

Pili International Multimedia Co., Ltd.

Procedure for Loaning of Funds to Others

Article 1

The Company shall adhere to this Procedure for all loaning of funds to others. Any matters not covered under this Procedure shall be governed by the relevant laws and regulations.

Article 2

The Company may only loan funds to the following:

I. Companies or firms that the Company has business dealings with. ("Business dealings" here refers to the purchase or sale of goods, or the provision of services between the two parties)

II. Companies or firms with short-term financing requirements. The financing amount may not exceed 40% of the borrower company's net worth.

"Short-term" as used here refers to one year. If the company's operating cycle is longer than one year then the operating cycle shall apply.

"Financing amount" as referred to in Article 1, Paragraph 2, refers to the cumulative balance of short-term financing issued by the Company.

Lending of capital between foreign companies in which the Company holds 100% direct or indirect voting interest, and borrowing of capital by the Company from foreign companies in which it holds 100% direct or indirect voting interest, are not subject to the restrictions stated in Subparagraph 2, Paragraph 1. Nevertheless, these transactions are still subject to the borrowing limits, counterparty limits, and tenor restrictions specified in Articles 3 and 9 of the Procedures.

Article 2-1

"Subsidiary" and "parent company" as referred to in this Procedure shall be as defined under the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Where the financial report of the Company was prepared in accordance with the International Financial Reporting Standard, net worth in this Procedure refers to the shareholder equity of the parent company given in the balance sheet prepared in accordance with the "Regulations Governing the Preparation Reports by Securities Issuers."

The term "announce and report" as used in this Procedure refers to the entry of data into reporting website designated by the Financial Supervisory Commission (FSC).

The term “date of occurrence” as used in this Procedures refers to the date of contract. The term "date of occurrence" mentioned in the Procedures shall be determined as the earlier between the contract signing date, the payment date, the board resolution date, and any other dates when the transaction counterparty and the transaction amount can be confirmed with certainty.

Article 3

Restrictions on loans, aggregate totals and individual borrowers are as follow:

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- I. Loans and their aggregate total made by the Company shall not exceed 100% of the Company’s net worth. The aggregate of loans between companies or firms due to short-term financing requirements shall however not exceed 40% of the Company’s net worth.
- II. Individual loans and amounts to companies or firms that have business dealings with the Company shall not exceed the total amount of mutual business transactions.
- III. Individual loans and amounts to companies or firms with short-term financing requirements shall not exceed 40% of the Company’s net worth.
- IV. Lending of capital between foreign companies in which the Company holds 100% direct or indirect voting interest, and borrowing of capital between the Company and foreign companies in which it holds 100% direct or indirect voting interest, are capped at 100% of the Company's net worth on an individual and aggregate basis. Net worth shall be as stated on the most recent financial reported audited, attested or reviewed by the CPA.

Article 3-1

Evaluation criteria for loan of funds to others:

- I. For loan of funds by the Company due to business dealings, the evaluation criteria for loan amount and amount of mutual business transactions:
 - 1. The amount of business transactions for customers of the Company’s physical products, shows and audio-video copyrights, or vendors with whom the Company has business dealings with, shall be based on the net value of sales or purchases made by the Company in one year, whichever is higher.
 - 2. The amount of business transactions for customers of services provided by the Company, and business agents of the Company shall be based on the contractual amount of commercial performances and product endorsements provided by the Company in one year.
 - 3. The amount of business transactions for customers that license the Company’s copyright (including but not limited to original artistic content, music, audio-video content, recorded content, written content, and video content)

shall be based on the total amount of royalties in one year or the total amount of contract, whichever is highest.

II. The reasons and circumstances under which the Company may make a loan of funds to others with short-term financing requirements are as follow:

1. Where a collaborator or customer of the Company's physical merchandise, shows and audio-video works have financing requirements arising from the purchase of raw materials or services. Where another company commissioned the Company to produce its audio-video work or had acquired licensing rights from the Company, and have financing requirements arising from the purchase of raw materials or services.
2. A customer of the Company's services, an agent for the Company's businesses or a licensing customer has a requirement for short-term operational funds and guarantees due to their contracting of the Company's services.
3. Where a company that the Company holds, directly or indirectly, more than 50% of voting shares, has investment requirements, and that the proposed investment is related to the Company's business activities and will be beneficial to the future business development of the Company.
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4. Where needed by an investment subsidiary, affiliate or subsidiary of the Company for the repayment of bank loans, purchase of equipment, business turnover or normal business activities.
5. Other parties that the Company's Board of Directors has agreed to make loans to.

Article 4

Each loan shall in principle not exceed one-year in duration. For loans due to business dealings, the loan duration may be extended in special circumstances if approved by both the Audit Committee and the Board of Directors. The lending interest rate shall be adjusted depending on the capital costs of the Company but may not be lower than the interest rate of the Company's short-term loans from financial institutions. Interest shall be calculated on a quarterly basis but may be adjusted in special circumstances to the actual conditions with the consent of the Board of Directors.

The interest payable mentioned in Paragraph 1 of this Article shall be settled quarterly or as a lump-sum upon maturity.

Article 5

A borrower applying to the Company for a loan shall issue an application or letter detailing the loan amount, duration, purpose and collateral. Basic and financial information shall also be provided to facilitate credit checks by the Company. If the borrower holds more than 51% of the Company shares then the credit check can be

waived.

The financial unit shall carefully review the information obtained above in terms of the loan's necessity and reasonableness. borrower's credit rating and risk assessment, operating risk to the Company, impact on financial situation and shareholders' equity, whether collateral is required, and the appraised value of collateral.

Article 6

When a borrower applies for a loan in accordance with the preceding article, except for subsidiaries in which the Company holds, directly or indirectly, more than 50% of voting shares, a promissory note, collateral and/or other guarantees required by the Company of the same value shall be provided. If collateral is provided, the pledging and/or mortgaging procedure shall be carried out to safeguard the Company's creditor's rights.

Article 7

Fire insurance shall be purchased for all collateral except for land and securities. Full insurance shall also be purchased for vehicles; the insurance coverage shall in principle be no less than the collateral's cost of replacement; the insurance policy shall set the Company down as the beneficiary. The item name, quantity, place of storage and terms recorded on the insurance policy shall be consistent with the original conditions set by the Company for the loan.

Article 8

Once the loan has been issued, the financial unit shall periodically evaluate the financial and credit situation of the borrower and guarantor (if any). If a debt is overdue and cannot be recovered after a demand for repayment has been issued, the

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financial unit shall immediately notify the legal unit to take further collection action against the debtor and safeguard the Company's interests.

Article 9

Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with the "Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies" issued by the competent authority for securities and the provisions of this Procedure. The results of this review and the review conducted in accordance with Article 5, Paragraph 2, shall be submitted to the Board of Directors for a decision. The Company may not delegate the decision to others.

Loans between the Company and a subsidiary or between subsidiaries shall be decided by the Board of Directors. The Chairman may also be authorized, for a specific borrower, to issue the loan in installments or provide a revolving credit line up to a certain monetary limit approved by a resolution of the Board of Directors

within a period not exceeding one year.

"Certain monetary limit" as mentioned in the preceding paragraph must conform to Article 4, Paragraph II. the authorized limit on loans extended by the Company or any of its subsidiaries to any single enterprise shall not exceed 10% of the Company's net worth according to the most recent financial report.

Opinions raised by independent directors must be fully taken into consideration when lending capital to external parties. Any objections or reservations raised by independent directors must be recorded in board of directors meeting minutes.

Article 10

The Company shall announce and report the balances of loans made by the Company and subsidiaries in the preceding month by the 10th of each month.

If a loan made by the Company reaches any of the following thresholds then it must announced and reported within 2 days of the date of occurrence:

I. The aggregate balance of loans to others made by the Company and subsidiaries has exceeded 20% of the Company's net worth according to the most recent financial report.

II. The balance of loans to a single enterprise made by the Company and subsidiaries has exceeded 20% of the Company's net worth according to the most recent financial report.

III. The amount of new loans made by the Company or subsidiaries has exceeded NT\$100 million and also exceeded 2% of the Company's net worth according to the most recent financial report.

The Company shall announce and report any loan matters that it is required to report to the competent authority or announce in accordance with the relevant laws and regulations. If a subsidiary of the Company is not publicly listed domestically and is required by regulations to make a report, the Company shall act on its behalf.

Article 11

The Company shall evaluate the status of its loans and set a sufficient reserve aside to cover bad debts. The relevant information shall be adequately disclosed in the

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financial reports and certified public accountants provided with the necessary information for the conduct of necessary audit procedures.

Article 12

The financial department shall create a log book and keep a record of all matters relating to the loans made by the Company in accordance with the relevant laws and regulations.

Article 13

Internal auditors of the Company shall audit the loan procedure and its execution at

least once every quarter, and produce a written record. If a material violation is discovered then the Audit Committee and all independent directors shall be notified in writing right away.

Article 14

If a change in the circumstances of the Company leads to a borrower becoming not compliant with the relevant laws, the provisions of this Procedure, or the balance exceeds the authorized limits, an improvement plan shall be formulated then submitted to the Audit Committee and independent directors. The corrective action shall be completed in accordance with the planned timetable.

Article 15

When a subsidiary of the Company intends to make a loan to other parties, the Company shall direct the subsidiary to formulate a procedure for making loans to others, and submit them in accordance with regulations to its board of directors and shareholders for adoption. The subsidiary shall then directed to follow the adopted procedure.

When a subsidiary of the Company intends to make a loan to others, the credit report and terms of the loan shall be submitted to the subsidiary's board of directors for approval. If the borrower holds more than 51% of the Company shares then the credit check can be waived.

If a subsidiary of the Company makes a loan to others the relevant information shall be periodically provided to the Company for auditing.

Article 16

Company managerial officers and the personnel in charge shall adhere to the provisions of this Procedure in their handling of loans and related matters to protect the Company against losses from improper operations. For any violations of the relevant laws and regulations as well as the provisions of this Procedure, penalties will be imposed in accordance with the relevant personnel regulations of the Company.

Article 17

The adoption, and any amendments thereof, of this Procedure requires the majority consent of the full Audit Committee. It must then be approved by the Board of Directors and submitted to the shareholders meeting for consent.

If the majority consent of the full Audit Committee from the preceding paragraph was not granted, it may be approved by a two-thirds majority of all directors. The resolution of the Audit Committee shall also be recorded in the Board of Directors meeting minutes.

The "full Audit Committee" and "all directors" as used herein is defined as the number of members actually in office at the given time. This Procedure was

formulated on June 28, 2012.

1st amendment to this Procedure was made on May 31, 2013.

2nd amendment to this Procedure was made on May 30, 2014.

3rd amendment to this Procedure was made on October 14, 2016.

4th amendment to this Procedure was made on May 27, 2020.