

VSO ELECTRONICS CO., LTD.

Rules of Procedure for the Audit Committee

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there are any inconsistencies between the Chinese version and this translation, the Chinese version shall prevail.)

1. Purpose

1.1 These rules are established in accordance with Article 3 of the *Regulations Governing the Exercise of Powers by Audit Committees of Public Companies* to strengthen corporate governance and enhance the functions of the Board of Directors.

2. Scope

2.1 The composition, tenure, powers, rules of procedure, and resources to be provided by the company for the exercise of powers by the Audit Committee are governed by these rules.

3. References

3.1 The *Securities and Exchange Act* (hereinafter referred to as the "Act"), the *Company Act*, and other laws applicable to supervisors are also applicable to the Audit Committee.

4. Definitions

4.1 Definitions under these rules:

4.1.1 "All members" refers to the total number of members currently in office.

4.1.2 The secretarial unit of the Audit Committee shall be the same as that designated by the Board of Directors.

5. Authority

5.1 The Audit Committee shall periodically review matters related to these rules and propose amendments to the Board of Directors.

5.2 These rules, along with any amendments, shall take effect upon approval by the Board of Directors.

6. Operational Content

6.1 Purpose of the Audit Committee's Operations

6.1.1 The primary purpose of the Audit Committee's operations is to oversee the following:

6.1.1.1 Fair presentation of the company's financial statements.

6.1.1.2 Selection, dismissal, independence, and performance of the certifying CPA.

6.1.1.3 Effective implementation of the company's internal controls.

6.1.1.4 Compliance with relevant laws and regulations.

6.1.1.5 Management of existing or potential risks of the company.

6.2 Composition and Tenure of the Audit Committee

6.2.1 The Audit Committee shall be composed entirely of independent directors, with at least three members, one of whom shall serve as the convener and at least one member with expertise in accounting or finance.

6.2.2 The tenure of independent directors is three years, and they may be re-elected. If a vacancy reduces the number of members below the minimum requirement, a by-election shall be held at the next shareholders' meeting. If all independent directors are dismissed, a special shareholders' meeting shall be convened within 60 days.

6.3 Exercise of Supervisory Powers by the Audit Committee as a Substitute

6.3.1 The provisions of the Securities and Exchange Act, the Company Act, and other laws applicable to supervisors shall also apply to the Audit Committee.

6.3.2 Article 14-4, Paragraph 4 of the *Securities and Exchange Act*, regarding the supervisory powers under the *Company Act*, shall apply mutatis mutandis to the independent directors serving on the Audit Committee.

6.3.3 Resolutions of the Audit Committee require the consent of more than half of all members. The convener represents the committee externally.

6.3.4 Matters related to Articles 213, 214, and 223 of the *Company Act* regarding the company's representative shall be handled according to the procedures mentioned above. The Audit Committee may resolve to appoint a member to act as a sole representative or as joint representatives. If representatives are not appointed through the aforementioned procedures, all members shall act as joint representatives.

6.4 Powers of the Audit Committee

6.4.1 The Audit Committee members shall perform their duties faithfully and be accountable to the Board of Directors. The committee's responsibilities include:

6.4.1.1 Establishing or amending internal control systems in accordance with Article 14-1 of the Act.

6.4.1.2 Evaluating the effectiveness of internal controls.

6.4.1.3 Formulating or revising procedures for major financial actions such as asset acquisition/disposal, derivative transactions, and guarantees.

6.4.1.4 Addressing matters involving directors' personal interests.

6.4.1.5 Handling significant asset transactions or derivative product trading.

6.4.1.6 Overseeing significant loans, endorsements, or guarantees.

6.4.1.7 Managing the issuance of equity-type securities through public offering or private placement.

- 6.4.1.8 Appointing, dismissing, or remunerating certifying CPAs.
- 6.4.1.9 Appointing or dismissing financial, accounting, or internal audit supervisors.
- 6.4.1.10 Reviewing financial reports signed by the Chairman, managers, and accounting supervisors.
- 6.4.1.11 Addressing other major matters as prescribed by the company or competent authorities.

6.5 Meetings and Convening of the Audit Committee

- 6.5.1 The Audit Committee shall convene at least quarterly and may convene additional meetings as needed.
- 6.5.2 Notices, including the purpose of the meeting, shall be sent seven days in advance unless there are urgent circumstances.
- 6.5.3 Meetings should be held at company premises or other locations conducive to attendance by members.
- 6.5.4 The members of the Audit Committee shall elect one member as the convener and meeting chair. If the members fail to elect a convener, the independent director with the highest number of votes shall act as the chair. If the convener is on leave or unable to convene the meeting, they shall appoint another independent director as their proxy. If no proxy is designated, the members shall mutually elect a proxy.
- 6.5.5 More than half of the independent directors may propose agenda items and reasons in writing to request the convener to call a meeting. If the convener does not call the meeting within 15 days of the request, more than half of the independent directors may convene the meeting themselves.

6.6 Setting the Agenda for the Audit Committee

- 6.6.1 The agenda for the Audit Committee shall be determined by the convener. Other members may also propose items for discussion.
- 6.6.2 When the Audit Committee convenes, the company shall prepare a sign-in sheet for independent directors attending the meeting to sign, which shall be available for future reference.
- 6.6.3 Independent directors of the Audit Committee shall attend meetings in person. If unable to attend, they may appoint another independent director as their proxy. Participation via video conferencing is considered attendance in person.
- 6.6.4 When a member of the Audit Committee appoints another independent director as their proxy, a written authorization specifying the scope of authorization for the agenda items must be provided for each meeting.
- 6.6.5 A proxy may only represent one member.
- 6.6.6 If the meeting time has arrived and less than half of all members are present, the chair may announce a postponement of the meeting on the same day, limited to two postponements. If a quorum is still not met after two postponements, the chair may reschedule the meeting in accordance with the procedures outlined in Article 6.5.2.
- 6.6.7 The Audit Committee shall proceed according to the agenda set forth in the meeting notice. However, changes to the agenda may be made with the consent of more than half of all members.

6.6.8 The chair shall not adjourn the meeting without the consent of more than half of all members present.

6.6.9 If the number of members present falls below half during the meeting, the chair shall, upon the proposal of the independent directors present, announce a suspension of the meeting, with procedures subject to the preceding articles.

6.6.10 If the convener is unable to preside over the meeting or the chair does not announce an adjournment in accordance with Article 6.6.5, the selection of a proxy shall follow the provisions of Article 6.5.4.

6.7 Resolution Methods for Committee Proposals

6.7.1 Resolutions of the Audit Committee require the approval of more than half of all members. The voting results shall be reported immediately and recorded.

6.7.2 Resolutions on matters listed under Article 6.4 require the consent of more than half of all members of the Audit Committee and must be submitted to the Board of Directors for approval.

6.7.3 Except for the matter specified in Article 6.4.1.10, if resolutions on matters listed under Article 6.4 fail to obtain the consent of more than half of the Audit Committee members, they may be approved by more than two-thirds of all directors on the Board of Directors.

6.7.4 If the Audit Committee cannot convene for valid reasons, matters listed under Article 6.4 shall be approved by more than two-thirds of all directors on the Board of Directors. However, the matter specified in Article 6.4.1.10 must still receive approval from the independent directors of the committee.

6.7.5 If the Audit Committee cannot resolve an issue due to the conflict of interest provision under Article 6.8.1, the matter shall be reported to the Board of Directors, which will make the resolution.

6.8 Conflict of Interest Rules

6.8.1 If an independent director has a conflict of interest in a matter under discussion, they shall disclose the details. If the conflict may harm the company's interests, they shall not participate in the discussion or voting and must recuse themselves. They also cannot act as a proxy for other members.

6.8.2 If the spouse or a relative within the second degree of kinship of an independent director has a conflict of interest, the director is considered to have a personal conflict of interest.

6.9 Meeting Minutes

6.9.1 The proceedings of the Audit Committee meetings shall be documented in meeting minutes, which shall include the following details:

6.9.1.1 The session, date, and location of the meeting.

6.9.1.2 The name of the chair.

6.9.1.3 Attendance status of independent directors, including the names and numbers of those present, excused, or absent.

6.9.1.4 Names and titles of attendees.

6.9.1.5 The name of the recorder.

6.9.1.6 Report items.

6.9.1.7 Discussion items: the resolution methods and results of each proposal; summaries of statements made by independent directors, experts, and other attendees; names of independent directors with conflicts of interest as per Article 6.8.1; explanations of the key aspects of their conflicts of interest; reasons for recusal or non-recusal; recusal circumstances; and any dissenting or reserved opinions.

6.9.1.8 Motions: the name of the proposer, the resolution methods and results of the proposals, summaries of statements made by independent directors, experts, and other attendees; names of independent directors with conflicts of interest as per Article 6.8.1; explanations of the key aspects of their conflicts of interest; reasons for recusal or non-recusal; recusal circumstances; and any dissenting or reserved opinions.

6.9.1.9 Other matters that require documentation.

6.9.2 The attendance log is part of the meeting record and shall be preserved throughout the company's existence.

6.9.3 The minutes shall be signed or stamped by the chair and recorder and distributed to members within 20 days after the meeting. They shall be kept as important company records.

6.9.4 Minutes and distributions may be in electronic form.

6.10 Audio/Video Recordings of Meetings

6.10.1 Meetings shall be audio or video recorded and preserved for at least five years. Electronic storage is permitted.

6.10.2 If litigation arises before the expiration of the storage period, recordings shall be preserved until the litigation is resolved.

6.10.3 Video recordings of meetings held via video conferencing are part of the meeting records and shall be preserved throughout the company's existence.

6.11 Resources Provided by the Company

6.11.1 Relevant materials shall be prepared for members to review during meetings.

6.11.2 The committee may request managers, internal auditors, CPAs, legal counsel, or other personnel to attend meetings and provide necessary information. However, they must leave during discussions and voting.

6.11.3 The committee may appoint legal, accounting, or other professionals to perform audits or provide advice on matters related to Article 6.4. Expenses shall be borne by the company.

6.12 Execution of Committee Resolutions

6.12.1 Resolutions passed by the Audit Committee may authorize the convener or other members to carry out subsequent tasks. These tasks must be reported to the Audit Committee in written or oral form during the execution period, and if necessary, submitted for ratification or further reporting at the next meeting.

6.13 Information Disclosure

6.13.1 The company shall make the contents of these rules available on its website and on the information disclosure website designated by the competent authority for public access.

6.13.2 Changes in the appointment or status of the independent directors serving on the Audit Committee shall be publicly disclosed on the information reporting website designated by the competent authority within two days of the occurrence.