

## **ASMedia Technology Inc.**

### **Procedures for Acquisition or Disposal of Assets**

2022.6.9 (amended)

Article 1 The Company shall handle the acquisition or disposal of assets in compliance with the Procedures provided. The Procedures are stipulated in accordance with the provisions of Article 36-1 of the Securities and Exchange Act (“Regulations Governing the Acquisition and Disposal of Assets by Public Companies”) by the competent authorities, except where otherwise provided by other laws or regulations, such provisions shall govern.

Article 2 The term “assets” as used in the Procedures include the following:

1. Investment of long-term and short-term securities (including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities).
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law and other major assets.

The terms defined in the Procedures shall be in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” by the competent authorities.

Article 3 The Company shall handle the acquisition or disposal of assets in compliance with the Procedures provided or in accordance with the law upon approval by the board of directors. If any director expresses objection with records or in written statements, the Company should fully consider the comments made from each independent director and shall include opinions of those who vote in favor or

against and the reasons of dissent expressed in the meeting minutes.

Any transaction involving major assets or derivatives trading made by the Company shall be approved by more than half of all audit committee members and submit to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.

Article 4 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China (ROC), the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable and that they have complied with applicable laws and regulations.

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

**Article 5      Acquisition or disposal process of real property, equipment or related right-of-use assets**

**1. Assessment and operating procedures**

Real property, equipment or related right-of-use assets are acquired or disposed of in accordance with property, plant and equipment cycle of the Company's internal control system.

**2. Trading conditions and the degree of authority in decision-making process**

- (1) Real property or related right-of-use assets acquired or disposed shall be determined the trading conditions and price by referring to the notice of present value, assessment value, the actual price of nearby real estate transaction. An analytical report shall be composed and submit to Chairman for approval and resolution by the board of directors.
- (2) Equipment or related right-of-use assets are acquired or disposed of by price inquiry, price comparison, price negotiation, or bidding; also, it is processed by the stratified unit heads in accordance with the Company's authorization hierarchy. Each transaction amount exceeding 10% of the paid-in capital collected must be approved by the audit committee in advance and submit to the board meeting for resolution; however, the board of directors may authorize the Chairman to review and approve the process first and then report to the board of directors afterward.
- (3) Each subsidiary of the Company may acquire non-operating real property or related right-of-use assets for an amount not exceeding 10% of the Company's net worth.

**3. Executive department**

For the acquisition or disposal of real property, equipment or related right-of-use assets, it should be presented for approval in accordance with the Company's authorization hierarchy and then executed by the implementing

department or related department.

4. Appraisal reports of real property, equipment or related right-of-use assets  
In acquiring or disposing of real property, equipment or related right-of-use assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business equipment, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and comply with the following provisions:
  - (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be approved by the audit committee in advance and submit to the board of directors for resolution. The same procedure applies whenever there is any subsequent change to the terms and conditions of the transaction.
  - (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
  - (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
    - i. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
    - ii. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
  - (4) No more than three months may elapse between the date of appraisal report issued by a professional appraiser and the contract execution date; however, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion is needed from the original professional appraiser.

#### Article 6 Acquisition or disposal process of securities

1. Assessment and operating procedures  
Securities are acquired or disposed of in accordance with the investment cycle of the Company's internal control system.

2. Trading conditions and the degree of authority in decision-making process
  - (1) For securities that are traded at the stock exchange market or OTC market by the finance division, shall be authorized and approved by the Chairman in accordance with the Company's authorization hierarchy. Each transaction amount exceeding 20% of the Company's paid-in capital must be approved by the audit committee in advance and submit to board of directors for resolution. However, the board of directors may authorize the Chairman to review and approve the process first and then report to the board of directors afterward.
  - (2) For securities that are not traded at the stock exchange market or OTC market, the net worth per share, profitability, and development potentials should, prior to the date of occurrence of the event, be valued by referring to the most recently certified or reviewed financial statements of the investment subject. Unless such securities are with market price available for reference or otherwise regulated by the Financial Supervisory Commission (hereinafter referred to as "the FSC"), also, shall be authorized and approved by the Chairman in accordance with the Company's authorization hierarchy. Each transaction amount exceeding 10% of the Company's paid-in capital must be approved by the audit committee in advance and submit to the board meeting for resolution. However, the board of directors may authorize the Chairman to review and approve the process first and then report to the board of directors afterward.
  - (3) The amount of securities invested by the Company and the subsidiary of the Company
    - i. Total investment amount in securities acquired by the Company may not exceed 350% of the Company's net worth; total investment amount in securities acquired by each subsidiary of the Company may not exceed 50% of the Company's net worth.
    - ii. The investment amount in single security acquired by the Company may not exceed 350% of the Company's net worth; the investment amount in single security acquired by each subsidiary of the Company may not exceed 50% of the Company's net worth.
3. Executive department

For the investment in securities, a proposal shall submit for approval in accordance with Company's authorization hierarchy mentioned in Article 6-2, and then executed by the finance division.
4. Acquisition of the professional opinions

The Company acquiring or disposing of securities shall, prior to the date of

occurrence of the event, engage a certified public accountant (CPA) to provide an opinion regarding the reasonableness of the transaction price if the dollar amount of the transaction reaches 20% of the Company's paid-in capital or NT\$300 million or more. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 7     The Company that engages in transactions of any acquisition or disposal of assets from or to a related party shall be carried out in compliance with the Procedures and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” by the competent authorities.

Article 8     Acquisition or disposal process of intangible assets or related right-of-use assets, or memberships

1. Assessment and operating procedures

The intangible assets or related right-of-use assets, or memberships are acquired or disposed in accordance with the process of the Company's internal control system.

2. Trading conditions and the level of authority in decision-making process

(1) Memberships acquired or disposed shall be determined the trading conditions and price by referring to the market price with an analysis report composed for presentation; also, it is processed by the related department in accordance with the Company's authorization hierarchy. A transaction amount exceeding NT\$10 million must be submitted and approved by the board of directors for resolution in advance.

(2) Intangible assets or related right-of-use assets acquired or disposed shall be determined the trading conditions and price by referring to the assessment report of experts or market price with an analysis report composed for presentation; also, it is processed by the related department in accordance with the Company's authorization hierarchy. A transaction amount exceeding 2% of the Company's net worth must be approved by the audit committee and submit to the board of directors for resolution in advance.

3. Executive department

For the acquisition or disposal of intangible assets, right-of-use assets or memberships, it shall be submitted for approval in accordance with the

Company's authorization hierarchy and then executed by the implementing department and finance division or administration department.

4. Appraisal reports of intangible assets, right-of-use assets or memberships

In acquiring or disposing of intangible assets, right-of-use assets or memberships, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 9 Acquisition or disposal process of the claims of financial institution

Basically, the Company does not acquire or dispose the claims of financial institutions. If the Company plans to acquire or dispose the claims of financial institutions in the future, the Company will present it to the audit committee for approval in advance and submit to the board of directors for resolution, and then have the assessment and operating procedures regulated.

Article 10 The procedures of acquisition or disposal of derivatives trading

1. Trading principles and strategies

(1) The types of derivatives trading

The derivatives trading which the Company engage in are forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rates, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.

(2) Hedging operations

The Company has conducted derivatives trading for hedging purpose to hedge the risk exposure position. The derivatives for purposes other than hedging can be processed only by the unit heads authorized by the approval of the audit committee and the resolution of the board of directors.

(3) Division of responsibilities

- i. Trade personnel: Transactions are processed in accordance with the authorization hierarchy. Trade personnel are to have the exposure positions computed weekly and assess the risk in

accordance with the change in positions and financial market information.

- ii. Confirmation personnel: To confirm transactions executed.
- iii. Clearance personnel: Responsible for clearance process.
- iv. The aforementioned position of trade, confirmation, and clearance must be conducted by personnel of the finance division independently. The trade partners must be informed in writing regarding the change in trade personnel before the effective date.

(4) Authorization hierarchy

- i. Authorization hierarchy for the amount of one transaction in a hedging transaction:

Component Supervisor	Authorization for the amount of one transaction
Chairman	Under USD\$10 million
Board of Directors	Over USD\$10 million

- ii. Transactions for a particular purpose must be processed by the unit heads authorized by the approval of the audit committee and the resolution of the board of directors.

(5) Contract amount

- i. The outstanding contract amount of a hedging transaction is limited to the Company's risk exposure position.
- ii. The outstanding contract amount of a transaction for a particular purpose is limited to 10% of the Company's income in the most recent quarter.

(6) Loss limit

- i. The loss limit of the individual hedging transaction agreement or entire hedging transaction agreement is limited to 25% of the contract amount.
- ii. The loss limit of the individual transaction for a particular purpose agreement or entire transaction for a particular purpose agreement is limited to 10% of the contract amount.

(7) Performance evaluation

- i. Hedging transaction  
Performance evaluation is based on the hedged items and the overall profit and loss of the hedging transaction.
- ii. Transactions for a particular purpose  
Performance evaluation is based on the specific projects and the overall profit and loss of the specific transactions.
- iii. Finance division is to have transaction position valuation and



market analysis provided to the chief financial officer periodically for reference in management and decision-making.

(8) Periodically evaluation

Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

2. Risk management measures

(1) Credit risk

Domestic and international financial institutions are the trading partners and their credit rating is included for consideration.

(2) Market risk

The risk of change in market price of derivatives due to the factors of interest rate, exchange rate, and others is controlled and managed in accordance of Clause (6) Loss Limit above.

(3) Liquidity risk

The underwritten financial commodity must be in volatile form that can be written off reversely in market at any time; also, the commissioned financial institutions must have sufficient information and capability to conduct transactions in market.

(4) Cash-flow risk

The cash-flow risk of the derivatives in transaction must be considered for securing sufficient working capital in clearing process.

(5) Operational risk

- i. The derivatives traders are to avoid operational risk by complying with Clause (3) Division of Responsibilities above.
- ii. The personnel responsible for risk assessment, monitoring, and control must be in different department from the individuals stated in Clause (3) Division of Responsibilities above. The said personnel are also responsible for reporting to the board of directors or the senior management that is not in charge of transaction or position decision-making.

(6) Legal risk

The document to be signed with financial institutions must be reviewed by finance personnel, regulatory staff, or legal advisers in advance to avoid legal risk.

3. Internal audit

- (1) The Company engaging in derivatives trading shall establish a log book and record details in the log book according to the related acts.

- (2) The Company's internal audit department shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is found, the audit committee shall be notified in writing.

4. The supervision principles of the board of directors

- (1) The board of directors shall periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
- (2) The board of directors shall authorize the senior management personnel to manage derivatives trading in accordance with the following principles:
  - i. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Procedures.
  - ii. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and report immediately to the board of directors, where an independent director shall be present at the meeting and express an opinion.
- (3) The Company shall report to the earliest upcoming meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the Procedures.

Article 11 For the assets acquired or disposed of lawfully by mergers, demergers, acquisitions, or transfer of shares, in addition to the Procedure, the Company has it processed in accordance with the Merger and Acquisition Act and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by the competent authorities.

Article 12 The reporting projects, reporting standard, reporting period, and reporting procedures of the Company's assets acquisition and disposition is announced in accordance with the requirements of the competent authorities.

Article 13 The Company's subsidiaries are to follow the following rules and regulations:

- (1) Subsidiaries are to have the assets acquisition or disposition processed in accordance with the Company's procedures or defined rules governing

assets acquisition or disposition.

- (2) If a subsidiary of the Company is not a public company in Taiwan, are to have the assets acquisition or disposition processed shall make public announcement as stated in the provisions of Article 12 above. The Company shall make a public disclosure on such event and report on behalf of the Company's subsidiary.
- (3) If subsidiaries are to have the assets acquisition or disposition processed, it shall comply with the relevant regulations by announcing or disclose publicly or by the Company in accordance with the regulations. The Company shall enter the necessary information to be announced on behalf of the Company's subsidiary into the designated reporting system on website.
- (4) Subsidiaries have the rules governing assets acquisition or disposition defined in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", also, it is approved by the board of directors of the subsidiary before presenting to the shareholders' meeting for resolution and the same also applies to amendment.

#### Article 14 Punitive provisions

The personnel of the Company shall handle the acquisition or disposal of assets in compliance with the Procedures provided. Violation of the Procedures will be punished in accordance with the Company's human resource regulations.

#### Article 15 The "Procedures For Acquisition or Disposal of Assets" of the Company shall be approved by more than half of all audit committee members and submit to the board of directors for a resolution and then presented to the shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses objection with records or in written statements, the Board shall take into full consideration of each independent director's opinions and record in the minutes of the board of directors meeting if an independent director objects to or expresses reservations about any matter.

When the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors of the Company for a resolution. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

Article 16 Any outstanding issues of the Procedures are processed in accordance with the governing law.