

YA HORNG ELECTRONIC CO., LTD.

Operational Procedures for Endorsements and Guarantees

- Article 1 The company for the clear endorsement to ensure operating procedures and strengthen internal control, specifically set the final version Procedures, if there is any unfinished matter in this procedure, and in accordance with the provisions of the relevant laws and regulations.
- Article 2 Scope of application of these measures
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 endorsement guarantees: refers to endorsement or warranty matters that cannot be classified for inclusion in the first two items.
 3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
 4. Any creation by a public 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 3 Object of endorsement guarantee
- Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes 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 company 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. The company directly and indirectly hold more than 90% of the voting shares between the company, may be the endorsement guarantee, but the endorsement guarantee before the company's board of Directors to report the resolution, and the amount must not exceed 10% of the company's net worth. However, the company directly and indirectly holds 100% of the voting shares of the Inter-company endorsement guarantee, not this limit.
The capital contribution referred to in this provision means the company's direct contribution or ontribution through a company holding 100% of the voting shares.
- Article 4 Amount of endorsement guarantee
1. The total amount of the company's external endorsement guarantee shall not exceed 40% of the net value of the current period, in which the endorsement guarantee limit for a single enterprise shall not exceed 50% of the net value of the company directly or indirectly holding voting rights, and the remaining shall not exceed 20% of the net value of the current period. The net value of the current period shall be subject to the most recent verification of the visa or the financial statements approved by the accountant.
 2. In addition to the above limits, the amount of individual endorsement guarantees shall be limited to the amount of business transactions between the two parties in connection with the company's endorsement guarantee as a result of business dealings. The amount of business transaction referred to is the higher the amount of goods purchased or sold between the two parties.
 3. The total amount of foreign endorsement guaranteed by the Company and its subsidiaries shall not exceed 50% of the net value of the company; the guarantee limit for a single enterprise endorsement shall not exceed 20% of the company's net worth.
- Article 5 Decision-making and authorization levels
1. The company shall agree to the matters of endorsement, and shall take full account of the opinions of the independent directors and include in the records of the board any express opinions and objections to their consent or objections. The Board of Directors may authorize the Chairman to make a decision on the relevant provisions of this method of operation within the limits stipulated in the operating procedures, and then report the confirmation by the Board of directors, and shall apply the relevant matters to the shareholders ' meeting for reference.
 2. The company shall, with the consent of the Board of directors and in accordance with the conditions set out in these measures, agree to the approval of such measures as are necessary for business

needs and More than half of the directors limit the company The possible loss of the named UNPROFOR, And amend the endorsement guarantee Operation method, To be confirmed by the shareholders ' meeting; Shareholders ' meeting If you do not agree, you should set a plan for a Set the limit to remove the excess part.

- 3.a subsidiary in which the public company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the public company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.

Article 6 Endorsement Guarantee Processing procedure

- 1.The company to handle the endorsement of the matter, the endorsement of the company should be issued an application to the company's finance department to apply, the Finance Department should be endorsed to guarantee the company to conduct a letter investigation, assess its risk and have an assessment record, after review through the general manager and the Chairman of the approval, after the Board discussed the consent of the If it is still within the prescribed amount of authorization, the Chairman shall approve the credit level and financial position of the subject according to the endorsement of the object, and then report the most recent confirmation by the Board of Directors.
- 2.The Finance Department shall conduct a credit survey and conduct a risk assessment of the endorsed guarantee company, and the assessment should include:
 - (1)The necessity of and reasonableness of endorsements/guarantees.
 - (2)To be endorsed to guarantee the financial position of the company whether the endorsement amount must be measured.
 - (3)Whether the cumulative endorsement guarantee amount is still within the limit.
 - (4)If the business transaction is engaged in endorsement guarantee, the amount of endorsement guarantee and the transaction amount should be evaluated within the limit.
 - (5)The impact on the company's business operations, financial condition, and shareholders' equity.
 - (6)Whether collateral must be obtained and appraisal of the value thereof.
 - (7)Credit status and risk assessment of the entity for which the endorsement/guarantee is made.
- 3.A public company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under paragraph 1 of the preceding article.
- 4.A public company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.
- 5.When the company changes due to circumstances, the endorsement guarantee object originally conforms to the provisions of the enforcement measures and then does not comply with the regulations, or the ndorsement guarantee amount exceeds the set limit due to the basis of the calculation of the limit change,the endorsement of the guarantee amount or exceeding the limit The copies should be eliminated when the contract period expires or the improvement plan is set within a certain period, the relevant improvement plan should be sent to the independent directors, and the improvement should be completed according to the plan schedule.
6. When the company or its subsidiary endorses a subsidiary whose net value is less than one-half of the paid-in capital, it alsoIt shall be handled in accordance with the provisions of the preceding paragraph, and the subsequent related control measures shall be clearly defined to control the endorsement and guarantee the possibleThe resulting risk.

Article 7 Endorsement Guarantee Cancellation

- 1.Endorsement guarantee that if the relevant documents or instruments need to be discharged as a result of the liquidation or renewal of the debt, the endorsement guarantee Company shall prepare a formal communication to return the original endorsement guarantee the relevant documents to the company's finance department stamped with the "cancellation" seal, and the application letter will remain for reference.
- 2.The Finance Department shall at any time record the cancellation endorsement guarantee in the endorsement guarantee book, in order to reduce the amount of endorsement guarantee.

Article 8 Internal control

- 1.The internal auditor of the Company shall, at least quarterly, audit endorsement to ensure the operating procedures and their implementation, and make a written record, if a major breach is found, the monitors shall be notified in writing and shall notify the Independent Director in writing.
- 2.Penalty for violation of these Regulations or the company's Operational Procedures for Endorsements/Guarantees by managers and personnel in charge.

Article 9 Procedures for use and custody of corporate chops

1. A public 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 and may be used to seal or issue negotiable instruments only in prescribed procedures.
2. When making a guarantee for an overseas company, a public company shall have the Guarantee Agreement signed by a person authorized by the board of directors.

Article 10 Announcement and Declaration procedure

The Company shall, in addition to the announcement by 10th of each month, declare the balance of the endorsement guaranteed by the company and the company's son company last month. A person who has reached one of the following criteria for an endorsement guarantee shall, within 2nd from the date of the fact, declare that:

1. The aggregate balance of endorsements/guarantees by the public company and its subsidiaries reaches 50 percent or more of the public company's net worth as stated in its latest financial statement.
2. The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches 20 percent or more of the public company's net worth as stated in its latest financial statement.
3. The company and the company's son company to the single enterprise endorsement guarantee balance up to NT \$10 million and its endorsement guarantee, the use of equity law of the Investment Book and fund loan and balance of the total value of the company's most recent financial statements more than 30%.
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.

The public 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.

The previous subsidiary's endorsement guarantee balance as a proportion of the net value of the calculation, with the subsidiary endorsement guarantee Balance as the proportion of the company's net worth.

Article 11 Where a subsidiary of a public company intends to make endorsements/guarantees for others, the public company shall instruct it to formulate its own Operational Procedures for Endorsements/Guarantees in compliance with these Regulations, and it shall comply with the Procedures when making endorsements/guarantees.

The audit unit of the Company shall include the endorsement guarantee operation of the subsidiary as one of the monthly audit projects, and its audit shall be classified as necessary for reporting the audit business to the board and the supervisor.

Article 12 The unfinished part of this method of operation shall be handled in accordance with the relevant laws and regulations and the relevant rules of the company.

Article 13 This operation method shall be implemented after being approved by more than one-half of all members of the audit committee and submitted to the board of shareholders for approval by the board of directors. If any director expresses objections and has a record or written statement, the company shall submit their objections to the shareholders' meeting for discussion, and the amendment shall be the same.

The Company shall give full consideration to the opinions of the independent directors when the methods of operation are referred to the Board for discussion in accordance with the preceding provisions, and the independent directors shall, if they have objections or reservations, be set out in the proceedings of the Board of Directors.

Article 14 This method of operation was established on September 1, 2000, the First Amendment June 10, 2002, the Second Amendment June 20, 2003 and the third amendment f June 14, 2006. Fourth amended June 14, 2007, fifth amendmend June 13, 2008, sixth Amendment June 12,2009, seventh Amendment June 11, 2010, eighth Amendment June 10,2013, nineth Amendment June 6, 2019, Tenth amended June 9, 2020..