. Companies in need of funds for short-term financing. The term “short-term” used herein refers to a period of one year or one business cycle (whichever is longer).

When the Company provide loans to a company with which the Company has business relationship with, it is limited to the purpose of operating needs of the borrowing company. If the loaning of funds is necessary for short-term financing, it shall be limited to subsidiaries of the Company in which the Company directly or indirectly holds more than 50% of the voting shares.

Article 3 The total amount of funds lend to borrowing parties by the Company shall not exceed 20% of the Company's net worth. For companies having business transactions with the Company, the amount of each loan must not exceed the total amount of business transactions between the two parties in the past twelve months prior to the time of lending (the amount of business transactions refers to the amount of purchase or sales between the two parties, whichever is higher). For companies with short-term financing needs, the amount in each loan shall not exceed 10% of the Company's net worth, except for subsidiaries where the Company directly or indirectly holds 100% of the voting shares.

For fund lending between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly by the Company, the total amount of such fund lending and fund lending limit shall be in accordance with each respective

company's loaning funds regulations.

Article 4 The term of the Company's loaning of funds must not exceed one year at a time nor be extended. The interest rate of the loan is adjusted by mechanism according to the Company's financing cost, but shall not be lower than the highest borrowing rate of Company's short-term loans quoted by financial institutions. The interest shall be calculated on a monthly basis. Under special circumstances, the board of directors may agree to adjust according to the actual situation.

Article 5 When applying for a loan from the Company, the borrowing parties should submit an application or letter detailing the loan amount, term, purpose, status of provided collateral, and shall provide basic and financial information to the Company for the purpose of credit evaluation.

The finance division shall evaluate the necessity and rationality of the loan application, the credit status and risk assessment of the borrowing parties, impact on the Company's business operations, financial conditions, effects on shareholders' equity, and the necessity to acquire collateral and appraisal of the collateral shall be assessed in detail.

Article 6 When borrowing parties (excluding subsidiaries that the Company directly or indirectly holds 50% or more of the voting shares) request s for a loan in accordance with the preceding Article, the borrowing parties should provide an equal amount of promissory notes, collateral and/or other guarantees as requested by the Company. When collateral is provided, the owner of the borrowing parties should grant pledges and/or mortgages setting to the Company for the purpose of securitizing its obligations. For the aforementioned guarantees, if borrowing parties provide substantial amount of financial resources and credit (of one's own or corporate) as a guarantee instead of collateral, the board of directors may refer to the credit report of the finance division; if the guarantee is a company, be cautious to whether its Articles of Incorporation provide for provisions of guarantee.

Article 7 All collaterals, except land and securities, shall be covered by property damage insurance to insure against fire. For vehicles, comprehensive insurance shall be procured to insure against all risks. The insured amount shall, in principle, not be less than the replacement cost of the collateral; The Company shall be named as the beneficiary of the insurance. The name, quantity, storage location and coverage conditions of the insured object must be consistent with the collateral

requirements policy of the Company.

Article 8 After the loan is disbursed, the finance division shall periodically evaluate the financial condition and credit standing of the borrowing parties and guarantor (if any). In the event that a loan is overdue, irretrievable and not been repaid even after the Company's repeated attempt to collect payment, the finance division shall immediately notify the Chairman and follow the instructions for appropriate handling to ensure the Company's interest is well protected.

1. When borrowing parties repays the loan at or before maturity, the interest payable should be calculated and repaid together with the remaining principal before the promissory note can be write off and return to the borrowing parties, or having the mortgage cleared.
2. The borrowing parties should repay the principal and interest upon maturity of the loan. In the event of violating such conduct, the Company may take legal actions against the guarantor or the collateral provided by the borrowing parties to recover the amount.

Article 9 Before lending funds to other parties, the Company should carefully evaluate whether it complies with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" as prescribed by the securities regulatory authorities and the provisions of the Procedures. Then, submitted together with the evaluation made as described in the second paragraph of Article 5, by seeking approval from audit committee to the board of directors for a resolution, and no delegation of authority shall be made to any person in this regard.

The Company should fully consider the comments made by each independent director when lending funds to others, and shall include opinions of those who vote in favor or against and the reasons of dissent expressed in the meeting minutes.

Article 10 The Company shall comply with the relevant regulations relating to loaning of funds by reporting to the regulatory authorities or disclose publicly in accordance with the regulations. If a subsidiary of the Company is not a domestic public company, the Company shall make a public disclosure and report on behalf of the Company's subsidiary..

Article 11 The Company should assess the status of the loaning of funds and reserve sufficient allowances for bad debts, adequately disclose information in the

financial statements, and provide relevant information to certified accountants for conducting necessary auditing procedures.

Article 12 The Company shall establish and maintain a memorandum book for its fund lending activities and record the relevant matters in accordance with the relevant laws and regulations.

Article 13 The Company's internal auditors shall audit the Procedures and lending profiles on a quarterly basis and produce written records accordingly. If any material violation is found, they shall promptly notify the audit committee in writing immediately.

Article 14 Due to changes in circumstances, when the borrowing parties are unable to meet the criteria set forth in the relevant laws and regulations or the balance of the lending exceeds the lending limit, the Company should establish a corrective plan and submit to the audit committee and report to the board of directors for implementing the proposed correction actions within the period specify in such plan.

Article 15 For the Company's subsidiary contemplating fund lending to other parties, the Company shall mandate such subsidiary to establish relevant procedures for such fund lending. Such procedures shall be approved by the audit committee, board of directors, and stockholder's meeting of the subsidiary, and become effective thereafter. The Company shall also mandate the subsidiary to handle fund lending in accordance with its procedures.

When fund lending to other parties is contemplated by the subsidiary of the Company, a credit assessment report and comments, together with the proposed terms and conditions of lending, shall be submitted to and approved by the audit committee and the board of the directors of the subsidiary.

Relevant information of any fund lending granted by the Company's subsidiary shall be submitted periodically to the Company for inspection.

Article 16 The Company's manager and persons-in-charge should follow the provisions of the Procedures when handling the loaning of funds and related matters in order to prevent the Company from incurring any losses. Any violation of related regulations or the provisions of the Procedures, disciplinary actions shall be taken in accordance with the provisions of the relevant human resource articles or rules of the Company.

Article 17 The Company's "Operational Procedures for Loaning Funds to Others" should be approved by at least one-half of all members of the audit committee, then submit to the board of directors for approval before seeking approval in shareholders' meeting. If any director expresses objection with records or in written statements, the Company should report the objection to the shareholders' meeting for discussion, and the same applies to amendments. In addition, when the Company submits the "Operational Procedures for Loaning Funds to Others" to the board of directors for discussion, the comments from each independent director shall be fully considered, and their reasons for voting in favor or against shall also be recorded in meeting minutes.

When the Company formulates or amends the Procedures, approval of at least one-half of all members of the audit committee should be obtained, and submit to the board of directors for resolution. If case is not approved by at least one-half of all members of the audit committee, the approval of at least two thirds of all directors should be obtained. The resolution of the audit committee should be recorded in the meeting minutes of the board of directors. All committee members and directors referred to above shall be counted as the actual number of incumbents.

Article 18 If there are any matters not covered in the Procedures, they shall be handled in accordance with the relevant laws and regulations.