

VIVOTEK INC.

Operating Procedures of Endorsement and Guarantee

- July 16, 2004 - amendment passed by the interim shareholders meeting
- June 17, 2010 - amendment passed by the general shareholders meeting
- June 14, 2013 - amendment passed by the general shareholders meeting
- June 6, 2019 - amendment passed by the general shareholders meeting
- May 31, 2024 - amendment passed by the general shareholders meeting

Article 1 Purpose

This procedure was established to strengthen the financial management of the endorsement and guarantee process and reduce the operating risks. Any other matters not mentioned here shall be handled in accordance with the provisions in other relevant regulations.

Article 2 Legal Basis

These Regulations are promulgated pursuant to Article 36-1 of the Securities and Exchange Act ("the Act").

Article 3 Scope of Application

The term endorsements as used in these Regulations refers to the following:

1. Financing endorsements/guarantees, including:
 - (1) Bill discount financing.
 - (2) Endorsement or guarantee made to meet the financing needs of another company.
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.

Article 4 Objects of endorsements/guarantees

Entities for which the company may make endorsements/guarantees
Entities for which the company may make endorsements/guarantees are limited to the following companies. However, where the Company

fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for the purpose of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restriction.

1. A related party with which it does business.
2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
4. Companies in which the Company holds, directly or indirectly, 100% of the voting shares may make endorsements/guarantees for each other.

Capital contribution referred to in the preceding paragraph shall mean capital contribution made directly by the public company, or through a company in which the public company holds 100% of the voting shares.

"Related parties," "subsidiary," and "parent company" as referred to in these regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5 The amount of endorsements/guarantees

1. The aggregate amount of endorsements/guarantees by the Company may not exceed 40 percent of the Company's net worth as stated in its latest financial statement. The limit of endorsements/guarantees for a single enterprise may not exceed 20 percent of the Company's net worth as stated in its latest financial statement. The total amount of endorsements/guarantees by the Company and its subsidiaries as a whole may not exceed 50 percent of the Company's net worth as stated in its latest financial statement. The limit of endorsements/guarantees for a single enterprise may not exceed 30 percent of the Company's net worth as stated in its latest financial statement.

"Net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. In addition to the foregoing regulation, the amount of

endorsements/guarantees by the Company for a single enterprise due to a business relationship shall be equal to the higher of the amounts of the Company's purchase or sale of goods with that enterprise in the most recent year or the current year up to the time of endorsement and guarantee.

Article 6 Operating procedures for endorsements/guarantees

1. Procedures

(1) When making endorsements/guarantees, the Finance Unit shall carefully access the entity for which the Company makes any endorsements/guarantees by checking whether its eligibility and amount satisfied the provisions in these Operating Procedures, whether it reached the circumstances for announcement and reporting, the necessity and reasonableness of the endorsements/guarantees, the credit status of the entity, risks, the impact on the Company's operating risks, financial condition, and shareholders' equity, and whether collaterals should be acquired according to the application of the entity. Then such information shall be submitted to the Chairman of the Board of Directors for approval, adopted with the consent from one-half or more of the entire membership of the audit committee and the discussion and approval from the Board of Directors. If the matter has not been consented to by one-half or more of the entire membership of the audit committee, it may be adopted with the consent of two-thirds or more of the entire board of directors. And the resolutions of the audit committee shall be noted in the minutes of the board of directors' meeting. If the amount of authorization is still within the stipulated limits, the Chairman of the Board of Directors shall approve the endorsement and guarantee directly according to the credit status and financial condition of the counterparty, then make a subsequent submission to and ratification by the next board of directors' meeting.

(2) The Finance Unit shall prepare a memorandum book for its endorsement/guarantee activities. Other than requesting seal affixing in accordance with the prescribed procedure, the following information shall be recorded in detail for future reference: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the audit committee, the date of passage by the board of directors, the date the endorsement/guarantee is

made.

- (3) The Company obtains quarterly financial reports and other related information from the endorsed/guaranteed companies and analyzes their business operations, financial condition, and credit status, and sources of repayment in order to assess the impact on the Company's operating risks, financial condition, and shareholders' equity. In addition, the value of collaterals should be evaluated to determine whether they are equal to the remaining balance of the guarantees and, if necessary, additional collaterals shall be provided.
2. When the Company's subsidiaries provide endorsement/guarantee for others, they should comply with "Internal Control System" and "Operating Procedures for Endorsements/Guarantees" stipulated by the respective companies, and they should report the balance of the endorsement/guarantee, the endorsed/guaranteed entity, and the duration of the endorsement/guarantee for the previous month to the Company in writing before the 5th day of each month.
3. If the entity for which the company makes any endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital, the Finance Unit shall obtain its monthly self-assessment statements and shall pay attention to the changes in their financial, business, and related credit conditions and the changes in the value of the collaterals from time to time, and shall keep written records of such changes. In the event of significant changes, the Company should immediately notify the Chairman and ask the relevant authorities to handle the matter as soon as possible.

Article 7 Procedures for governing endorsements/guarantees

1. The financial unit should prepare a schedule of guarantees incurred and written off on a monthly basis in order to control the tracking, reporting, and making announcements, and should evaluate and recognize the contingent loss on endorsements/guarantees. The Company shall adequately disclose endorsement/guarantee information in its financial reports and provide certified public accountants with relevant information.
2. The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof quarterly and prepare written records accordingly. They shall promptly notify the audit committee in writing

- of any material violation found.
3. If an endorsed or guaranteed entity initially adheres to these procedures but later fails to comply, or if the endorsed or guaranteed amount surpasses the prescribed limit due to changes in the calculation basis, the Finance Unit shall develop an improvement plan to address the total amount endorsed or guaranteed for such entity or the portion exceeding the limit, subject to approval by the chairman of the board of directors. The excessive amount shall be eliminated within a specified timeframe. Subsequently, the relevant improvement plan shall be submitted to the audit committee, and the necessary improvements shall be carried out in accordance with the plan's timeframe.
 4. Before the end of the endorsement/guarantee date, the Finance Unit should take the initiative to notify the guaranteed enterprise to collect the guaranteed notes deposited with the bank or creditors and to cancel the endorsement/guarantee contract.

Article 8 Decision and Authorization Level

1. Endorsements/guarantees shall be authorized in accordance with these Operating Procedures and shall be made after approval by Board of Directors' resolutions.

The Company has appointed independent directors. During the Board of Directors' meeting, the board of directors shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

2. Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from one-half or more of the entire membership of the audit committee and submit to the board of directors' meeting for discussion and approval. If the matter has not been agreed to by one-half or more of the entire membership of the audit committee, it may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolutions of the audit committee shall be noted in the minutes of the board of directors' meeting. And half or more of the directors shall act as joint guarantors

for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.

Article 9 Custody of Corporate Chop and Procedures

1. The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors. Any change in the custodian of the chop shall be reported to the Board of Directors for approval, and the transfer of custody of the chop shall be made.
2. After the endorsement/guarantee is approved by the Board of Directors, the Finance Unit should fill out the "Application for Use of Chop and Signature on Contract" and submit it, together with the approval record and the endorsement/guarantee contract or guarantee note and other documents requiring seal, for approval by the director of finance and authority before affixing the seal by the custodian of the chop.
3. When the custodian of the chop affixes the seal, he/she shall check the existence of the approval record, the approval of "Application for Use of Chop and Signature on Contract" by the director of finance and authority, and check if the document to be sealed matched the document requested for affixing the seal before affixing the seal. After affixing the seal, he/she shall make a note on the "Application for Use of Chop and Signature on Contract."
4. When making a guarantee for an overseas company, the Company shall have the Guarantee Agreement signed by a person authorized by the board of directors.

Article 10 Reporting and Announcing Procedures

1. The Financial Unit shall report the previous month's balance of endorsements/guarantees of the Company and its subsidiaries by the 5th day of each month to the Accounting Unit, and report and announce it along with the business revenue within the regulated deadline each month.
2. Other than the balance of endorsements/guarantees announced and

reported each month, in the case that the balance of endorsements/guarantees of the Company and its subsidiaries reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

- (1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - (3) The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, carrying value of equity method investment in, and balance of loans to, such enterprise reaches 30 percent or more of public company's net worth as stated in its latest financial statement.
 - (4) The amount of new endorsements/guarantees made by the public company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the public company's net worth as stated in its latest financial statement.
3. 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 4 of the preceding paragraph.
4. Announcements shall be made in accordance with Taiwan Stock Exchange's requirements when meeting the requirements in the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.

"Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors' resolutions, or other dates that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier.

Article

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Penalties

The Company shall follow the prescribed procedures when handling endorsements/guarantees, and if major violations are found, the

manager in charge and the case officer shall be punished depending on the circumstances of the violation.

Article Adoption and Amendment

12 The establishment of these Procedures are approved by one-half or more of all audit committee members, approved by the board of directors for a resolution, and adopted after approved by a shareholders' meeting. If any director expresses dissent, and the dissent is contained in the minutes or is a written statement, the Company shall submit the director's dissenting opinion to the audit committee and report to a shareholders' meeting for discussion. The same applies when the procedures are amended.

When the Procedures are submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration the opinions of each independent director. The independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the 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.

第十三條 These Regulations were established on June 29, 2004 and reported to extraordinary shareholders' meeting on July 16, 2004.

The first amendment was made on June 17, 2010.

The second amendment was made on June 14, 2013.

The third amendment was made on June 6, 2019.

The fourth amendment was made on May 31, 2024.