

**MediaTek Inc.**  
**Operating Procedures of Outward Loans to Others**

*Approved by the Annual General Shareholders' Meeting 2019*

**Article I**

The Company may lend its funds to others and shall follow the Operating Procedures specified herein.

When the Company uses IFRSs in preparing financial report, "the Company's net worth" referred herein shall mean 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 II**

The party to whom the Company may lend its funds shall be limited to:

I. Companies that have business transaction with the Company and that listed as top ten vendors or customers in terms of transactional amount in the past twelve months before lending of funds.

II. Companies that have need for short-term financing facility. The "short-term" used herein shall mean the period of one year.

Lending to companies that have business transaction with the Company shall be limited to the situation where the companies need those funds for operational purpose. Lending to companies that have need for short-term financing facility shall be limited to subsidiaries of the Company which the Company directly or indirectly holds more than ninety percent of the voting stock.

**Article III**

The total amount for lending and the maximum amount available to each company:

I. The total amount for lending shall not exceed 20% of the Company's net worth.

II. The total amount for lending to companies having business transaction with the Company shall not exceed 20% of the Company's net worth; the maximum amount lendable to a single company is the transaction amount (refers to sales, procurement, or service fees between the parties, whichever is higher) between the parties during the period of twelve months prior to the time of lending, 10% of the Company's net worth or 30% of the borrower's net worth, whichever is lower.

III. The total amount for lending to companies that have need for short-term financing facility shall not exceed 20% of the Company's net worth; the maximum amount lendable to a single company is 10% of the Company's net worth or 30% of the borrower's net worth, whichever is lower.

(1) Fund lending between foreign subsidiaries held directly or indirectly by the Company with 100% of the voting stocks; or (2) fund lending by foreign companies held directly or indirectly by the Company with 100% of the voting stocks to the Company, shall be excluded from the above limitations. However, these subsidiaries shall still set forth

limitations on amount and tenor of fund lending in its internal rules in accordance with the relevant competent authorities' rules and regulations.

#### **Article IV**

Financing duration and interest calculation:

Financing duration: The term of each loan shall not exceed one year. The interest rate shall not be lower than the short-term borrowing rate quoted by financial institutions. The interests shall be calculated on a monthly basis.

(1) Fund lending between foreign subsidiaries held directly or indirectly by the Company with 100% of the voting stocks; or (2) fund lending by foreign companies held directly or indirectly by the Company with 100% of the voting stocks to the Company, shall be excluded from the limitations on financing duration set forth above. The interest rate shall not be lower than the short-term borrowing rate quoted by financial institutions. The interests shall be calculated on a monthly basis.

#### **Article V**

The borrower shall fill out an application letter when applying loans from the Company, clearly stating the amount of the loan, the terms, purpose, provide collateral, and shall provide basic information and financial information to the Company for the purpose of credit evaluation.

Based on the provided information, the financial department shall evaluate the necessity and rationality of the loan application, the credibility and risk assessment of the borrowers, impact on the Company's business operations, financial conditions, and shareholder's equity, and the necessity to acquire collateral and appraisal of collateral shall be assessed in detail.

#### **Article VI**

When the borrower (excluding subsidiaries that the Company directly or indirectly holds 90% or more of voting stocks) requests a loan according to the regulations above, they shall provide an equal amount of promissory note, collateral and/or other guarantees as requested by the Company. When collateral is provided, the owner shall grant pledges and/or mortgages to the Company, for the purpose of securitizing its obligations.

#### **Article VII**

After the loan is appropriated, the financial department shall periodically evaluate the borrower's and the guarantor's (if any) financial condition and credit standing. If the debt is overdue and still irretrievable after communications, the financial department shall immediately notify the legal department to take further actions so as to ensure the Company's interest is well protected.

#### **Article VIII**

Before the lending, it shall be assessed deliberatively whether it meets the requirement of relevant competent authorities' regulations and the Operation Procedures, and shall submit the result of examination made in accordance with of Article V and Article VI above to the Board of Directors for its approval. No delegation of authority shall be

made to any other person in this regard. The proposal of any lending of the Company's funds shall be approved by half or more of all Audit Committee members before submitting to the Board of Directors for a resolution. If approval of half or more of all Audit Committee members is not obtained, the Operating 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.

Fund lending between the Company and its subsidiaries shall be approved by the Board of Directors of the Company as stipulated in the preceding paragraph, and the Board may authorize its Chairman to lend funds to a specific subsidiary within a certain monetary limit resolved by the Board, within a period not exceeding one year, in installments or to make a revolving credit line.

#### **Article IX**

For those related to fund lending that are required to be reported to government authorities or make public announcement, the Company shall follow such rules. If the subsidiaries of the Company is not domestic listed company, the relevant report or public announcement that needs to be made by the subsidiaries in accordance with relevant rules will be made by the Company on behalf of the subsidiaries.

#### **Article X**

When fund lending to other parties is contemplated by the Company's subsidiary, the Company shall instruct the subsidiary to promulgate the operating procedures of fund lending, and submitted such to the Audit Committee/the Board of Directors and/or the shareholders' meeting of the subsidiary for approval, and shall instruct the subsidiary to follow the approved operation procedures.

When fund lending to other parties is contemplated by the Company's subsidiary, the subsidiary shall fill out a credit report and opinion and set forth the terms of lending, and then submit such to the Audit Committee/the Board of Directors and/or the shareholders' meeting of the subsidiary for its approval.

If the Company's subsidiary lends fund to others, the subsidiary shall disclose relevant information to the Company periodically for review by the Company.

#### **Article XI**

The Company shall prepare a memorandum book for its fund lending activities and record the relevant matters according to the relevant rules and regulations.

#### **Article XII**

The Company's internal auditors shall audit the Operating Procedures and its execution situations every quarter and prepare written records accordingly. They shall promptly notify all the members of the Audit Committee in writing of any material violation found.

#### **Article XIII**

If the borrower's qualification no longer meet the requirement of laws or the Operating Procedures or the balance of

lending is exceeded due to changes of circumstances, the Company shall draw up rectification plans, submit these plans to all the members of the Audit Committee, and implement these plans in accordance with the time frames set.

**Article XIV**

In the event that the Company's executive officers and relevant personnel violate the rules or regulation set by competent authority and the Operating Procedures, the Company will impose penalty or adjust their positions in accordance with the Company's internal rules.

**Article XV**

The Operating Procedures shall, after being resolved by half or more of all Audit Committee members and the Board of Directors, be submitted to the shareholders' meeting for approval. The same shall be applicable in case of amendment. For matters not provided for herein, it shall be handled in accordance with relevant laws and regulations.