

## BULL WILL CO., LTD.

### Operation Procedure for Making of Guarantee/Endorsement (Before amendment)

#### Article 1: Objectives

These regulations are prepared to make the financial management of the Company's making of endorsements/guarantees to others comprehensive for reducing management risk generated from making endorsements/guarantees.

#### Article 2: Endorsements/guarantees matters

The term "endorsement/guarantees" in these regulations refers to the joint drawers, endorsers, guarantors or common joint guarantors of a negotiable instrument.

1. Endorsements/guarantees: The term refers to bill discount financing, endorsement or guarantee made to meet the financing needs of another company, and 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 property assets as security for the loans of another company shall also comply with these Regulations.

#### Article 3: Counterparty of endorsements/guarantees

The Company makes endorsements/guarantees for the following companies:

1. A company with which it does business with
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.

For companies that the Company directly and indirectly holds more than 90% of the voting shares, the Company can make endorsements/guarantees. The amount should not exceeds 90% of the net value of a public company.

Before the endorsements/guarantees, the case should be submitted to the Board of Directors of the Company (a public company) for resolution. For companies that the Company (a public company) held 100% of the voting shares either directly or indirectly are not restricted by these regulations.

Th Company may have to sign contract for mutual guarantees with the peers or the co-builders for contract works, to make endorsements/guarantees of an investee according to the % shareholding by all shareholders because of a co-investment relationship, or to be a joint guarantor for contract performance guarantee of a pre-sales house contract under the consumer protection act, and the preceding two regulations do not apply to these matters for making endorsements/guarantees.

The aforementioned term “investment” refers to a public company’s investment on a company that it held 100% of the voting shares either directly or indirectly. The terms “subsidiaries” and “parent companies” used in these regulations should be defined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuer.

The Company’s financial reports are prepared based on international financial reports preparation guidelines. The term “net value” refers to equity stated in the balance sheet prepared in accordance with the the Regulations Governing the Preparation of Financial Reports by Securities Issuers that is attributable to owners of the parent company.

The term “reporting and announcement” in these guidelines refers to the information reporting website of the financial supervisory commission (hereafter as the commission).

The term “Date of occurrence” in these regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

#### Article 4: Ceilings on the amounts for making in endorsements/guarantees

1. The accumulated total of endorsements/guarantees shall not exceed 50% of the net worth of the Company.
2. The balance of endorsements/guarantees by the Company for a single enterprise should not exceed 50% of the Company’s net worth as stated in its latest financial statement.
3. The amount of endorsements/guarantees for any single entity that the public company and its subsidiaries as a whole are permitted to make. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the public company and its subsidiaries as a whole reaches 50% or more of the net worth of the public company, an explanation of the necessity and reasonableness shall be given at the shareholders meeting.

#### Article 5: Hierarchy of decision-making authority and delegation

1. When processing endorsements/guarantees matters, it is important to evaluate the risk and have the case approved by the Board of Directors. If a company has already set independent directors, it is important to take each independent director’s comment into good consideration and record their comments on or reasons for disagreement or agreement in the meeting minutes of the Board of Directors. The Board of Director can delegate the Chairperson to make decision within the following limit first and then report the decision to the Board of Directors for ratify, and the handling and related matters should be reported at the shareholders’ meeting for inspection:
  - (1) The accumulated total of endorsements/guarantees is under 30% of the net worth of the Company as stated in its latest financial statement.
  - (2) The balance of endorsements/guarantees by the Company for a single enterprise is less than 10% of the Company’s net worth as stated in its latest financial statement.
2. If for business purposes an endorsement/guarantee exceeds the limit set in Article 4 of these regulations, it has to be approved by the Board of Directors 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. The Operational Procedures for Endorsements/Guarantees should be amended 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.

If a company has already set independent directors, then at the meeting of the Board of Directors, it is important to take each independent director's comment into good consideration and record their comments on or reasons for disagreement or agreement in the meeting minutes of the Board of Directors.

#### Article 6: Endorsements/guarantees handling procedure

When processing endorsements/guarantees, it is important to evaluate the risk of the endorsements/guarantees and prepare the evaluation record. If necessary, acquire collateral.

1. When a guaranteed company requests the Company's endorsement, it should provide a letter explaining the purpose and the total amount to be endorsed, and it shall also enclose the promissory note with the letter.
2. When the department in charge of the endorsement case submits the application for approval, it should provide the Finance Department with the name of the company requesting for endorsement, the date, the undertaking matter, the method, the agreement, the amount of endorsements/guarantees, the collateral acquired, the conditions for discharging the endorsements/guarantees, the date, and the content of the negotiable instruments or deed to be retrieved.
3. The Finance Department shall carry out credit investigation and risk evaluation on the company for endorsements/guarantees, and matters to be evaluated include:
  - (1) The necessity and reasonableness for endorsements/guarantees
  - (2) The necessities of the amount of endorsements/guarantees on the financial condition of the borrower
  - (3) If the accumulated amount of endorsements/guarantees is still within the limit
  - (4) Where the Company make endorsements/guarantees to a business related company, it shall set standards for evaluating whether the amount of endorsements/guarantees is consistent with the amount of business between the two companies.
  - (5) Its effect on the Company's operating risk, financial condition, and shareholder equity
  - (6) If any collateral can be acquired and the appraised value of the collateral
  - (7) Borrower's credit investigation for endorsements/guarantees and risk evaluation record
4. The Finance Department shall submit comments from the review and the related documents to the department in charge of the case, and the department in charge of the case will submit the information to the Chairperson.
5. The Chairperson will decide based on Article 5 of these regulations or submit the case to the Board of Directors for resolution, which shall then be given to the Finance Department.
6. The Finance Department based on the Chairperson's decision or the Board of Directors'

resolution should verify the guarantee. If the guarantee is permitted, provide related application documents, stamp the documents according to the Company's regulations, write down " memorandum book" on the endorsements/guarantees record, and then send the promissory note to the guaranteed company.

7. When the Company set up the memorandum book, it should list out the following information for inspection: endorsement/guarantee matters, name of the endorsed/guaranteed company, risk evaluation result, endorsement/guarantee amount, collateral acquired, date of approval obtained from the Board of Directors or the Chairperson, Date of endorsement/guarantee, conditions and date for discharging the endorsement/guarantee responsibility, and matters evaluated according to Paragraph 3 of the regulations.

#### Article 7: Cancellation of endorsements/guarantees

1. If an endorsement/guarantee case has to be written off because of discharging the liabilities, extension, or other reasons, the department in charge of the case should retrieve the negotiable bills/deed issued from the guaranteed and submit them to the Finance Department for the writing off procedure. The Finance Department shall stamp the above documents with the "written off" stamp, and record the written off date and the reason on the memorandum book.
2. When extending the bills, if it is requested by the financial institutions to endorse the new bills before retrieving the one old ones, the Finance Department should file the case and do follow up on retrieving the old bills for writing off.

#### Article 8: Reporting and announcement

Aside from on the tenth day of each month announcing the Company and its subsidiaries' accumulated endorsements/guarantees balance of the previous month, the Company should report and announce the balance within two days after the date of the occurrence if the balance satisfies one of the following criteria:

1. The accumulated balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth stated in its latest financial statement.
2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth stated in its latest financial statement.
3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NTD 10 millions or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30% or more of the Company's net worth stated in its latest financial statement.
4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NTD 30 million or more, and reaches 5% or more of the Company's net worth stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary that is not a public

company domestically regarding any matters that such subsidiary is required to announce and report according to subparagraph 4 of the preceding paragraph.

#### Article 9: Safe custody of the seal and the use of seal

1. The Company's seals for endorsements/guarantees are Company seal registered at the Ministry of Economic Affairs and used exclusively for endorsements/guarantees. The Company should designate a person to safekeep the seal and use the seal or sign bills according to the Company seal use regulations for .
2. The keeper of the endorsements/guarantees seal should be approved by the Board of Directors to assume the job, and the same applies when changing the keeper.
3. If the Company is endorsing/guaranteeing a foreign company, the letter of guarantee should be signed by the person authorized by the Board of Directors.

#### Article 10: Subsidiaries' endorsements/guarantees

If a subsidiary of the Company intend to make endorsements/guarantees for others, the Company shall request the subsidiaries to set up the procedure and to process according to the procedure. The net worth shall be calculated based on the net worth of the subsidiary.

#### Article 12: Other matters for notice

1. For the entity for which the endorsement/guarantee is made, if it originally satisfies Article 3 of these regulations but later fails to satisfy the regulations or if the endorsement/guarantee amount exceeds the limit because of basic calculation changes, then the endorsement/guarantee amount for the entity or the amount exceeding the limit should be discharged within a given time. Related improvement plans should be submitted to supervisors and reported to the Board of Directors.
2. The Company should evaluate or recognize possible loss from endorsements/guarantees, disclose necessary endorsements/guarantees information in the financial report, and provide related information for the certified public accountant to implement the necessary audit.
3. The internal auditors of the Company should audit the Operational Procedures for Endorsements/Guarantees and the implementation each quarter and if any major violation is detected, the auditors should immediately notify supervisors in writing. If the manager or the person in charge violates the procedure, then the persons shall be penalized according to the Company's work regulations and performance regulations. If the violation has caused any losses to the Company, the persons shall be responsible for the compensation.
4. For foreign companies that have no seal, Articles 3 and 9 are not applicable.  
For foreign companies, their net value should be calculated using these regulations, and the term refers to the equity attributed to the owner of the parent company on the balance sheet.

Article 12: Once approved by the Board of Directors, these regulations should be submitted to supervisors and to the shareholders' meeting for approval. If a director expresses disagreement, which is recorded or stated in writing, then the Company should submit the disagreement too to the

supervisor and to the shareholders' meeting for discussion. Same applies to amendment. When submitting the endorsements/guarantees procedure to the Board of Directors for discussion according to the aforementioned regulation, it is important to take each independent director's comment into good consideration and record their comments on or reasons for disagreement or agreement in the meeting minutes of the Board of Directors.

Article 13: If the counterparty of endorsements/guarantees has a net value lower than the half of the paid-in-capital of the subsidiary, subsequent control and regulation measures should be set up. In the case of a subsidiary with shares having no par value or a par value other than NTD 10, the paid-in capital calculated according to subparagraph 11 of the preceding paragraph should be replaced by the sum of the share capital plus paid-in capital in excess of par.

Article 14: Other matters to be set according to the Company's regulations.