

AOPEN Incorporated

Procedures Governing Endorsement and Guarantee

All events about endorsement and guarantee of the Company are governed by these Procedures.

Article 1 The term “endorsement and/or guarantee” used in these Procedures includes the following.

1. Financial endorsement and/or guarantee, including: discounted bill financing; endorsement or guarantee made for the financing needs of other companies, issuing negotiable instruments for the purpose of providing guarantee to obtain finance for its own businesses to an entity other than the financial institutions.
2. Custom duty endorsement and/or guarantee, which shall mean endorsement or guarantee for the Company itself or other companies in respect of the custom duty matters.
3. Other endorsement and/or guarantee, which shall mean other endorsement or guarantee which cannot be included in the above two categories.
4. The Company creates a pledge or mortgage on its chattel or real estate as collateral for the loans of another Company.

Article 2 Applicability

The Company may provide endorsement and/or guarantee for the following companies and if it is necessary, security shall be obtained:

1. The companies with which it has business relations.
2. Subsidiaries in which the Company directly or indirectly holds more than 50% of its total outstanding common shares.
3. The company which directly or indirectly holds more than 50% of the Company’s total outstanding common shares.
4. For companies that are jointly invested by the Company or through its subsidiary, and if all the respective shareholders of such companies make endorsements and/or guarantees in proportion to their respective shareholding. The above referred investment means the investment by the Company directly or indirectly through its subsidiaries in which the Company holds 100% voting share.

The endorsements and/or guarantees may be provided among or between the companies in which the Company directly or indirectly holds 90% voting shares or capital, but the aggregate amount of endorsements and/or guarantees shall not exceed the 10 percent of Company's net worth, unless the endorsements and/or guarantees are provided to among or between the companies in which the Company directly or indirectly holds 100% voting shares or capital

Article 3 The Standard for Endorsement and/or Guarantee Assessment

In the event that the Company provides endorsements and/or guarantees by reason of business relations, the aggregate amount of the endorsements and/or guarantees shall not exceed the net worth of total trading amount between the two companies in the most recent year. The net worth of total trading amount between two companies means the total amount of purchase or re-sale, whichever is higher.

Article 4 Limits on Endorsements and/or Guarantees

1. The aggregate amount of endorsements and/or guarantees of the Company shall not exceed the Company's net worth as shown in the latest financial report audited or reviewed by CPA.
2. The amount of endorsements and/or guarantees to any single enterprise shall not exceed the 30% of the Company's net worth as shown in the latest financial report audited or reviewed by CPA.
3. The maximum of the whole endorsements and/or guarantees of the Company and its subsidiaries shall not exceed the net worth of the company providing endorsements and/or guarantees as shown in the latest financial report audited or reviewed by CPA.
4. The Company and its subsidiaries' amount of the whole endorsements and/or guarantees to any single enterprise shall not exceeds the 30 percent of the net worth of the company providing endorsements and/or guarantees as shown in the latest financial report audited or reviewed by CPA.

Article 5 Procedures for Processing Endorsements and/or Guarantees

1. Enterprises which intend to apply for an endorsement and/or guarantee from the Company shall file an endorsement and/or guarantee application form with the Company's finance department for review, in which application type of endorsement and/or guarantee, name of the requesting company, risks evaluation, amount of endorsement/guarantee, content of collateral, terms and conditions and date for discharging endorsement/guarantee liabilities shall be specified.

The finance department will submit the application to the Company's Chairman for approval and then report to the Board of Directors for ratification; provided, however, that prior approval of the Board of Directors is required if the amount of endorsement/guarantee exceeds the amount for which the Company's Chairman is authorized to conduct.

2. Upon the expiration of endorsement and/or guarantee, the endorsement and/or guarantee shall be terminated automatically. Before the expiration date, the endorsed and/or guaranteed enterprise shall file a cancellation form in order to terminate the endorsement and/or guarantee earlier.

Article 6 Review Procedures

1. When an enterprise applies for an endorsement and/or guarantee from the Company, it shall submit concrete description of necessity and reasonableness and the finance department will determine whether to accept the application or not.
2. The finance department will be in charge of credit check and risk evaluation of the endorsed and/or guaranteed enterprise. For those cases with good credit and justifiable purposes, the personnel in charge shall prepare a credit check result and opinion report and devise the criterion of the endorsement and/or guarantee and file with the Board of Directors for approval.
3. In addition to credit check and risk evaluation of the endorsed and/or guaranteed enterprise, the finance department shall make an assessment of impact on operation risk, financial condition and shareholder's rights that may result from said endorsement/guarantee, and submit its opinion statement together with credit check report to the Board of Directors for approval.
4. The Company may decide whether to request the endorsed or guaranteed enterprise to provide the same amount of Banker's acceptance or secure a collateral equivalent to the endorsement and/or guarantee amount according to their credit check report. The finance department shall evaluate and determine the value of the collateral.
5. When the net worth of the subsidiaries for which the Company provides endorsements/guarantees is less than one-half of its paid-in capital, that subsidiary shall submit a schedule about increasing the net worth at the time applying for the endorsement and/or guarantee. If the subsidiary's net worth is less than one-half of its paid-in capital in the end of the schedule, the endorsement and/or guarantee shall be promptly

terminated and the Company shall report this termination to the board of directors.

Article 7 Control Procedures for the Company's Subsidiaries

1. When the net worth of the subsidiaries for which the Company provides endorsements/guarantees is less than one-half of its paid-in capital, the relevant finance department shall re-estimate the risk of the principal debt at least every six months. In case there is the real risk that the principal debt will default, the finance department shall submit an improvement plan to the Company's Chairman for approval and implement the same.
2. When any subsidiaries thereof that is not a public company in Taiwan intend to provide endorsements and/or guarantees to other companies, the subsidiaries shall enact the "Procedures Governing Endorsement and Guarantee" in accordance with these Procedures and the proposal shall be submitted to the Company's Chairman for approval and filed with the Board of Directors of the Company for recordation. The Company shall make a public announcement in accordance with these Procedures after becoming a publicly-held company.
3. When any subsidiaries thereof that is a public company in Taiwan provide endorsements and/or guarantees to other companies, the subsidiaries shall enact the "Procedures Governing Endorsement and Guarantee" in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and related regulations, and comply with those procedures.
4. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital in the calculation under paragraph 1 of this Article shall be calculated based on the sum of the share capital plus paid-in capital in excess of par.

Article 8 Procedures for Safekeeping and Use of the Corporate Chop

1. The Company shall use the Corporate Chop registered with the Ministry of Economic Affairs for the use of endorsements and/or guarantees (hereinafter, the "Chop"). The Chop shall be under the safekeeping of special personnel appointed by the Company's Chairman and submit to the Board of Director for approval. The re-appointment of the special personnel shall follow the same procedure. The Chop may be used or to issue negotiable instruments only in accordance with internal procedures.

2. When the Company provides guarantees to a foreign company, the guarantee agreement shall be signed by the personnel authorized by the Board of Directors.

Article 9 Decision Making and Authorization

The approval of endorsements and/or guarantees shall be made by the Board of Directors after evaluating the risk in accordance with Article 5; provided, however, that the Board of Directors may authorize the Company's Chairman to decide such matters within a specified amount and then submit the same to the Board of Directors for ratification.

Article 10 The Standards for Public Announcement

1. The Company shall make a public announcement on the amount of the Company and its subsidiaries endorsements and/or guarantees on or before the 10th date of each month. In addition, in the event that the amount reaches any of the following thresholds, the Company shall make a separate public announcement within two days after the following events occur:
 - (1) The total amount of endorsements and/or guarantees of the Company and its subsidiaries reaches fifty percent (50%) or more of the Company's net worth as shown in its latest financial report.
 - (2) The amount of endorsement and/or guarantee of the Company and its subsidiaries to any single enterprise reaches twenty percent (20%) or more of the Company's net worth as shown in its latest financial report.
 - (3) The amount of endorsement and/or guarantee of the Company and its subsidiaries for any single enterprise reaches NT\$10 million, and the aggregate amount of the endorsements and/or guarantees, investment accounted for under the equity method at its book value of the Company's net worth as shown in its latest financial report.
 - (4) The aggregate amount of new endorsement and/or guarantee of the Company and its subsidiaries reaches NT\$30 million and five percent (5%) or more of the Company's net worth as shown in its latest financial report.
2. The Company shall announce and report on behalf of any its subsidiary thereof that is not a public company in Taiwan any matters that such subsidiary is required to announce and report pursuant to the subparagraph 4 of the preceding Paragraph

Article 11 Punishment of Violation of These Procedures

If relevant employees and personnel of the Company violate these Procedures, they will be subject to the Company's "Personnel Administration Regulations" or the related rules.

Article 12 The Company shall evaluate the contingency loss from the endorsements and/or guarantees and disclose the information in the financial report appropriately and provide the same to the CPA for his proceeding with the necessary audit procedure and issuing the proper audit report.

Article 13

1. The Company shall prepare a registry containing the subject of the endorsements/guarantees, the amount of the endorsements/guarantees, the date of approval of the Board of Directors or the Company's Chairman (as the case may be), the date of the endorsements/guarantees and all the evaluation issues according to these Procedures.
2. The internal audit personnel of the Company shall verify these Procedures and its implementation and make a report in writing for record. If there is any significant violation, the personnel shall inform audit committee in writing.

Article 14

1. Due to business relations, where the aggregate amount of endorsements and/or guarantees of the Company will exceed the limited amount specified in these Procedures, and the applicants are qualified for other requirements provided in these Procedures, such endorsements/guarantees shall be approved by the Board of Directors with majority of the board members sign as guarantors for the contingency loss resulting therefrom, and these Procedures shall be modified and then submitted to the shareholder meeting for ratification. If the aforesaid endorsement/guarantee is not approved by the shareholders' meeting, the Company shall make a plan to eliminate such exceeding amount within a specific period of time.
2. The opinion of each independent director shall be fully taken into consideration when the Board of Directors discusses the above issue. Opinions of each independent director for and against the endorsement/guarantee and reasons against said matter shall be clearly recorded in the minutes.
3. When the Company makes approval of endorsements and/or guarantees, the board shall fully take each individual director's opinions into consideration and record each director's reasons for pros and cons in the minutes.

Article 15 If the Company makes the endorsement and/or guarantee later becomes unqualified under Article 2, or the endorsement and/or guarantee amount exceeds the limit under these Procedures due to the change of the calculation basis, the Company shall adopt plans and submit the plans to audit committee to discharge the endorsement and/or guarantee amount or the amount in excess within a designated period pursuant to relevant plan. The above timeframe shall be reported to the Board of Directors.

Article 15-1 The enactment and amendment of these Procedures and the Company's material endorsement or guarantee shall be approved by more than half of all audit committee members and submitted to the Board of Directors for further approval.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.

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

Article 16 These Procedures shall be approved by the audit committee and submitted to the Board of Directors for further approval. In the events that any director has an opinion against these Procedure and this opinion is recorded or has a written statement, the company shall submit the director's opinion to the audit committee and submit it to the annual shareholder meeting for discussion. The amendment of these Procedure also applies this Article.

Article 17 Approved by General Shareholder's Meeting held on May 11, 1999.

The First amendment was made on June 12, 2003.

The Second amendment was made on June 15, 2004.

The Third amendment was made on June 21, 2006.

The Fourth amendment was made on June 19, 2009.

The Fifth amendment was made on June 15, 2010.

The Sixth amendment was made on June 10, 2011.

The Seventh amendment was made on June 11, 2013.

The Eighth amendment was made on June 12, 2019.

The Ninth amendment was made on July 6, 2021.