

**VIVOTEK INC.**

**Operating Procedures of Fund Lending**

- 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 16, 2014 - amendment passed by the general shareholders meeting
- June 22, 2015 - amendment passed by the general shareholders meeting
- June 22, 2016 - amendment passed by the general shareholders meeting
- June 6, 2019 - amendment passed by the general shareholders meeting
- June 17, 2022 - amendment passed by the general shareholders meeting

- Article 1 Purpose  
These procedures are established to ensure that the Company's lending of funds to others is carried out in a manner consistent with the Company's operations and to protect its debts.
- Article 2 Legal basis  
These Procedures are established in accordance with the Regulations Governing the Loaning of Funds and Endorsements/Guarantees by Public Companies.
- Article 3 Entities to which the company loans funds, reasons and necessity
  - 1. Loans of funds to companies or firms with which the Company has business dealings are limited to related parties and are necessary for business purposes.
  - 2. Short-term financing between the Company and another company or firm shall not be allowed except under one of the following circumstances:
    - (1) Companies in which the Company directly or indirectly holds more than 50% of the voting shares have the need for short-term financing for financial operations.
    - (2) Directly or indirectly, the Company holds more than 50% of the voting shares of a company that has a short-term need to finance its operations.
    - (3) The Company's related parties have short-term financing needs for material purchases or operational turnover.
- Article 4 The aggregate amount of loans and the maximum amount permitted to a single borrower
  - 1. When the Company loans funds to companies or firms with which the Company does business, the amount of individual loans shall not exceed the total amount of the Company's business transactions in the most recent year and shall not exceed

10% of the Company's most recent net financial statements, and the total amount of loans shall not exceed 20% of the Company's most recent net financial statements.

Business transactions under the preceding Paragraph refer to whichever is higher between the Company's purchases or sales in the most recent year.

2. In the case of short-term financing with other companies or firms, the amount of individual financing shall not exceed 10% of the Company's latest net financial statements and the total amount of financing shall not exceed 20% of the Company's latest net financial statements. The aggregate amount of loans to and from companies or firms and short-term financing with other companies or firms shall not exceed 20% of the Company's most recent net financial statements.
3. However, if a foreign company in which the Company directly or indirectly holds 100 percent of the voting shares engages in the lending of funds to the Company, the amount of individual financing shall not exceed 100 percent of the subsidiary's most recent net financial statements and the total amount of financing shall not exceed 100 percent of the subsidiary's most recent net financial statements, and the term of the lending of funds shall not exceed five years.

The related parties, subsidiaries and parent companies referred to in these Procedures shall be identified in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The net worth referred to in these Procedures is the equity attributable to the owners of the parent company as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Article 5 Operating procedures for the loaning of funds

##### 1. Handling procedures

- (1) The Company's loan of funds shall be approved by the Chairman of the Board of Directors after reviewed by the Company's responsible department, and shall be submitted to the Audit Committee for approval by at least one-half of all members of the Audit Committee, and shall be submitted to the Board of Directors for adoption. 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. The Board of Directors may

authorize the Chairman of the Board of Directors to lend or circulate funds between the Company and its parent company or subsidiary, or between a subsidiary and a subsidiary, within a certain amount and for a period of not more than one year as resolved by the Board of Directors. The amount of the said quota shall not exceed 10% of the Company's latest net financial statements, except when the loaning of capital was between the foreign companies that the Company directly or indirectly own 100% of the voting shares, or between a foreign company that the Company directly or indirectly own 100% of the voting shares and the Company.

- (2) The finance unit shall establish a record book for the loan of funds. After the loan of funds is approved by the Board of Directors, details of the object of the loan, the amount, the date of approval by the Board of Directors, the date the funds were loaned, and the items that should be prudently evaluated in accordance with the review procedures shall be posted for record.
- (3) The Company obtains financial reports and other related information from the counter-parties to its capital loans on a quarterly basis and analyzes their operating, financial and credit conditions to assess the impact on the Company's operational risk, financial condition and shareholders' equity. The financial condition of the guarantor or the value of the collateral should be evaluated to see if it is comparable to the balance of the funds lent, and additional collateral should be provided if necessary.

## 2. Review procedure

- (1) When the Company loans funds, the applicant company or firm should first submit the relevant financial information and state the purpose of the loan in writing.
- (2) After the Company has accepted the application, the responsible department shall investigate and evaluate the necessity and reasonableness of the loan, whether the loan recipient has direct (indirect) business relationship with the Company, the financial condition, solvency and credit status of the business, profitability and the use of the loan, and consider the impact of the total amount of the loan on the Company's operational risk, financial condition and shareholders' equity, and prepare a written report to the Board of Directors for review and approval.
- (3) The Company shall set up collateral for movable or immovable property when

necessary for the loan of funds, and evaluate quarterly whether the value of the collateral is equivalent to the balance of the loan, and shall provide additional collateral if necessary. Regarding the debt guarantee, if the debtor provides a personal or corporate guarantee of sufficient strength and credit in lieu of providing collateral, the Board of Directors may refer to the review report of the responsible department. If the company is the guarantor, it should pay attention to whether the articles of incorporation cover the guarantor's responsibilities.

(4) All collateral, except land and marketable securities, shall be insured against fire; the insurance amount shall be no less than the replacement cost value of the collateral; The policy shall be endorsed with the Company as the beneficiary, and the name, quantity, location and policy conditions of the subject matter contained in the policy shall be consistent with the Company's original approved lending conditions.

3. If a subsidiary of the Company intends to lend funds to others, it shall establish the " Operating Procedures of Fund Lending " in accordance with the "Regulations Governing the Loaning of Funds and Endorsements/Guarantees by Public Companies" and the Procedures herein, and shall follow the established operating procedures.

Article 6 Financing period and interest calculation method

The borrower may not borrow funds from the Company for a period of more than one year at a time, and the lending interest rate is subject to the Company's cost of capital adjustment.

Article 7 Public announcement and regulatory filing procedures

1. Before the 10th day of each month, the financial unit shall submit the balance of the Company's funds lending for the preceding month to the accounting unit, and shall file a monthly announcement with the turnover within the prescribed period.
2. In addition to the monthly announcement and declaration of the balance of the loaned funds, if the balance of the Company's loaned funds reaches one of the following criteria, the financial unit shall immediately attach the relevant information and notify the accounting unit that the announcement and declaration shall be made within two days from the date of occurrence of the fact:
  - (1) The Company and its subsidiaries have loaned funds amounting to 20% or more of the net value of the Company's most recently audited or reviewed financial

statements.

(2) The balance of the Company's and its subsidiaries' loans to a single enterprise reaches 10% or more of the Company's most recent audited or reviewed net financial statements.

(3) The Company or its subsidiaries have lent new capital in an amount of at least NT\$10 million and at least 2% of the net value of the Company's most recently audited or reviewed financial statements.

3. Information required to be publicly announced and reported in accordance with Subparagraph 3 of the preceding paragraph by this Corporation's subsidiary that is not itself a public company in Taiwan shall be reported by this Corporation.

Article 8 Subsequent control measures for loans made and amounts due, and procedures for handling overdue debts

1. After each loan and fund release, the financial unit shall always pay attention to the changes in the financial, business and related credit status of the borrower and its guarantor and the changes in the value of the collateral and make written records. In the event of significant changes, the president and related authorities shall be notified immediately.
2. When the borrower repays the loan in advance before maturity or upon maturity, the collateral shall be returned to the borrower or the mortgage shall be cancelled only after the principal plus the interest payable is repaid.
3. In the event that the debt is overdue and the Company cannot collect the debt after several attempts, the finance unit shall immediately notify the legal unit to take further action against the debtor to ensure the Company's interests.
4. The internal auditors shall audit the procedures and implementation of the loaning of funds to others on a quarterly basis and make written records of such audits, and shall immediately notify the Audit Committee in writing of any significant violations.
5. The financial unit shall prepare a monthly schedule of credits and write-offs for tracking and reporting purposes, and shall assess and provide an adequate allowance for bad debts on a quarterly basis, and shall disclose information on credits and write-offs in the financial report and provide information to the accountants.
6. In the event that the loan does not match the target or the loan balance exceeds the limit due to changes in circumstances, an improvement plan shall be

formulated and sent to the Audit Committee, and the improvement shall be completed in accordance with the planned schedule.

Article 9 Penalties

The Company shall follow the prescribed procedures when handling the loan of funds. If major violations are found, the responsible manager and the organizer shall be punished according to the violation.

Article 10 Implementations and Amendments

These procedures shall be implemented after they have been approved by at least one-half of all the members of the Audit Committee, approved by the Board of Directors, and submitted to the shareholders' meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the audit committee shareholders' meeting for discussion. The same applies to any amendment.

This Corporation shall give due consideration to the opinions of the independent directors when submitting the Procedures to the Board of Directors for discussion. Any matter to which an independent director expresses an objection or reservation shall be included in the records.

If approval of one-half or more of all the audit committee members is not obtained, the procedures may be implemented if approved by two-thirds or more of all the directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors' meeting.

The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 11 This Procedure was established at the Board of Directors' meeting on June 29, 2004 and was presented to the shareholders at the interim 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 16, 2014

The fourth amendment was made on June 22, 2015

The fifth amendment was made on June 22, 2016

The sixth amendment was made on June 6, 2019

The seventh amendment was made on June 17, 2022