

VSO ELECTRONICS CO., LTD.

Endorsement and Guarantee Operational Procedures

(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.)

Article 1 - Purpose

To safeguard shareholder rights, enhance financial management, and mitigate operational risks, these **Endorsement and Guarantee Operational Procedures** (hereinafter referred to as "these Procedures") are established for compliance purposes.

Article 2 - Legal Basis

These Procedures are formulated based on the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."

Article 3 - Scope

The term "**endorsement and guarantee**" in these Procedures refers to the following:

1. **Financing Endorsement and Guarantee**, including:
 - (1) Discounting negotiable instruments.
 - (2) Endorsements or guarantees made for another company to secure financing.
 - (3) Issuance of negotiable instruments to non-financial institutions for the company's financing needs.
2. **Customs Endorsement and Guarantee**: Refers to endorsements or guarantees related to customs obligations of the company or another entity.
3. **Other Endorsements and Guarantees**: Includes endorsements or guarantees not categorized under the first two items.
4. **Collateral Provided**: Instances where the company provides movable or immovable property as collateral for loans obtained by another entity are also handled per these Procedures.

Article 4 - Definitions

The terms used in these Procedures are defined as follows:

1. **Subsidiaries and Parent Companies**: Defined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. **Net Worth:** Refers to the equity attributable to the owners of the parent as stated in the balance sheet prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. **Public Announcement and Reporting:** Refers to inputting information into the reporting website designated by the Financial Supervisory Commission.
4. **Date of Occurrence:** Refers to the earliest of the following dates: the contract signing date, payment date, board of directors' resolution date, or any other date that definitively determines the counterparty and amount of the endorsement/guarantee.

Article 5 - Counterparties for Endorsement and Guarantee

1. The company may provide endorsements and guarantees only to the following entities:
 - (1) Companies with business dealings with the company.
 - (2) Companies in which the company directly or indirectly holds more than 50% of the voting shares.
 - (3) Companies that directly or indirectly hold more than 50% of the company's voting shares.
2. Between companies in which the company directly or indirectly holds 90% or more of the voting shares, endorsements and guarantees are permitted, with the total amount not exceeding 10% of the company's most recent audited or reviewed net worth. However, this limitation does not apply to endorsements and guarantees between wholly owned subsidiaries.

Article 6 - Limits on Endorsement and Guarantee Amounts

1. The total amount of endorsements and guarantees provided by the company and the amount provided to a single entity are subject to the following limits:
 - (1) The total amount of endorsements and guarantees shall not exceed 80% of the company's most recent audited or reviewed net worth.
 - (2) The amount of endorsements and guarantees to a single entity shall not exceed 10% of the company's most recent audited or reviewed net worth.
 - (3) The amount of endorsements and guarantees to a single subsidiary shall not exceed 30% of the company's most recent audited or reviewed net worth.
 - (4) The amount of endorsements and guarantees to a wholly owned subsidiary shall not exceed 40% of the company's most recent audited or reviewed net worth.
2. The aggregate amount of endorsements and guarantees by the company and its subsidiaries, and the amount for a single entity, are as follows:
 - (1) The total amount of endorsements and guarantees by the company and its subsidiaries shall not exceed 80% of the company's most recent net worth.

- (2) The amount of endorsements and guarantees to a single entity by the company and its subsidiaries shall not exceed 40% of the company's most recent net worth.
- 3. For endorsements and guarantees related to business dealings, the individual amount shall not exceed the higher of the purchase or sales net amount between the two parties in the most recent fiscal year and must comply with Item 2 of Paragraph 1.
- 4. If the total amount of endorsements and guarantees by the company and its subsidiaries exceeds 50% of the company's net worth, the necessity and reasonableness must be explained at the shareholders' meeting.

Article 7 - Procedures for Handling and Reviewing Endorsements and Guarantees

1. When the company processes endorsements and guarantees, the applicant (the endorsed or guaranteed entity) must provide fundamental information, financial data, and related documents, and complete an "**Application for Endorsement and Guarantee**" to submit to the company. The responsible unit shall evaluate the following:
 - (1) The necessity and reasonableness of the endorsement or guarantee.
 - (2) The creditworthiness and risk assessment of the counterparty.
 - (3) The impact on the company's operational risk, financial condition, and shareholder equity.
 - (4) Whether collateral should be obtained and the valuation of such collateral.
2. The responsible unit shall document the evaluation results and proceed according to the authorization hierarchy defined in Article 8.
3. The company shall maintain a register of endorsements and guarantees to record detailed information, including the counterparty, amount, dates of board resolution or chairman's decision, endorsement or guarantee date, and matters subject to careful evaluation under Item 1 of this article.
4. The responsible unit shall promptly record the cancellation of endorsements and guarantees in the register to reduce the outstanding amount of endorsements and guarantees.

Article 8 - Decision-Making and Authorization Hierarchy

1. Before making endorsements or guarantees, the company shall carefully evaluate compliance with relevant regulations and these Procedures. The evaluation results under Article 7, Paragraph 1, shall be submitted to the board of directors for resolution or handled within the limits authorized by the board, with subsequent ratification by the next board meeting.
2. For endorsements or guarantees between subsidiaries in which the company directly or indirectly holds over 90% of the voting shares, board approval is required before proceeding. However, endorsements or guarantees between wholly owned subsidiaries are exempt from this requirement.

3. If operational needs necessitate exceeding the endorsement or guarantee limits specified in Article 6, board approval is required. Additionally, more than half of the directors must co-sign a joint guarantee for potential losses. The procedures must be amended and submitted to the shareholders' meeting for ratification. If not ratified, a plan must be formulated to eliminate the excess amount within a specified timeframe.
4. If the company or its subsidiaries provide endorsements or guarantees to a subsidiary with net worth less than half of its paid-in capital, the necessity, reasonableness, and risk assessment of such endorsements and guarantees must be thoroughly reviewed as per Article 7, Paragraph 1. Follow-up control measures must also be developed before submitting to the board for approval. Such measures shall include, but are not limited to, standards for continuing financial support, asset preservation procedures (e.g., obtaining collateral), and plans for improving financial and operational conditions.
5. If a subsidiary's shares have no par value or a par value other than NT\$10 per share, the paid-in capital for calculating limits shall be the total of share capital and capital surplus—share premium.
6. If the company has independent directors, their opinions must be considered during board discussions about endorsements and guarantees. Their explicit approval or opposition and reasons must be recorded in the board meeting minutes.

Article 9 - Custody and Usage of Official Seal

1. The company shall use the corporate seal registered with the Ministry of Economic Affairs as the exclusive seal for endorsements and guarantees. The seal shall be safeguarded by a designated custodian approved by the board. Any changes to the custodian shall follow the same approval process. The custodian shall not concurrently serve as the person handling endorsement or guarantee matters.
2. The use of the official seal for endorsements and guarantees shall follow the relevant operational procedures in the company's "**Seal Usage Management Guidelines**" before being affixed or negotiable instruments are issued.
3. For guarantees provided to foreign companies, the guarantee letters issued by the company shall be signed by the person authorized by the board.

Article 10 - Subsequent Control Measures for Endorsements and Guarantees

1. If changes in circumstances result in the endorsed or guaranteed entity no longer meeting the requirements of Article 4, or if the amount of endorsements and guarantees exceeds the limits specified in Article 6 due to changes in the calculation basis, the responsible unit shall formulate a plan to fully eliminate the excess amount upon contract expiration or within a

specified period. The improvement plan shall be reported to the supervisors and presented to the board for review, and the elimination process shall be completed within the plan's schedule.

2. If the company or its subsidiaries provide endorsements or guarantees to a subsidiary whose net worth later falls below half of its paid-in capital due to changes in circumstances, follow-up control measures specified in Article 8, Paragraph 4, shall be implemented and enforced according to the stipulated plan.
3. Upon expiration or renewal of an endorsement or guarantee agreement, the responsible unit shall retrieve the original documents provided to the endorsed or guaranteed entity, mark them as "canceled," and record the cancellation date and details in the **Register of Endorsements and Guarantees** to complete the cancellation process.

Article 11 - Control Procedures for Subsidiaries Providing Endorsements and Guarantees

1. If a subsidiary intends to provide endorsements or guarantees, the company shall require the subsidiary to establish its own operational procedures for endorsements and guarantees in compliance with applicable regulations. These procedures must be approved by the subsidiary's board of directors, submitted to its supervisors, and approved by its shareholders' meeting before being reported to the company for record-keeping. The subsidiary must follow the approved procedures.
2. If the subsidiary has not yet established its operational procedures for endorsements and guarantees, these Procedures shall apply. However, the subsidiary's net worth calculation shall be based on its most recent audited or reviewed financial statements or the net worth stated in the company's most recent consolidated financial statements audited or reviewed by an accountant, whichever is more recent.
3. Subsidiaries intending to provide endorsements or guarantees must first obtain the company's board approval. Before submission to the board, the company's general manager shall designate personnel to conduct an evaluation per Article 7, Paragraph 1.
4. Subsidiaries shall report the amounts, counterparties, durations, and other relevant data regarding endorsements and guarantees handled in the preceding month to the company by the 5th of each month, to facilitate the public announcement and reporting procedures specified in Article 12.

Article 12 - Public Disclosure and Reporting Procedures for Publicly Traded Companies

1. The company shall publicly disclose and report the balances of endorsements and guarantees provided by the company and its subsidiaries for the preceding month by the 10th of each month.

2. If any of the following thresholds are met, public disclosure and reporting must occur within two days from the date of occurrence:
 - (1) The aggregate balance of endorsements and guarantees by the company and its subsidiaries exceeds 50% of the company's most recent net worth.
 - (2) The balance of endorsements and guarantees for a single entity exceeds 20% of the company's most recent net worth.
 - (3) The balance of endorsements and guarantees for a single entity exceeds NT\$10 million, and the total of such endorsements and guarantees, investments accounted for under the equity method, and loans to the entity exceeds 30% of the company's most recent net worth.
 - (4) A new endorsement or guarantee amounting to NT\$30 million or more and exceeding 5% of the company's most recent net worth is added.
3. For subsidiaries that are not publicly traded companies in Taiwan, any events meeting the thresholds in Item 4 above shall be publicly disclosed and reported by the company.
4. The responsible unit shall periodically track potential default risks associated with endorsements and guarantees, assess or recognize contingent losses, and disclose endorsement and guarantee information appropriately in the financial statements. Necessary audit procedures shall be provided to the external auditor.

Article 13 - Internal Auditing

1. The company's internal audit personnel shall audit the operational procedures and implementation of endorsements and guarantees at least quarterly, preparing written records. In cases of significant violations, the supervisors shall be immediately notified in writing.
2. Internal audit personnel of subsidiaries shall audit the implementation of endorsements and guarantees at least quarterly, prepare written records, and immediately notify the company's audit unit of significant violations. The company's audit unit shall propose improvement measures for the subsidiary, submit written materials to the supervisors, and follow up until the issues are resolved. Quarterly tracking reports shall be prepared as needed.

Article 14 - Applicability to Companies with Audit Committees in Place

1. Provisions applicable to supervisors in Article 10, Paragraph 1, and Article 13, Paragraphs 1 and 2, and Article 16, Paragraph 1, shall apply to members of the audit committee and independent directors.
2. If the company provides endorsements or guarantees, approval from at least half of the audit committee members is required before submission to the board for resolution.

3. If approval by at least half of the audit committee members is not obtained, the endorsements or guarantees may proceed with approval by at least two-thirds of all directors, and the audit committee's resolution shall be documented in the board meeting minutes.
4. The term "all members of the audit committee" and "all directors" in these Procedures refers to the actual number of members in office.

Article 15 - Penalties

Managers and personnel responsible for processing endorsements and guarantees in violation of these Procedures, resulting in damage to the company's interests, shall be subject to disciplinary action or reassignment per the company's personnel management regulations. If the company suffers losses, the responsible parties shall also be liable for compensation.

Article 16 - Implementation and Amendments

1. These Procedures shall be implemented upon approval by the board of directors, submission to the supervisors, and approval by the shareholders' meeting. If any directors dissent and their opinions are recorded in the minutes or provided in writing, the dissenting opinions shall be submitted to the supervisors and presented at the shareholders' meeting for discussion. Amendments shall follow the same process.
2. If the company has independent directors, their opinions must be fully considered when these Procedures are submitted to the board. Any objections or reservations expressed by independent directors shall be included in the board meeting minutes.
3. For companies with audit committees in place, the stipulations in Article 14 shall apply when these Procedures are established or amended. Provisions in the preceding paragraph shall not apply.