

ADATA Technology Co., Ltd

Regulations of Loan Procedure

1. Purpose These Regulations are promulgated pursuant to Article 36-1 of the Securities and Exchange Act and Article 15 of the Company Code ("the Act")
2. Content
 - 2.1 Borrower:
 - 2.1.1 Those business or entities which who have business relationships with the Company.
 - 2.1.2 Those business or entities which who have short-term capital needs with the Company. The short-term means one-year period. In case the period of business cycle is longer than one year, that period shall prevail.
 - 2.2 The reason and necessity of loan to others Where funds are loaned for reasons of business dealings and short-term financing is needed, the reasons for and conditions of extending loans shall be enumerated. Borrower credit status and risk assessment must be well performed and the result of the borrower's credit and the necessity of the loan shall be acceptable.
 - 2.2.1 When there are short-term capital needs among the companies which are 10% owned directly and indirectly by the Company.
 - 2.2.2 Others need loan because of material purchase and operation capital.
 - 2.2.3 The others are approved by the Board.
 - 2.3 Lending Evaluation Criteria :
 - 2.3.1 When engaging in fund lending arising from business transactions, the evaluation criteria for determining whether the loan amount is commensurate with the amount of business dealings shall be clearly defined. The provisions of 2.4.2 of these operating procedures shall apply.
 - 2.3.2 When there is a need for short-term financing, the reasons and circumstances under which funds may be lent shall be listed.
 - 2.4 Limit of Total Lending Amount and Each borrower
 - 2.4.1 The total amount available for lending purpose shall not exceed 40% of the total net value of the Company. For any borrower, the total amount available and Funds lent to companies having short-term capital needs with the Company or subsidiaries shall not exceed 30% of net value of the said companies.
 - 2.4.2 Funds lent to companies that have business relationship with the Company shall not exceed business amount of both parties (indicate sales or purchase amount, which is higher)
 - 2.4.3 Funds lent to companies that have short term capital needs with the Company shall not exceed 10% of net worth of the previous financial report
 - 2.4.4 When the Company engages in fund lending to foreign companies in which it directly

or indirectly holds 100% of the voting shares, or when such wholly owned foreign subsidiaries engage in fund lending to the Company, the lending amount shall not be subject to the restriction of 40% of the net worth of the lending enterprise. However, the total amount of fund lending and the individual lending limit shall not exceed 40% of the net worth shown in the Company's most recent financial statements. The lending period shall, in principle, be one year, and may be extended as necessary upon approval of the Board of Directors.

The aforementioned total lending amount, individual lending limit, and lending period may be exempted from the requirements set forth in Paragraph 2.4.2, 2.4.3, and Article 2.5.

2.5 Loan Period and Interest calculation:

2.5.1. The period of each loan will not exceed one year and could be extended based on business development after securing the approval of the board.

2.5.2 The interest rate of the loan shall not be lower than the capital cost of the Company from its short-term loan with the financial institution. Any adjustment of the interest rates shall be submitted by the financial department to the board of directors for its approval and then be executed. The interests to be collected mentioned in the preceding section shall be calculated and paid once a month, be withheld when the fund is appropriated, or be paid on the last day of the lending period.

2.6 Procedures for Lending of Capital:

2.6.1 Credit Application and Check:

The borrower applying for the loan shall present a written application specifying the credit line of the loan to the Company with the necessary documents and guarantee information. The Finance Department shall conduct an investigation and evaluation on the application with respect to the borrower's business, financial status, ability to repay the debt, credit profitability and purpose for lending and come out with a report to the chairman of board of directors for the board's approval.

2.6.2 Collateral

When the Company engages in fund lending, it may, when necessary, obtain promissory notes of an equivalent amount, establish mortgages on movable or immovable property, and assess the value of such collateral.

For the secured claims described in the preceding paragraph:

If the debtor provides an individual or company with sufficient financial capability and credit as a guarantor in lieu of collateral, the Board of Directors may proceed based on the credit report prepared by the Finance Department.

If a company acts as the guarantor, due attention shall be paid to whether its articles of incorporation contain provisions permitting it to act as a guarantor.

2.6.3 Authorization Scope

When the Company engages in fund lending, after a credit assessment conducted by the Finance Department, the matter shall be submitted for approval by the General Manager and subsequently reported to the Board of Directors for resolution. No other person shall be authorized to make such decisions. The opinions of all independent directors shall be fully considered, and their explicit approval or disapproval, along with reasons for any objection, shall be recorded in the Board meeting minutes.

Fund lending between the Company and its parent company or subsidiaries, or between subsidiaries of the Company, shall also be submitted to the Board of Directors in accordance with the preceding paragraph. The Board may authorize the Chairman to disburse or allow revolving use of the approved funds in installments to the same lending recipient, within the approved limit and for a period not exceeding one year.

Unless otherwise in compliance with Article 4, the authorized lending amount of the Company or its subsidiaries to a single enterprise shall not exceed 10% of the net worth shown in the Company's most recent financial statements.

2.7 Procedures for Information Disclosure:

2.7.1 The Company shall, by the 10th day of each month, publicly disclose the outstanding fund lending balances of the Company and its subsidiaries for the preceding month.

2.7.2 A public 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.

For the purposes of these Procedures, the "Date of Occurrence" shall refer to the earliest of the following dates: the contract signing date, the payment date, the Board of Directors' resolution date, or any other date sufficient to determine the lending recipient and the loan amount.

2.7.2.1 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.

2.7.2.2 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.

2.7.2.3 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 a public company of the Republic of China any matters that such subsidiary is required to

announce and report pursuant to subparagraph 2.7.2.3 of the preceding paragraph.

2.8 Follow-up Controlling Measure and Procedure for Collecting Loans Matured.

2.8.1. After the loan is granted, the finance department shall follow and trace financial status, business and credit status of the borrower and guarantor monthly, and when necessary, may request the borrower to furnish financial data from time to time. In case any collateral is furnished, attention shall be paid to the value change of it. In case of material change in the value of the collateral, the chairman of the board of directors shall immediately be notified and proper measures be taken as instructed by the chairman.

2.8.2 When the loan is due or the borrower pays the loan before the due date, the borrower shall calculate the payable interests and pay the interests with the principal before the promissory note, bank guarantee, other collaterals, or object of mortgage may be rescinded and returned to the lender or the mortgage registration may be cancelled.

2.8.3 The lender shall demand repayment of principals and interests when the loan becomes due. If the timely repayment could not be effected and extension of the term is needed, prior request is required to the board of directors for its approval. Each extension shall not exceed 6 months and the whole lending period shall be within one year. Such extension shall be limited to only once. Any loan which is due and which is not repaid after the written notice of collection by the Company shall be subjected to the Company's further legal actions or the court's ruling and the promissory notes and collaterals be effected.

2.9 Internal Control

2.9.1 A register shall be set up to record for reference the party, amount, date of resolution, date of grant of the loan and other matters required by rules to be carefully evaluated.

2.9.2 Internal auditing personnel shall audit the procedure and its implementation quarterly and make written record. If material breach is detected, Audit Committee shall immediately be notified by written notice.

2.9.3 When the loan receiver not qualified under this procedure or the remaining amount of the loan exceeds the limit due to change of circumstances, an improvement program shall be made and sent to Audit Committee, followed by scheduled improvements to strengthen the internal control of the Company.

2.10 The operational procedures for fund lending to others by the Company's subsidiaries shall be governed in accordance with the Subsidiary Management Regulations and Procedures.

2.11 If the Company's responsible officers violate Article 1 or the provision that the total lending amount shall not exceed 40% of the Company's most recent financial statement net worth, they shall be jointly and severally liable with the borrower for repayment. In the event that the Company suffers any loss, such officers shall also be liable for damages.

3. Other

3.1 The Company shall require its subsidiaries to establish and follow operational procedures

when lending funds to others.

3.2 The Company shall assess the fund lending situation and establish adequate allowances for doubtful accounts. It shall appropriately disclose related information in the financial reports and provide relevant materials for the auditors to perform necessary audit procedures and issue a proper audit report.

3.3 Matters not fully addressed in these Procedures shall be handled in accordance with applicable laws and regulations and the Company's relevant internal rules.

4. Effective Date and Amendments

The Company has established an Audit Committee. The establishment or amendment of operational procedures for fund lending to others shall require the approval of more than one-half of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution.

If the approval of more than one-half of all Audit Committee members is not obtained as described in the preceding paragraph, the procedures may be adopted with the approval of at least two-thirds of all directors. The Board meeting minutes shall record the Audit Committee's resolution.

For the purposes of the preceding paragraphs, "all members of the Audit Committee" and "all directors" shall be calculated based on the actual number of members in office.