



BULL WILL CO., LTD.

2019 SHAREHOLDERS' MEETING

# HANDBOOK FOR MEETING OF SHAREHOLDERS

Date: Thursday, June 27, 2019 at 9:00 AM

Location: 2F, NO. 12, Choutzu Street, Neihu District, Taipei City  
(Hall B, Taipei Co-Space, Taipei Neihu Sports Center)

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## 2019 Bull Will Co., Ltd. Regular Shareholders' Meeting Agenda

1. Announcement of the Commencement of the Meeting
2. Chairperson's Remarks
3. Report Items
4. Ratification
5. Discussion (1)
6. Election
7. Discussion (2)
8. Ad Hoc Motions
9. Meeting Adjourned

2019 Bull Will Co., Ltd. Regular Shareholders' Meeting Agenda

Date: Thursday, June 27, 2019 at 9:00 AM

Location: 2F, No. 12, Zhouzi Street, Neihu District, Taipei City (Hall B, Taipei Co-Space, Taipei Neihu Sports Center)

1. Reporting the number of shares attended and announcing the commencement of the meeting
2. Chairperson's remarks
3. Report items
  - (1) The Company's 2018 business report
  - (2) Report on the Company's 2018 deficits reaching 50% of the Company's paid-in capital.
  - (3) Supervisors' review of the Company's 2018 final statement report
  - (4) Overview of the Company's 2018 investment in China
  - (5) Report of the implementation of the Company's 2018 private equity offering program
  - (6) The Company's 2018 distribution of directors' and supervisors' remuneration and employees' compensation
4. Ratification:
  - (1) To ratify the Company's 2018 business report and financial statements
  - (2) To ratify the Company's 2018 deficit compensation
5. Discussion (1):
  - (1) To amend the Company's Articles of Incorporation
  - (2) To amend the Company's Procedure for Loaning Funds to Others
  - (3) To amend the Company's Endorsements and Guarantees Operation Procedure
  - (4) To amend the Company's Assets Acquisition and Disposition Operation Procedure
  - (5) 2019 Private equity offering program
  - (6) Disposition of the re-investment of Visco International Co., Ltd.
6. Election matters;
  - (1) Re-election of the board directors and supervisors
7. Discussion (2)
  - (1) Release the Company's directors from non-competition restriction
8. Ad hoc motions
9. Meeting adjourned

1. Reporting the number of shares attended and announcing the commencement of the meeting
2. Chairperson's remarks
3. Report items:

(1) The Company's 2018 business report

Explanation 1: Please refer to Pages 13 to 17 of this handbook for 2018 business report.

(2) 2018 deficits reached 50% of the Company's paid-in capital.

Explanation 1: As of 2018, the Company's accumulated deficit has reached NTD 1,030,829,463, half of the Company's paid-in capital, but the total assets are enough for offsetting the debt, and therefore this is reported in this regular shareholders' meeting in accordance with Article 211 of the Company Act.

(3) Supervisors' review of the Company's 2018 final statement report

Explanation 1: Please refer to Page 18 of this handbook for 2018 business report.

(4) Overview of the Company's 2018 investment in China

Explanation: Please refer to Page 19 of this handbook for the Company's 2018 investment in mainland China.

(5) Report of the implementation of the Company's 2018 private equity offering program

Explanation: Regarding the Company's private offering of ordinary shares resolved on June 28, 2018, because no suitable strategic partnership investors are found as of the date of the publication of this handbook, the issuance will be expired on June 27, 2019. Therefore, the Company's Board of Directors has resolved on May 14, 2019 that the private equity offering will be discontinued before the expiration.

(6) The Company's 2018 distribution of directors' and supervisors' remuneration and employees' compensation

Explanation: It is processed in accordance with Financial Supervisory Commission's Approval Certificate Chin Kuan Cheng Shen Tzu No. 1050001900 on January 30, 2016. Because the Company made no profit in 2018, no employees' compensation or directors' and supervisors' remuneration was appropriated in accordance with Article 26 of the Company Act.

#### 4. Ratification:

##### Agenda 1:

To ratify the Company's 2018 business report and financial statements (Proposed by Board of Directors)

##### Explanation:

1. The Company's 2018 parent company only and consolidated financial statements are completed.
2. The above-mentioned financial statements and the audit reports with unmodified opinion issued by CPA Chen Kuang-hui and Yao Yu-lin from SHINEWING TAIWAN have been reviewed by the supervisors and are proposed in the shareholders' meeting for ratification.
3. Please refer to Pages 13 to 17 and 20 to 43 of this handbook for 2018 business report and financial statements respectively.
4. Ratification is respectfully requested.

##### Resolution:

Agenda 2:

To ratify the Company's 2018 deficit compensation (Proposed by Board of Directors)

Explanation:

1. Please refer to Page 44 of this handbook for 2018 deficit compensation.
2. Because for 2018 there is no accumulated earning for appropriation, the Company will not appropriate the earning in accordance with Article 26 of the Company Act.
3. Ratification is respectfully requested.

Resolution:

5. Discussion (1):

Agenda 1:

Resolution for the amendment of the Company's Articles of Incorporation (Proposed by Board of Directors)

Explanation:

1. For practical need, the Company's Articles of Incorporation should be revised. For the cross-reference table presenting articles before and after the amendment, please refer to Page 45 of the handbook.
2. Resolution is respectfully requested.

Resolution:

Agenda 2:

Resolution for the amendment of the Company's Loaning Funds to Others Operation Procedure (Proposed by Board of Directors)

Explanation:

1. The Company has to amend its Loaning Funds to Others Operation Procedure in accordance with the amendment by the competent authority. For the cross-reference table presenting articles before and after the amendment, please refer to Pages 46 to 49 of the handbook.
2. Resolution is respectfully requested.

Resolution:

Agenda 3:

Resolution for the amendment of the Company's Endorsements and Guarantees Operation Procedure (Proposed by Board of Directors)

Explanation:

1. It is to amend the Company's Endorsements/Guarantees Operation Procedure in accordance with the amendment by the competent authority. For the cross-reference table presenting articles before and after the amendment, please refer to Pages 50 to 54 of the handbook.
2. Resolution is respectfully requested.

Resolution:

Agenda 4:

Resolution for the amendment of the Company's Assets Acquisition and Disposition Operation Procedure (Proposed by Board of Directors)

Explanation:

1. It is to amend the Company's Assets Acquisition and Disposition Operation Procedure in accordance with the amendment by the competent authority. For the cross-reference table presenting articles before and after the amendment, please refer to Pages 55 to 76 of the handbook.
2. Resolution is respectfully requested.

Resolution:

Agenda 5:

Resolution for 2019 Private equity offering program (Proposed by Board of Directors)

Explanation:

1. To expand the operations scale of the Company, the Company wants to invite strategic partners and invest and merge new businesses for development. It is also important for ensuring the Company's sustainable operations, increasing the Company's operating funds, paying off the debt for reducing interest expense, and improving the financial structure, in order to reduce the Company's financial and operations risk. From evaluating the current capital market circumstances and the timeliness of raising funds, the Company in accordance with Article 43.6 of the Securities and Exchange Act decides to use private equity offering to raise funds. This private capital increase will issue new shares of a par value of NTD 11.

The total number of shares issued will not exceed 57,700,000 shares, and the Board of Directors are authorized to issue these shares separately. The expected number of times will be fewer than five times, and the purpose of and the expected effects of funds raised from private equity offering are same as the original plan for this program.

Pricing reference and reasonableness of private common stock offering: The price of the private common stock is determined based on Chin Kuan Cheng Shen Tzu No. 0990046878, and the reference price of private common stock offering is calculated using either the arithmetic mean of normal closing price of one business day, three business days, or five business days before the pricing date less the ex-right and cash dividends of bonus shares plus the stock price after capital reduction and reverse ex-right or the arithmetic mean of the closing price of the common stock 30 business days before the pricing date less the ex-right and cash dividends of bonus shares plus the stock price after capital reduction and reverse ex-right, which ever is higher. The pricing of private offering shares should not be lower than 80% of the reference price, and the actual price shall be resolved at the shareholders' meeting so the Board of Directors can do pricing based on the price resolved at the shareholders' meeting.

The pricing of this private equity offering is based on laws and regulations of the competent authority, the current operations condition of the Company, and prospective and current stock price. Because the Company's accumulated deficits, the net value of each share is lower than the nominal

amount.

For this private offering of common shares, the Company's recent stock price in the stock exchange market has also been taken into consideration, but because the Company is currently a full-cash delivery stock and has a poor circulation on the market, the pricing for the private common stock offering mentioned above shall be no lower than 80% of the reference price for stability and reasonableness. Although the price of these new shares issued is lower than the par value of the stock, it is still reasonable when taking the circumstances into consideration comprehensively.

Effects on shareholders' equity: The discrepancy between the actual price of the common stock of private equity offering and the par value of the stock will increase the accumulated deficit, but because funds raised from the Company's private offering of marketable securities are used for expanding the Company's operations scale, looking for strategic partners, investing or merging new business for development, ensuring a sustainable business operation of the Company, increasing the Company's operating funds, paying off the debt to save interest expense, and improving the financial structure to reduce the Company's financial and operations risk, the effect on shareholders' equity is positive and without any major impact.

If the above-mentioned matter later causes an increase in the Company's accumulated deficits, the Company in future will use surplus or capital reduction for compensation based on the Company's operations and the market condition. The above-mentioned method is for pursuing Company operations stability and financial structure safety. Other financing methods are not taken into consideration. The Company has also referred to laws and regulations of the competent authority. Because shareholders' equity is unlikely to be affected, the share price is reasonable.

(2) Specific personnel selection method:

For the method of selection of specific personnel, the Board of Directors is authorized to select specific personnel based on the primary consideration of bringing direct or indirect benefit to the Company's future operations and meeting the regulations of the competent authority and the Article 43.6 of the Securities and Exchange Act. Meanwhile, it is necessary to satisfy the regulations of Directions for Public Companies Conducting Private Placements of Securities. The Company is working on recruiting strategic investors for shareholding to take advantage of their expertise and experience for the Company's technology research and development enhancement, production capacity expansion, and brand distribution while boosting the marginal effect of the industry vertical and horizontal integration and improving the Company's value and profitability. The Company has done the evaluation and find it necessary. Moreover, it is beneficial to include strategic investors for maintaining the stability of company's operations and management team.

Together, to expand the operations scale of the Company, it is important to invite strategic partners and invest and merge new businesses for development. This is also important for ensuring the Company's sustainable operations, increasing the Company's operating funds, paying off the debt

for reducing interest expense, improving the financial structure, and reducing the Company financial management risk. Therefore, the Board of Directors proposes at the shareholders' meeting to be authorized for internal personnel to participate in subscribing common shares from the private offering. The internal personnel include the current directors (including legal entity representatives), supervisors, and managers. (List of directors: Wu Mu-hsing, legal representative of Serial System Ltd.; Chang Chieh-min from legal representative of Serial System Ltd.; Wu Shu-chen, Lo Wei-chang, Huang, Shu-hsuan, Chan Huo-lien, Li Hsi-yan, legal representative of Serial System Ltd.; Supervisors: Chien Chih-lang and Huang Ko-kun; Managers: Li Tai-hsiang, General Manager; Chou Ying-chun, Assistant Manager of the General Management Office). Shareholders from Serial System Ltd. who are the top ten shareholders based on the percentage of shareholding, their shareholding percentages, and their relationship with the Company are presented below:

1. GOH BAK HENG, 39.64%, the Company's director and the legal representative of Serial System Ltd.
2. GOI SENG HUI, 16.13%, not related to the Company
3. RAFFLES NOMINEES(PTE) LIMITED, 4.55%, not related to the Company
4. HO YUNG, 2.74%, not related to the Company
5. GOH TIONG YONG, 2.66%, not related to the Company
6. CITIBANK NOMINEES SINGAPORE PTE LTD, 1.94%. not related to the Company
7. DBS NOMINEES PTE LTD, 1.52%, not related to the Company
8. PHILLIP SECURITIES PTE LTD, 1.40%, not related to the Company
9. TAN CHENG HWEE OR TAN CHIEW PENG, 1.40%, not related to the Company
10. CHIN YEOW HON, 1.24%, not related to the Company

As of today, the Company has not yet arranged any counterparty for this private equity offering.

(3) Reason the private equity offering is necessary:

Reason for not using public equity offering: The Company has assessed the current capital market, the timeliness of capital raising, and other factors. It found that private equity offering is the most effective way to raise capital quickly and there is a restrictive assignment regulation ensuring a long-term collaboration with the strategic partners. Moreover, the Company at the moment indeed requires funds, but it is unlikely to acquire funds in a short period of time from public offering of negotiable securities. To avoid hindering the Company's normal operation, the Company will comply with Article 43.6 of the Securities and Exchange Act to issue new shares for cash capital increase by private equity offering. Use of funds from private equity offering: Funds raised first time will be for expanding the operation scale, attracting strategic partners, investing or merging new businesses for development, ensuring the Company's long-term operation, increasing operating funds for the Company, paying off the debt to save interest expense, and improving the financial structure to reduce the Company's financial and operating risk. After assessing the current capital market, the timeliness of capital raising, and other factors, the Company has decided that implementing private equity offering in accordance with the Securities and Exchange Act is

necessary. The second time is for expanding the operation scale, attracting strategic partners, investing or merging new businesses for development, ensuring the Company's long-term operation, increasing operating funds for the Company, paying off the debt to save interest expense, and improving the financial structure to reduce the Company's financial and operating risk. After assessing the current capital market, the timeliness of capital raising, and other factors, the Company has decided that implementing private equity offering in accordance with the Securities and Exchange Act is necessary. The third time is for expanding the operation scale, attracting strategic partners, investing or merging new businesses for development, ensuring the Company's long-term operation, increasing operating funds for the Company, paying off the debt to save interest expense, and improving the financial structure to reduce the Company's financial and operating risk. After assessing the current capital market, the timeliness of capital raising, and other factors, the Company has decided that implementing private equity offering in accordance with the Securities and Exchange Act is necessary. The fourth time is for expanding the operation scale, attracting strategic partners, investing or merging new businesses for development, ensuring the Company's long-term operation, increasing operating funds for the Company, paying off debts to save interest expense, and improving the financial structure to reduce the Company's financial and operating risk. After assessing the current capital market, the timeliness of capital raising, and other factors, the Company has decided that implementing private equity offering in accordance with the Securities and Exchange Act is necessary. The fifth time is for expanding the operation scale, attracting strategic partners, investing or merging new businesses for development, ensuring the Company's long-term operation, increasing operating funds for the Company, paying off debts to save interest expense, and improving the financial structure to reduce the Company's financial and operating risk. After assessing the current capital market, the timeliness of capital raising, and other factors, the Company has decided that implementing private equity offering in accordance with the Securities and Exchange Act is necessary. Fund using progress: Funds will be used according to the plan in a year after finishing the private equity offering.

(4) Expected benefits from this private equity offering:

1. The first offering is for expanding the operations scale of the Company, inviting strategic partners, investing and merging new businesses for development, ensuring the Company's sustainable operations, increasing the Company's operating funds, paying off debts for reducing interest expense, improving the financial structure to reduce the Company's financial and operating risk. The second offering is for expanding the operation scale, attracting strategic partners, investing or finding strategic partners, investing or merging new business for development, ensuring a sustainable business operation of the Company, increasing the Company's operating funds, paying off debts to save interest expense, and improving the financial structure to reduce the Company's financial and operating risk. The third offering is for expanding the operation scale, attracting strategic partners, investing or merging new businesses for development, ensuring the Company's long-term operation, increasing operating funds for the Company, paying off debts to save interest expense, and improving the financial structure to reduce the Company's financial and operating risk. The fourth offering is for expanding the operation scale, attracting strategic partners, investing or

merging new businesses for development, ensuring the Company's long-term operation, increasing operating funds for the Company, paying off debts to save interest expense, and improving the financial structure to reduce the Company's financial and operating risk. The fifth offering is for expanding the operation scale, attracting strategic partners, investing or merging new businesses for development, ensuring the Company's long-term operation, increasing operating funds for the Company, paying off debts to save interest expense, and improving the financial structure to reduce the Company's financial and operating risk.

2. This case has been proposed and approved at the shareholders' meeting. The Board of Directors are authorized to set the capital increase base date and report the case to the competent authority in 15 days once the shares are paid up.

3. If the issuance conditions, amount, duration, and other matters related to this capital increase by this private equity offering become different from the content resolved at this meeting because of changes made by the competent authority, changes in the market, or other factors, the shareholders' meeting hereby authorizes the Board of Directors the full right to handle the case.

4. Details of the Company's private negotiable security offering proposal are posted in accordance with Article 43.6 of the securities and exchange Act on the Market Observation Post System (Website: <http://mops.twse.com.tw>). Investors once entering into the website can click on Investor zone->private placement->private placement inquiry Enter the Company's code 6259 or visit the Company's website ( Shareholders Services -> Private Equity Offering) .

5. Resolution is respectfully requested.

Resolution:

Agenda 6:

Resolution for disposition of the re-investment of Visco International Co., Ltd. (Proposed by Board of Directors)

Explanation:

1. The Company owns 5% shares of Visco International Co., Ltd. through 100% re-investment of Bull Will Holdings and 100% re-investment of Serial System Investment Ltd. Visco International Co., Ltd. holds 100% equity of SIGCUS USA INC.

2. Visco International Co., Ltd. is purely a holding company, and according to CPA-audited financial statements (December 31, 2018), the company's net value is USD (1,129,960.34). Visco holds 100% equity of SIGCUS USA INC., and according to CPA-audited financial statements (December 31, 2018), it has a net value of USD (1,752,253.12). This Company runs TV sales and has deficits in recent years. In view of the Company's overall consideration of the Group's operation planning, cost reduction, and emphasis on the primary scope of business, the Company wants to dispose 55% of the shares of Visco International Co., Ltd. owned by Bull Will Group by selling them to Mr. Ho Chih-hsueh for NTD 100,000, and the disposition profit is about NTD 19,191,810.

The Company still has an account receivable of USD 1,131,615.27 from SIGCUS USA INC., and an other account receivable of USD 1,700 from Visco International Co., Ltd. Because this company is no longer running and it has no assets for realization for liability settlement, once this equity

disposition proposal is passed, the Company has to add an allowance for doubtful accounts of NTD 16,528,488.

4. Summary: This proposal of disposition will result in an effect on the profit and loss of NTD 2,663,322.

5. Once the proposal is approved by the Board of Directors, it will be submitted to the 2019 regular shareholders' meeting for discussion and resolution. The Board of Directors are fully authorized to handle matters subsequent from the resolution at the shareholders' meeting.

6. Resolution is respectfully requested.

Resolution:

6. Election matters;

Re-election of the board directors and supervisors (Proposed by Board of Directors)

Explanation:

1. The term of the tenth directors and supervisors is coming to a close, and in accordance with the Company Act, the Company will hold an election for the eleventh directors and supervisors at this regular shareholders' meeting and the elected directors and supervisors will take office immediately once elected.

2. According to the Company's Articles of Incorporation, seven directors and two supervisors are to be elected in this shareholders' meeting, and their term is three years, starting from June 27, 2019 to June 26, 2022.

3. Please elect the directors and supervisors.

Resolution:

7. Discussion (2)

Resolution for releasing the Company's directors from the non-competition restriction (Proposed by Board of Directors)

Explanation:

1. For business purposes, the Company's shareholders need to allow the Company's directors or companies investing or operating companies of a business scope similar to the Company's business scope to be the Company's directors by releasing the Company's directors from the non-competition restriction. Therefore, according to Article 209 of the Company Act, this proposal is presented at this shareholders' meeting for approval for releasing the Company's directors from the non-competition restriction for directors elected each term if the above-mentioned situation applies.

2. Resolution is respectfully requested.

3. Independent directors holding concurrent post:

Independent Director	Company of the Concurrent Post	Company	Business Type
CHAN HUO LIEN	Novena Holdings	Consultant	Investment holding company

LEE SHI YANG	Chia-Ho Metal Industrial Co., Ltd. Chia-ching Stainless Steel Industrial Co., Ltd.	General manager/ representative	Manufacturing, processing, and trading of metal materials for interior partitioning/Manufacturer, metal container manufacturer, metal can manufacturer
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Resolution:

8. Ad hoc motions

9. Meeting adjourned

# Appendixes

## 2018 Business Report

Facing numerous challenges from the market and the general environment, BULL WILL CO., LTD. in 2018 worked hard on enhancing its competitiveness in the magnetic component domain and strove for cost saving and profit making with its employees. The Company's 2018 operating results are shown below:

The Company's 2018 revenue was NTD 268,781,000, which was NTD 64,881,000 less (19.45%) than 2017's NTD 333,662,000. For consolidated revenue, the 2018 revenue was NTD 245,875,000, which was NTD 41,079,000 less (14.32%) than 2017's NTD 286,954,000. The Company's 2018 after-tax net loss was NTD 21,026,000, which was NTD 34,668,000 less (62.25%) than 2017's NTD 55,694,000. The basic earning per share was NTD (0.19). This comprehensive income after-tax net loss was NTD 21,173,000, which was NTD 31,256,000 less (59.62%) than 2017 comprehensive income after-tax net loss NTD 52,429,000.

### 1. 2018 Business results

#### (1) Business plan implementation outcome

\* Parent company only financial report

Unit: NTD 1,000

Item	2018	2017	% increase or decrease
Operating revenue	268,781	333,662	(19.45)
Operating cost	(234,501)	(295,163)	(20.55)
Realized (unrealized) gain from sales	(122)	388	(131.44)
Operating gross profit	34,280	38,887	(11.85)
Operating expense	(44,474)	(48,996)	(190.77)
Operating (loss) profit	(10,316)	(10,109)	(2.05)
Non-operating income net loss	(9,280)	(22,641)	59.01
Pre-tax net loss	(19,596)	(32,750)	40.16
Net loss	(21,026)	(55,694)	62.25
Other comprehensive income (after-tax net amount)	(147)	3,265	(104.50)
Total comprehensive income	(21,173)	(52,429)	59.62

\* Consolidated financial statements

Unit: NTD 1000

Item	2018	2017	% increase or decrease
Operating revenue	245,875	286,954	(14.32)
Operating cost	(198,751)	(232,237)	(14.42)
Operating gross profit	47,124	54,717	(13.88)
Operating expense	(74,701)	(81,948)	(8.84)
Operating loss	(27,577)	(27,231)	1.27
Non-operating income net (loss) income	8,966	(8,761)	202.34
Pre-tax net loss	(18,611)	(35,992)	(48.29)

Profit and loss of suspended operations	(92)	(97)	(5.15)
Net loss	(20,600)	(59,214)	(65.21)
Other comprehensive income (after-tax net amount)	(1,087)	4,378	124.83
Total comprehensive income	(21,687)	(54,836)	(60.45)
Net income (loss) attributed to: Owners of the parent company	(21,026)	(55,694)	(62.25)
Total comprehensive income (loss) attributable to: Owners of the parent company	(21,173)	(52,429)	(59.62)

1. The consolidated operating revenue of 2018 was NTD 245,875,000, which was NTD 41,079,000 less than the consolidated operating revenue of 2017 (NTD 286,954,000), and that was mainly because the intense competition in the industry had caused a reduction in the Company's low-profit business order. As a result, the Company's operating revenue of 2017 was 14.32% lower than the year before, yet the gross profit ratio increased slightly.
2. The consolidated operating loss of 2018 was NTD 27,577,000, which was NTD 27,231,000 more than the consolidated operating loss of 2017. This is mainly because the gross profit reduced as the revenue decreased. The Company also put effort into reducing the cost, and as a result, its personnel expense has dropped. Meanwhile, because the factories put effort into enhancing the efficiency, the gross profit went up slightly.
3. The 2018 consolidated non-operating net income was NTD 8,966,000, which was NTD 8,17,727,000 more than 2017'(8,716,000). This is mainly because of an increase in the "other income," which can be attributed to increased the foreign currency exchange gain and the recovery of customers' overdue accounts payable because of US dollars appreciation.

(2) Budget implementation: The Company does not need to announce the financial forecast in 2018.

(3) Financial income and profitability analysis

\* Parent company only financial statements

Item		2018		Financial analysis	
				2018	2017
Financial structure	Debt to assets ratio (%)		56.24	54.32	
	Long-term funds to fixed assets (%)		5,324.69	4,439.6	
Profitability	Return on assets (%)		(6.28)	(14.18)	
	Shareholder equality return (%)		(14.69)	(36.85)	
	% paid-in-capital	Operating profit	(0.93)	(0.91)	
		Income before tax	(1.76)	(2.94)	
	Net profit margin (%)		(7.82)	(16.69)	
After-tax earnings per share (\$)		(0.19)	(0.68)		

\* Consolidated financial statements

Item		2018		
		Financial analysis		
		2018	2017	
Financial structure	Debt to assets ratio (%)	45.89	48.17	
	Long term funds to fixed assets (%)	1,670.34	1,505.13	
Profitability	Return on assets (%)	(8.99)	(18.26)	
	Shareholder equality return (%)	(16.12)	(43.15)	
	% paid-in-capital	Operating profit	(2.48)	(2.46)
		Income before tax	(1.68)	(3.24)
	Net profit margin (%)		(8.38)	(20.64)
	After-tax earnings per share (\$)		(0.19)	(0.68)

(4) Research and development

BULL WILL CO., LTD. has been working actively on developing the following products:

- (1) Generation II PHD structure design: The goal is for reducing the cost and increasing the gross margin of products. Related products and designs have been patented at the beginning of 2017 in ROC (TW M529255U) and in PROC (CN 205828086U)
- (2) The Company has continued working on the design of high-power reactors, which can be applied on energy regeneration and DC\_AC inverters of charging piles.
- (3) Introducing the design of nanocrystalline magnetic material: The material can be applied on the common mode noise suppression of high-power power converters for expanding the Company's CMC (common-mode-choke) product line.

BULL WILL products development direction:

- (1) The Company's engineering technology and resources are integrated and the research and development engineers provide custom-tailored product design services.
- (2) The Company continues developing PFC chokes of high reliability and efficacy.
- (3) The Company continues developing high performance and high power reactors.
- (4) The Company applies the patented design of generation II PHD structure on various power inductor products.
- (5) The Company collaborates with contractors on developing high performance common-mode inductors of the flat-wire type.
- (6) The Company applies flat wires on inductors with a large current output.

2. Summary of 2019 business plan

(1) Business guidelines

1. The Company has actively searched for strategic partner: To expand the business scope, the Company, guided by experts from the industry and securities underwriters, actively looks for alliance with companies in the same industry or different industries to enlarge the Company's business scope.

2. According to the current financial status, the Company actively explores customers with millions of dollars of sales potential and develops non-Taiwanese clientele to reduce business risk while boosting the added value and profits.
3. According to market trends and customer requirements, the Company has set up a factory in Guangdong to control the delivery date, quality, cost, and other targets. The Company also works on developing its self-designed products production and self-manufacturing capacity.
4. The Company spurs business growth according to the following logo showing Company's four competitive advantages:
  - Comprehensive and complete product series for all domains of applications: Our products range from as small as SMD power inductors to as big as reactors providing tens of kilowatts and covers a wide range of frequency.
  - Fast research and development services: The research and development laboratory in Taiwan assists customers developing new generation products, while the factories in mainland China produce samples and implement mass production.
  - Good employee stability at the production base: A high percentage of employees at the production base are local residents, and as a result, the turnover rate is low.
  - High cost-performance ratio-based product design: The Company rigorously controls the quality of the raw materials, establishes a strategic collaboration with core vendors, and ensures that the R&D engineers are familiar with the performance indicators of various magnetic materials so they can choose the most suitable materials.

(2) Expected sales quantity and the references:

1. Currently, the Company's primary products are electromagnetic wave suppression components and power-type magnetic components, which are basic electronic components. With growing market and stabilized clientele, related revenue and gross profits have been quite stable. This year, the Company will continue working on developing high-power, high-performance reactors made of composite materials, automobile high-reliability inductors, and new low-cost, high-performance PHD products.
2. To coordinate with system vendors' and customers' moving of their factories to China and to develop the huge market, the Company has set up a production and operational site at Guangdong Huizhou in hope to serve and develop the customers.
3. According to the Company's competitive advantages, the current monthly turnover and gross profit, and the adopted measures for organizational streamlining unnecessary expense cutting, the expected 2019 operating profit margin will increase compared to 2018's.

(3) Effect from the competitive market, the legal environment, and the overall operating environment

The Company has been facing challenges from external competition and impacts from laws and regulations as well as the overall operating environment. The Company's operating performance is indeed affected by external competitions and factors such as increasing wages, increasing raw material price, new laws and regulations imposed by authorities in charge of securities, environmental requirements domestically and internationally, and the volatile business environment. To adapt to the above changes, the Company not only complies with new laws and regulations imposed by authorities-in-charge of securities but also ensures that products provided by vendors, as well as the company's products, meet the environmental laws and regulations worldwide. The Company will strive to enhance cost control, improve production and manufacturing for better production efficiency, expand the production capacity to reduce the production cost, and make good raw material purchase plan according to customer orders in order to strengthen the Company's overall competitiveness.

(4) Important production and sales policies and future company development strategies:

1. Maintaining the gross profit ratio is basically the primary consideration, and therefore, achieving comprehensive services and recognizing and introducing new machines are concrete measures for the operating department.
2. For expansion, the goal this year is continuous growth and attention on each customer.
3. For cost saving, the factories in China work on integrating cost saving and enhancing efficiency. They also put effort into increasing the gross rate continuously.
4. For setting the operating target, it is based on the current average monthly turnover and gross profit ratio, enhance self-owned PHD product production and sales, escalate the operating target each quarter, put good effort in developing the business, and increase operating personnel's performance ratio and planning.

The Company's operation team and all employees understand the shareholders' and the public's expectation on the Company. In 2018, as a result of the Company's implementation of cost saving, income source broadening, and personnel and management expense reduction, the personnel and management expenses was reduced by 8.84%. Because the factories in mainland China integrated expense saving and efficiency improvement, the gross profit ratio also went up slightly. In the future, the Company will work actively on enhancing operating efficiency, developing the Company's patented PHD products, adjusting product combination, and elevating the revenue and profits. In addition, the Company will also conduct more product research to increase BULL WILL's core competitiveness. Aside from improving product quality and production efficiency, the Company will look for strategic investors for shareholding to take advantage of their expertise and experiences for BULL WILL's technology development, production capacity expansion, brand distribution expansion while boosting the marginal effect of vertical or horizontal integration and increasing the Company's value and profitability. The Company believes that the employees' effort and collaboration will create the optimal value for its customers, shareholders, and employees.

Chairperson: Chang Chieh-min

Manager: Lee Tai-hsiang

Accounting manager: Lo Wei-chang

## Supervisor Review Report

The Board of Directors submits the business report, financial statements, and deficit compensation statement of 2018. SINGWING TAIWAN CPAs Kuo Chen-yu and Chen Kuang-hui are commissioned by the Board of Directors to audit the financial statements and issue the audit report.

The above-mentioned business report, financial statements, and deficit compensation statement have been reviewed by the supervisors and no discrepancy found. Therefore a supervisor review report is issued in accordance with Article 219 of the Company Act.

2019 BULL WILL CO., LTD. Regular Shareholders' Meeting

Supervisors: WUI HECK KOON  
CHIEN CHIH LANG

March 28, 2019

## Investment in Mainland China:

2018/21/31 Unit: NTD 1,000

Investee in mainland China	Primary business items	Paid-in capital	Investment method (Note 1)	Period beginning Accumulated investment amount remitted outward from Taiwan	Investment amount remitted outward or recovered this period		Period end accumulated investment amount remitted outward from Taiwan	Investee current profit and loss	The Company's direct or indirect investment % shareholding	Recognized investment income or loss	Period end investment book value	As of this period end investment income remitted back	Note
					Remitted out	Recovered							
Huizhou Jun Chao Electronic Co., Ltd.	Agent of the Company's product manufacturing	\$ 51,403 (HKD13,000)	(2)	\$ 47,151 (HKD 12,050)	\$ --	\$ --	\$ 47,151 (HKD 12,050)	(\$ 15,828)	100%	(\$ 15,828)	(\$ 102,103)	\$ --	Note 2 (2)C
Dongguan Zhao Kang Electronic Co., Ltd.	Agent of the Company's products	\$ 35,738 (HKD 9,000)	(2)	\$ 35,738 (HKD 9,000)	--	--	\$ 35,738 (HKD 9,000)	(1,293)	100%	(1,293)	38,264	--	Note 2 (2)C
Huizhou Bullwill Electronic Co., Ltd.	Agent of the Company's product manufacturing	\$ 19,102 (HKD 5,000)	(2)	\$ 19,102 (HKD 5,000)	--	--	\$ 19,102 (HKD 5,000)	2,984	100%	2,984	5,569	--	Note 2 (2)C
Huizhou Bai Qin Electronics Co., Ltd.	Agent of the Company's product manufacturing	\$ 78,092 (HKD 20,400)	(2)	\$ 78,092 (HKD 20,400)	--	--	\$ 78,092 (HKD 20,400)	(92)	100%	(92)	110	--	Note 2 (2)C

Period end accumulated investment amount remitted from Taiwan to mainland China	Investment amount approved by Investment Commission of the Ministry of Economic Affairs (MOEAIC)	It is in accordance with the quota stipulated by the Investment Commission of the Ministry of Economic Affairs (MOEAIC) for investment in mainland China (Note 4).
\$ 307,603 (USD 700/HKD 72,910)	\$ 307,603 (USD 700/HKD 72,910)	79,527

Note 1: There are three types of investment methods, and it is required to specify the type.

- (1) Direct investment in mainland China
- (2) Re-investment through a company in a third place
- (3) Other methods.

Note 2: For the amount recognized in the space for investment income:

- (1) Please note if the investment is still under preparation and that there is no investment profit and loss yet.
- (2) There are three bases for investment profit and loss recognition, and they should be noted as follows.
  - A. Financial statements audited and certified by an international CPA office collaborating with ROC CPA offices
  - B. Financial statements audited and certified by CPA of the ROC parent company
  - C. Financial statement rating certified by CPA by investment companies during the same period.

Note 3: Numbers shown in this table are in NTD.

Note 4: For companies that are not small or medium scale companies, the limit is either the net value or 6% of the consolidated net value, whichever is higher.

Note 5: The Company invests in companies in mainland China through Honkong Serial System Investment Limited, which is held by Hongkong Bull Will Holdings.

## Independent Accountant's Report

### BULL WILL CO., LTD.

#### **Opinion**

We have audited the following financial statements of BULL WILL CO., LTD.: the parent company only balance sheet at December 31, 2018, the individual income statement, the individual statement of changes in equity, the individual statement of cash flows, and the notes to the individual financial statements, including a summary of significant accounting policies from January 1 to December 31 of 2018.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of BULL WILL CO., LTD. as at December 31, 2018 and its financial performance and cash flows for the period from January 1 to December 31 of 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Opinion**

We conducted the audit in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. Our responsibilities under those rules and standards are described in the section of the responsibilities of accountants auditing parent company only financial statements. Personnel of our accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants, stayed fully independent of BULL WILL Co., Ltd, and fulfilled other responsibilities in accordance with the code. We believe that we have obtained adequate and appropriate audit evidence to form the basis of our audit opinion.

#### **Key audit matters**

Key audit matters refer to the most significant matters, according to our professional judgment, in the 2018 parent company only financial statements of BULL WILL CO., LTD. These matters were addressed during the audit of the overall parent company only financial

statements and in the formation of our opinion. We do not express our opinion on these matters separately. The accounts determined to address the following key auditing matters in the accountant's report:

### **Sales revenue recognition**

Regarding the accounting policy of income recognition, please refer to Note 4(25) of the parent company only financial statements. For description of operating income components, please refer to Note 6(21) of the parent company only financial statements.

The major source of income of BULL WILL CO., LTD. is sales of electronic components and related products. Product sales may have a significant impact on the financial statements because product sales is a major risk associated with ownership and is related to conditions such as remuneration transferred to the buyers, the sales amount can be reliably assessed, and the future economic benefits when received by the company are very likely to be recognized as income. Therefore, product sales recognition of BULL WILL CO., LTD. is chosen to be a key audit matter of this year.

The accountant's audit procedure includes but is not limited to learning and testing the major internal control and implementation effectiveness of sale revenue. For this audit, we sampled the top ten clients newly added to the sales and the major clients of the sales to test the sales and collection cycle. We tested the reasonableness of the timing of income recognition and whether the counterparty receiving a payment is also the counterparty selling the products. We selected several numbers before/after the date of the balance sheet or the original documents checked and recorded during a period of time before/after the closing date to verify the appropriateness of the recording of the sales income and the accounts receivables.

### **Other matters**

The Company has prepared the 2017 parent company only financial statements, and we issued an audit report with unmodified opinion on March 30, 2018. That report is available for reference.

### **Matters of emphasis**

As shown in Note 9, (1), 2 and 3 of the parent company only financial statements, the accounts receivable (\$ 242,844,000, including the amount from selling the accounts receivable of non-resource signed with Bank SinoPac) from transactions with YANG HWA TECHNOLOGY CORPORATION has not been collected yet, and was recorded as “accounts receivable” of NTD 36,996,000 and “other accounts receivable” of NTD 205,848,000. Because this “other accounts receivable” is a reparation from the trade credit insurance, the possibility of compensation and the timing remains unclear. As a result, 100% allowance for doubtful accounts is used.

As shown in Note 6(17) of the parent company only financial statement, BULL WILL CO., LTD. has carried out capital increase by cash through private offering of common shares in 2018. As stated in Note 12(1) of the parent company only financial statement, BULL WILL CO., LTD. on March 30, 2018 resolved the implementation of private offering of ordinary shares at the Board of Directors.

The matters above did not lead us to modify our opinion.

### **Responsibilities of management and those charged with governance for the parent company only financial statements**

The responsibilities of management is to prepare appropriately stated parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Management is also responsible for maintaining necessary internal control relevant to the preparation of the parent company only financial statements to ensure that the parent company only financial statements are free from material misstatement by fraud or error.

Management when preparing parent company only financial statements is also responsible for evaluating BULL WILL’s ability to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting unless management intends to liquidate BULL WILL CO., LTD. to cease the operations, or to liquidate or to have no

feasible alternatives but to do so.

Those charged with governance (including the supervisors) of BULL WILL CO., LTD. are responsible for supervising BULL WILL CO., LTD.'s financial reporting procedure.

### **Account's responsibilities for the audit of parent company only financial statements**

The objectives of accounts for auditing parent company only financial statements are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from any material misstatement due to fraud or error and to issue an accountant's report accordingly. Reasonable assurance refers to a high level of assurance, but there is no guarantee that accountants performing in accordance with the generally accepted auditing standards can detect any material misstatement from the parent company only financial statements. Misstatements may arise from fraud or errors. A misstated dollar amount, individually or in accumulation, that could be reasonably predicted to influence the economic decision of the user of the parent company only financial statements can be viewed as material.

In accordance with the generally accepted auditing standards, we exercised professional judgment and maintained professional skepticism throughout the audit. We also performed the following tasks:

1. We identified and assessed the risks of material misstatement of the parent company only financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BULL WILL CO., LTD.'s internal control.

3. We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. We concluded on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on BULL WILL Co., Ltd's ability to continue as a going concern based on the audit evidence we have obtained. If we conclude that a material uncertainty exists, we will need to draw attention in our accountant's report to the related disclosures in the parent company only financial statements or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of this accountant's report. However, future events or conditions may cause BULL WILL CO., LTD., to cease to continue as a going concern.
5. We evaluated the overall presentation, structure and contents of the parent company only financial statements, including the attached notes, and whether the parent company only financial statements represent the underlying transactions and events in a fair manner.
6. We obtained sufficient and appropriate audit evidence regarding the financial information of entities within the BULL WILL CO., LTD. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit of the parent company and are responsible for our audit opinion.

We have communicated with those charged with governance regarding the planned scope and the timing of the audit as well as material audit findings (including significant internal control shortcomings identified in the audit).

We have also provided those charged with governance the statement that the personnel of our accounting firm subject to the requirements of independence have complied with the requirements of independence of the code of professional ethics of certified public accountants and communicate with those charged with governance relationships and other matters that may influence our independence (including related preventive measures).

We determined the key audit matters of the parent only company financial statements of 2018 of the BULL WILL CO., LTD. according to matters communicated with those charged with governance. We described these matters in the accountant's report, unless the laws and regulations prohibit such disclosure or under rare circumstances that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

SHINEWING TAIWAN

Accountants: Chen Kuang-hui

Yao Yu-lin

Securities and Futures Bureau, Financial Supervisory  
Commission

Approval (107)

No.: Jin-Guan-Zheng-Shen-Zi-1070345892  
(107)

Jin-Guan-Zheng-Shen-Zi-1070342733

March 28, 2019

BULL WILL CO., LTD.  
Parent Company Only Balance Sheets  
December 31, 2018 and 2017

Code	Assets	Notes	December 31, 2018		December 31, 2017	
			Amount	%	Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 30,010	10	\$ 31,301	9
1150	Net notes receivable	6(4)	244	--	454	--
1170	Accounts receivable	6(4) and (6)	79,299	26	87,708	26
1180	Accounts receivable - related parties	6(4) and 7	119,184	40	132,517	39
1200	Other accounts receivable	6(5)	250	--	566	--
1210	Other accounts receivable - related parties	6(5) and 7	3,228	1	667	--
1220	Tax assets		--	--	23	--
130X	Inventories	6(7)	2,663	1	5,851	2
1410	Prepayments	7	3,465	1	4,263	2
1476	Other financial assets - current	6(11) and 8	5,548	2	9,590	3
1479	Other current assets - current	7	--	--	316	--
			<u>243,891</u>	<u>81</u>	<u>273,256</u>	<u>81</u>
15XX	Non-current assets					
1517	Financial assets carried at fair value through other	6(2)	--	--	--	--
1543	Financial assets carried at cost - non-current	6(3)	--	--	--	--
1600	Property, plants, and equipment	6(9)	4,144	1	5,348	2
1760	Investment property, net	6(10) and 8	21,157	7	22,478	7
1840	Deferred income tax assets	6(27)	32,966	11	34,314	10
1920	Guarantee deposits paid	7	760	--	1,110	--
			<u>59,027</u>	<u>19</u>	<u>63,250</u>	<u>19</u>
	Total assets		<u>\$ 302,918</u>	<u>100</u>	<u>\$ 336,506</u>	<u>100</u>
	(Next page)					

BULL WILL CO., LTD.  
Parent Company Only Balance Sheets (Cont'd)  
December 31, 2018 and 2017

(Cont'd)		Unit: NTD 1,000					
Code	Liability and equity	Notes	December 31, 2018		December 31, 2017		
			Amount	%	Amount	%	
21XX	Current liabilities						
2130	Contractual liabilities		\$ 23	--	\$ --	--	
2170	Accounts receivable	6(12)	24,352	8	33,787	11	
2180	Accounts payable - related parties	6(12) and 7	4	--	--	--	
2200	Other accounts receivable		43,094	15	43,051	12	
2220	Accounts payable - related parties	7	924	--	154	--	
2250	Liability reserve - current	6(15)	923	--	935	--	
2320	Long-term borrowings (including the current portion of	6(13) and 8	11,947	4	20,227	6	
2399	Other current liabilities - others	7	996	--	922	--	
			<u>82,263</u>	<u>27</u>	<u>99,076</u>	<u>29</u>	
25XX	Non-current liabilities						
2540	Short-term borrowings	6(13) and 8	--	--	11,947	4	
2650	Investments accounted for using equity method	6(8)	88,110	29	71,765	21	
			<u>88,110</u>	<u>29</u>	<u>83,712</u>	<u>25</u>	
	Total liabilities		<u>170,373</u>	<u>56</u>	<u>182,788</u>	<u>54</u>	
3100	Capital stocks	6(17)	1,113,364	368	1,113,364	331	
3200	Capital surplus	6(18)	43,306	14	43,306	13	
3300	Retained earnings	6(19)					
3350	Accumulated deficits to be covered		( 1,030,829 )	( 340 )	( 1,010,109 )	( 300 )	
3400	Other equity	6(20)	6,704	2	7,157	2	
	Total equity		<u>132,545</u>	<u>44</u>	<u>153,718</u>	<u>46</u>	
	Total liabilities and equity		<u>\$ 302,918</u>	<u>100</u>	<u>\$ 336,506</u>	<u>100</u>	

(Please refer to notes of the parent company only financial statements attached.)

Chairperson: Chang Chieh-min; Manager: Lee Tai-hsiang; Accounting manager: Lo Wei-chang

BULL WILL CO., LTD.

Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2018 and 2017

Unit: NTD 1,000

Code	Account	Notes	2018		2017	
			Amount	%	Amount	%
4000	Operating revenue	6(21) and 7	\$ 268,781	100	\$ 333,662	100
5000	Operating cost	6(7) and 7	( 234,501 )	( 87 )	( 295,163 )	( 86 )
5900	Operating gross profit		34,280	13	38,449	14
5910	Unrealized gain from sales		( 12,292 )	( 4 )	( 14,936 )	( 4 )
5920	Realized gain from sales		12,170	4	15,324	4
5950	Net gross profit		34,158	13	38,887	14
6000	Operating expense					
6100	Selling expense		( 12,372 )	( 5 )	( 13,787 )	( 4 )
6200	Management expense		( 27,987 )	( 10 )	( 30,680 )	( 9 )
6300	Research and development expense		( 4,115 )	( 2 )	( 4,529 )	( 2 )
			( 44,474 )	( 17 )	( 48,996 )	( 15 )
6900	Operating loss		( 10,316 )	( 4 )	( 10,109 )	( 1 )
7000	Non-operating income and expense					
7010	Others	6(22) and 7	1,519	--	1,682	--
7020	Other gains and losses	6(23)	7,618	3	( 15,240 )	( 4 )
7050	Statement of financial cost	6(26)	( 1,181 )	--	( 3,007 )	( 1 )
7070	Share of losses of subsidiaries and accounted for using the equity	6(8)	( 17,236 )	( 6 )	( 6,076 )	( 2 )
			( 9,280 )	( 3 )	( 22,641 )	( 7 )
7900	<b>Pre-tax net loss</b>		( 19,596 )	( 7 )	( 32,750 )	( 8 )
7950	Income tax expense	6(27)	( 1,430 )	( 1 )	( 22,944 )	( 7 )
8200	<b>Net loss</b>		( 21,026 )	( 8 )	( 55,694 )	( 15 )
8300	<b>Other comprehensive income</b>					
8360	Items may be subsequently					
8381	Exchange differences generated from translation are recognized in other comprehensive profit/loss.		( 229 )	--	3,934	1
8399	Income tax related to items to be reclassified subsequently		82	--	( 669 )	--
			( 147 )	--	3,265	1
	<b>Other comprehensive income</b>		( 147 )	--	3,265	1
8500	<b>Total comprehensive income</b>		( \$ 21,173 )	( 8 )	( \$ 52,429 )	( 14 )
	<b>Earnings per share</b>	6(28)				
9750	Basic earnings per share (NTD)		( \$ 0.19 )		( \$ 0.68 )	

(Please refer to notes of the parent company only financial statements attached.)

Chairperson: Chang Chieh-min; Manager: Lee Tai-hsiang; Accounting manager: Lo Wei-chang

BULL WILL CO., LTD.  
Parent Company Only Statements of Changes in Equity  
January 1 to December 31, 2018 and 2017

Unit: NTD 1,000

Item	Capital stocks			Other equity		Total equity
	Common share capital	Capital surplus	Retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) of financial assets carried at fair value through other	
Balance, January 1, 2017	\$ 729,364	\$ 43,306	( \$ 628,015 )	\$ 3,892	\$ --	\$ 148,547
Cash capital increase	384,000	--	( 326,400 )	--	--	57,600
	<u>1,113,364</u>	<u>43,306</u>	<u>( 954,415 )</u>	<u>3,892</u>	<u>--</u>	<u>206,147</u>
Net loss in 2017	--	--	( 55,694 )	--	--	( 55,694 )
Other comprehensive income in 2017	--	--	--	3,265	--	3,265
Total comprehensive income in 2017	--	--	( 55,694 )	3,265	--	( 52,429 )
Balance, December 31, 2017	1,113,364	43,306	( 1,010,109 )	7,157	--	153,718
Adjustments of retrospective application and retrospective restatement	--	--	306	--	( 306 )	--
Balance, beginning of the restatement	<u>1,113,364</u>	<u>43,306</u>	<u>( 1,009,803 )</u>	<u>7,157</u>	<u>( 306 )</u>	<u>153,718</u>
Net loss in 2018	--	--	( 21,026 )	--	--	( 21,026 )
Other comprehensive income in 2018	--	--	--	( 147 )	--	( 147 )
Total comprehensive income in 2018	--	--	( 21,026 )	( 147 )	--	( 21,173 )
Balance, December 31, 2018	<u>\$ 1,113,364</u>	<u>\$ 43,306</u>	<u>( \$ 1,030,829 )</u>	<u>\$ 7,010</u>	<u>( \$ 306 )</u>	<u>\$ 132,545</u>

(Please refer to notes of the parent company only financial statements attached.)

Chairperson: Chang Chieh-min; Manager: Lee Tai-hsiang; Accounting manager: Lo Wei-chang

BULL WILL CO., LTD.

Parent company only statements of cash flows

January 1 to December 31, 2018 and 2017

Unit: NTD 1,000

	2018	2017
<u>Cash flows from operating activities</u>		
Pre-tax net loss	( \$ 19,596 )	( \$ 32,750 )
Adjustments:		
Profit/loss not affecting cash flows		
Depreciation expenses	1,457	1,603
Interest expense	1,181	3,007
Interest income	( 83 )	( 72 )
Share of loss of subsidiaries, associates, joint ventures accounted for using the equity method	17,236	6,076
Disposal of investment property gain	( 108 )	--
Financial asset reversal gain	--	( 344 )
Loss on disposal of investment	323	--
Unrealized gain from sales	12,292	14,936
Realized gain from sales	( 12,170 )	( 15,324 )
Net loss (gain) on foreign currency exchange	( 7,957 )	15,358
Changes in assets/liabilities related to operating activities		
Decrease in notes receivable	210	184
Decrease in accounts receivable	8,409	17,155
Decrease (increase) in other accounts receivable - related parties	13,333	( 11,317 )
Decrease in other accounts receivable	316	1,408
Decrease (increase) in other accounts receivable - related parties	( 2,561 )	2,912
Decrease in inventories	3,188	3,687
Decrease in advance payments	798	15,463
Decrease in other financial assets - current	4,042	16,631
Decrease in other non-current assets - other	316	626
Increase (decrease) in contractual liabilities - current	23	( 143 )
Decrease in accounts payable	( 9,435 )	( 6,726 )
Increase (decrease) in other accounts payable - related parties	4	( 9 )
Decrease in other accounts payable	( 509 )	( 2,268 )
Increase (decrease) in other accounts payable - related parties	770	( 24,361 )
Decrease in liability reserve - current	( 12 )	( 106 )
Increase in other current liabilities - others	74	101
Operating cash inflows	11,541	5,727

(Next page)

BULL WILL CO., LTD.

Parent company only statements of cash flows (cont'd)

January 1 to December 31, 2018 and 2017

(Cont'd)

Unit: NTD 1,000

	2018	2017
Interests received	83	72
Income tax refunded	23	--
Net cash inflows from operating activities	<u>11,647</u>	<u>2,722</u>
<u>Cash flows from investment activities</u>		
Decrease in guarantee deposits paid	350	980
Acquisition of investments accounted for using the equity method	( 1,564 )	--
Acquisition of property, plants, and equipment	( 114 )	--
Proceeds from disposal of investment property	1,290	--
Cash returned from liquidation of financial assets measured at cost	--	1,068
Net cash inflows (outflows) from investment activities	<u>( 38 )</u>	<u>2,048</u>
<u>Cash flows from financing activities</u>		
Payments of long-term borrowings	( 20,227 )	( 50,389 )
Decrease in deposits received	--	( 93 )
Interests paid	( 629 )	( 3,077 )
Cash capital increase	--	57,600
Net cash inflows (outflows) from financing activities	<u>( 20,856 )</u>	<u>7,118</u>
Effect of exchange rate changes on cash and cash equivalents	7,956	( 15,358 )
Net decrease in cash and cash equivalents	( 1,291 )	( 3,470 )
Cash and cash equivalents at beginning of period	<u>31,301</u>	<u>34,771</u>
Cash and cash equivalents, end of the period	<u>\$ 30,010</u>	<u>\$ 31,301</u>
<u>Financing activities not affecting cash flows</u>		
Current portion of long-term loans payable	<u>\$ 11,947</u>	<u>\$ 20,227</u>

(Please refer to notes of the parent company only financial statements attached.)

Chairperson: Chang Chieh-min; Manager: Lee Tai-hsiang; Accounting manager: Lo Wei-chang

## Independent Accountant's Report

### BULL WILL CO., LTD.

#### **Opinion**

We have audited the following financial statements of BULL WILL CO., LTD. and its subsidiaries (hereinafter as the Group): the consolidated balance sheet at December 31, 2018, the consolidated income statement, the individual statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial statements, including a summary of significant accounting policies from January 1 to December 31 of 2018.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and its consolidated financial performance and its consolidated cash flows for the period from January 1 to December 31, 2018 of the Group in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Standards (IFRSs), the international Accounting Standards (IASs), and the related interpretations and interpretative bulletins endorsed by the Financial Supervisory Commission.

#### **Basis for opinion**

We conducted the audit in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. Our responsibilities under those rules and standards are described in the section of the responsibilities of accountants auditing consolidated financial statements. Personnel of our accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants, stayed fully independent of BULL WILL CO., LTD. and its subsidiaries, and fulfilled other responsibilities in accordance with the code. We believe that we have obtained adequate and appropriate audit evidence to form the basis of our audit opinion.

### **Key audit matters**

Key audit matters refer to the most significant matters, according to our professional judgment, in the 2018 consolidated financial statements of BULL WILL CO., LTD. and the subsidiaries. These matters were addressed during the audit of the overall consolidated financial statements and in the formation of our opinion. We do not express our opinion on these matters separately. The accounts determined to address the following key auditing matters in the accountant's report:

### **Sales revenue recognition**

Regarding the accounting policy of income recognition, please refer to Note 4(27) of the consolidated financial statements. For description of operating income components, please refer to Note 6(23) of the consolidated financial statements.

The major source of income of BULL WILL CO., LTD. and its subsidiaries is sales of electronic components and related products. Product sales may have a significant impact on the financial statements because product sales is a major risk associated with ownership and is related to conditions such as remuneration transferred to the buyers, the sales amount can be reliably assessed, and the future economic benefits when received by the company are very likely to be recognized as income. Therefore, product sales recognition of BULL WILL CO., LTD. and its subsidiaries is chosen to be a key audit matter of this year.

The accountant's audit procedure includes but is not limited to learning and testing the major internal control and implementation effectiveness of sale revenue. For this audit, we sampled the top ten clients newly added to the sales and the major clients of the sales to test the sales and collection cycle. We tested the reasonableness of the timing of income recognition and whether a counterparty receiving a payment is the counterparty selling the products. We selected several numbers before/after the date of the balance sheet or the original documents checked and recorded during a period of time before/after the closing date to verify the appropriateness of the recording of the sales income and the accounts receivables.

### **Matters of emphasis**

As shown in Notes 9, (1), 2 and 3 of the consolidated financial statements, the accounts receivable (NTD 242,844,000, including the amount from selling the accounts receivable of non-resource signed with Bank SinoPac) from transactions with YANG HWA TECHNOLOGY CORPORATION has not been collected yet and was recorded as “accounts receivable” of NTD 36,996,000 and “other accounts receivable” of NTD 205,848,000. Because this “other accounts receivable” is a reparation from the trade credit insurance, the compensation and the timing have not been settled. As a result, 100% allowance for doubtful accounts is used.

As shown in Note 6(18) of the consolidated financial statements, BULL WILL CO., LTD. has carried out capital increase by cash through private equity offering in 2017. As stated in Note 12(1) of the consolidated financial statements, BULL WILL CO., LTD. on March 30, 2018 resolved the implementation of private offering of ordinary shares at the Board of Directors.

The matters above did not lead us to modify our opinion.

#### **Other matters**

The Group has prepared the 2018 consolidated financial statements, and we have issued an audit report with unmodified opinion. That report is available for reference.

The Group has prepared the 2017 consolidated financial statements, and we issued an audit report with unmodified opinion on March 30, 2018. The report is available for reference.

#### **Responsibilities of management and those charged with governance for the consolidated financial statements**

The responsibilities of management is to prepare appropriately stated consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Standards (IFRs), the international Accounting Standards (IASs), and the related interpretations and interpretative bulletins endorsed by the Financial Supervisory Commission. Management is also responsible for maintaining necessary internal control relevant to the preparation of the consolidated financial statements to ensure that the consolidated financial statements are free from material

misstatement by fraud or error.

Management when preparing consolidated financial statements is responsible too for evaluating the Group's ability to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting unless management intends to liquidate the Group to cease the operations, or to liquidate or to have no feasible alternatives but to do so.

Those charged with governance (including the supervisors) of the Group are responsible for supervising the Group's financial reporting procedure.

### **Account's responsibilities for auditing consolidated financial statements**

The objectives of accountants for auditing the consolidated financial statements are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from any material misstatement due to fraud or errors and to issue an accountant's report accordingly. Reasonable assurance refers to a high level of assurance, but there is no guarantee that accountants performing in accordance with the generally accepted auditing standards can detect any material misstatement from the consolidated financial statements. Misstatements may arise from fraud or errors. A misstated dollar amount, individually or in accumulation, that could be reasonably predicted to influence the economic decision of the user of the consolidated financial statements can be viewed as material.

In accordance with the generally accepted auditing standards, we exercised professional judgment and maintained professional skepticism throughout the audit. We also performed the following tasks:

1. We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

internal control.

2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. We concluded on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern based on the audit evidence we have obtained. If we conclude that a material uncertainty exists, we will need to draw attention in our accountant's report to the related disclosures in the consolidated financial statements or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of this accountant's report. However, future events or circumstances may cause the Group to cease to continue as a going concern.

5. We evaluated the overall presentation, structure and content of the consolidated financial statements, including the attached notes, and whether the consolidated financial statements represent the underlying transactions and events in a fair manner.

6. We obtained sufficient and appropriate audit evidence regarding the financial information of entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group's audits and are responsible for our audit opinion.

We have communicated with those charged with governance regarding the planned scope and the timing of the audit as well as material audit findings (including significant internal control shortcomings identified in the audit).

We have also provided those charged with governance the statement that the personnel of our accounting firm subject to the requirements of independence have complied with the requirements of independence of the code of professional ethics of certified public accountants and communicate with those charged with governance relationships and other

matters that may influence our independence (including related preventive measures).

We determined the key audit matters of the consolidated financial statements of 2018 of the Group according to matters communicated with those charged with governance. We described these matters in the accountant's report, unless the laws and regulations prohibit such disclosure or under rare circumstances that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

SHINEWING TAIWAN

Accountants: Chen Kuang-hui  
Yao Yu-lin

Securities and Futures Bureau, Financial Supervisory  
Commission, Executive Yuan

Approval (107)

No.: Jin-Guan-Zheng-Shen-Zi-1070345892  
(107)

Jin-Guan-Zheng-Shen-Zi-1070342733

March 28, 2019

BULL WILL CO., LTD. and Subsidiaries  
Consolidated Balance Sheets  
December 31, 2018 and 2017

Code	Assets	Notes:	December 31, 2018		December 31, 2017	
			Amount	%	Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 39,011	18	\$ 47,663	18
1150	Net notes receivable	6(4)	244	--	454	--
1170	Net accounts receivable	6(4) and (6)	76,108	35	90,703	34
1180	Accounts receivable - related parties	6(4) and 7	75	--	--	--
1200	Other accounts receivable	6(5)	2,186	1	2,752	1
1210	Other accounts receivable - related parties	6(5) and 7	--	--	134	--
1220	Income tax assets		--	--	23	--
130X	Inventories	6(7)	25,572	12	38,191	14
1410	Advance payments		735	--	8,823	3
1460	Group for disposal	6(9)	320	--	434	--
1476	Other financial assets - current	6(8) and 8	5,548	3	9,590	4
1479	Other current assets - current	7	--	--	316	--
			<u>149,799</u>	<u>69</u>	<u>199,083</u>	<u>74</u>
15XX	Non-current assets					
1517	Financial assets carried at fair value through other	6(2)	--	--	--	--
1543	Financial assets carried at cost - non-current	6(3)	--	--	--	--
1550	Acquisition of investments accounted for using the equity	6(10)	4,279	2	--	--
1600	Property, plants, and equipment	6(11)	7,000	3	10,003	4
1760	Investment property, net	6(12) and 8	21,157	10	22,478	8
1840	Deferred tax assets	6(29)	32,966	15	34,314	13
1920	Guarantee deposits paid	7	903	1	1,574	1
			<u>66,305</u>	<u>31</u>	<u>68,369</u>	<u>26</u>
	Total assets		<u>\$ 216,104</u>	<u>100</u>	<u>\$ 267,452</u>	<u>100</u>
	(Next page)					

BULL WILL CO., LTD. and Subsidiaries  
Consolidated Balance Sheets  
December 31, 2018 and 2017

(Cont'd)				Unit: NTD 1,000		
Code	Liability and equity	Notes	December 31, 2018		December 31, 2017	
			Amount	%	Amount	%
21XX	Current liabilities					
2130	Contractual liabilities - current		\$ 23	--	\$ --	--
2170	Accounts payable	6(13)	36,169	17	45,181	17
2180	Accounts payable - related parties	6(13) and 7	4	--	--	--
2200	Other accounts payable		48,216	22	48,142	18
2220	Accounts payable - related parties	7	188	--	154	--
2250	Liability reserve - current	6(16)	1,151	1	1,211	--
2260	Liabilities directly related to asset groups available-for-sale	6(9)	211	--	229	--
2320	Long-term borrowings (including the current portion of	6(14) and 8	11,947	5	20,227	8
2399	Other current liabilities - others		1,271	1	1,750	1
			<u>99,180</u>	<u>46</u>	<u>116,894</u>	<u>44</u>
25XX	Non-current liabilities					
2540	Long-term borrowings	6(14) and 8	--	--	11,947	4
			--	--	11,947	4
	Total liabilities		<u>99,180</u>	<u>46</u>	<u>128,841</u>	<u>48</u>
31XX	Consolidated net income attributable to owners of the					
3100	Capital stock	6(18)	1,113,364	515	1,113,364	417
3200	Capital surplus	6(19)	43,306	20	43,306	16
3300	Retained earnings	6(20)				
3350	Accumulated deficits to be covered		( 1,030,829 )	( 477 )	( 1,010,109 )	( 378 )
3400	Other equity	6(21)	6,704	3	7,157	3
			<u>132,545</u>	<u>61</u>	<u>153,718</u>	<u>58</u>
36XX	Non-control equity	6(22)	( 15,621 )	( 7 )	( 15,107 )	( 6 )
	Total equity		<u>116,924</u>	<u>54</u>	<u>138,611</u>	<u>52</u>
	Total liabilities and equity		<u>\$ 216,104</u>	<u>100</u>	<u>\$ 267,452</u>	<u>100</u>

(Please refer to notes of the consolidated financial statements attached.)

Chairperson: Chang Chieh-min; Manager: Lee Tai-hsiang; Accounting manager: Lo Wei-chang

BULL WILL CO., LTD. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
2018 and December 31, 2018 and 2017

Unit: NTD 1,000

Code	Account	Notes	2018		2017	
			Amount	%	Amount	%
4000	Operating revenue	6(23) and 7	\$ 245,875	100	\$ 286,954	100
5000	Operating cost	6(7) and 7	( 198,751 )	( 81 )	( 232,237 )	( 81 )
5900	Operating gross profit		47,124	19	54,717	19
6000	Operating expenses	7				
6100	Selling expense		( 18,178 )	( 7 )	( 15,865 )	( 6 )
6200	Management expense		( 52,404 )	( 21 )	( 61,553 )	( 21 )
6300	Research and development expenses		( 4,119 )	( 2 )	( 4,530 )	( 2 )
			( 74,701 )	( 30 )	( 81,948 )	( 29 )
6900	Operating loss		( 27,577 )	( 11 )	( 27,231 )	( 10 )
7000	Non-operating income and expense					
7010	Other revenue	6(24) and 7	6,144	2	4,676	2
7020	Other gains and losses	6(25)	2,311	1	( 10,430 )	( 4 )
7050	Financial cost	6(28)) and 7	( 1,426 )	--	( 3,007 )	( 1 )
7060	Share of profit of associates accounted for using the equity method	6(10)	1,937	1	--	--
			8,966	4	( 8,761 )	( 3 )
7900	<b>Pre-tax net loss</b>		( 18,611 )	( 7 )	( 35,992 )	( 13 )
7950	Income tax expense	6(29)	( 1,897 )	( 1 )	( 23,125 )	( 8 )
8000	<b>Net loss from continuing operations</b>		( 20,508 )	( 8 )	( 59,117 )	( 21 )
8100	Loss from suspended operations		( 92 )	--	( 97 )	--
8200	<b>Net loss</b>		( 20,600 )	( 8 )	( 59,214 )	( 21 )
8300	<b>Other comprehensive income</b>					
8360	Items may be subsequently reclassified to					
8361	Exchange differences of subsidiaries, and joint ventures		( 1,165 )	--	5,050	2
8365	Equity directly related to asset groups		( 4 )	--	( 3 )	--
8399	Income tax of items that may be		82	--	( 669 )	--
			( 1,087 )	--	4,378	2
	<b>Other comprehensive income (after-tax net)</b>		( 1,087 )	--	4,378	2
8500	<b>Total comprehensive income</b>		( \$ 21,687 )	( 8 )	( \$ 54,836 )	( 19 )
8600	<b>Net loss attributable to</b>					
8610	Owner of the parent company		( \$ 21,026 )	( 8 )	( \$ 55,694 )	( 20 )
8620	Non-control equity		426	--	( 3,520 )	( 1 )
			( \$ 20,600 )	( 8 )	( \$ 59,214 )	( 21 )
8700	<b>Total comprehensive income attributable</b>					
8710	Owner of the parent company		( \$ 21,173 )	( 8 )	( \$ 52,429 )	( 18 )
8720	Non-control equity		( 514 )	--	( 2,407 )	( 1 )
			( \$ 21,687 )	( 8 )	( \$ 54,836 )	( 19 )
	<b>Earnings per share</b>	6(30)				
9710	Net loss from continuing operations		( \$ 0.19 )		( \$ 0.68 )	
9720	Net loss from suspended operations		\$ --		\$ --	
9750	Basic earnings per share (NTD)		( \$ 0.19 )		( \$ 0.68 )	

(Please refer to notes of the consolidated financial statements attached.)

Chairperson: Chang Chieh-min; Manager: Lee Tai-hsiang; Accounting manager: Lo Wei-chang

BULL WILL CO., LTD. and Subsidiaries  
Consolidated Statements of Changes in Equity  
December 31, 2018 and 2017

Unit: NTD 1,000

Item	Equity attributable to owners of the parent company			Other equity			Total	Non-control equity	Total equity
	Capital stocks			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) of financial assets carried at fair value through other comprehensive income	Equity directly related to asset groups available-for-sale			
	Share capital - common stock	Capital surplus	Retained earnings						
Balance, January 1, 2017	\$ 729,364	\$ 43,306	( \$ 628,015 )	\$ 1,879	\$ --	\$ 2,013	\$ 148,547	( \$ 12,700 )	\$ 135,847
Cash capital increase	384,000	--	( 326,400 )	--	--	--	57,600	--	57,600
	<u>1,113,364</u>	<u>43,306</u>	<u>( 954,415 )</u>	<u>1,879</u>	<u>--</u>	<u>2,013</u>	<u>206,147</u>	<u>( 12,700 )</u>	<u>193,447</u>
Net loss in 2017	--	--	( 55,694 )	--	--	--	( 55,694 )	( 3,520 )	( 59,214 )
Other comprehensive income in	--	--	--	3,268	--	( 3 )	3,265	1,113	4,378
Total comprehensive income in	--	--	( 55,694 )	3,268	--	( 3 )	( 52,429 )	( 2,407 )	( 54,836 )
Balance, December 31, 2017	1,113,364	43,306	( 1,010,109 )	5,147	--	2,010	153,718	( 15,107 )	138,611
Adjustments of retrospective	--	--	306	--	( 306 )	--	--	--	--
Balance, beginning of the	<u>1,113,364</u>	<u>43,306</u>	<u>( 1,009,803 )</u>	<u>5,147</u>	<u>( 306 )</u>	<u>2,010</u>	<u>153,718</u>	<u>( 15,107 )</u>	<u>138,611</u>
Net loss in 2018	--	--	( 21,026 )	--	--	--	( 21,026 )	426	( 20,600 )
Other comprehensive income in	--	--	--	( 143 )	--	( 4 )	( 147 )	( 940 )	( 1,087 )
Total comprehensive income in	--	--	( 21,026 )	( 143 )	--	( 4 )	( 21,173 )	( 514 )	( 21,687 )
Balance, December 31, 2018	<u>\$ 1,113,364</u>	<u>\$ 43,306</u>	<u>( \$ 1,030,829 )</u>	<u>\$ 5,004</u>	<u>( \$ 306 )</u>	<u>\$ 2,006</u>	<u>\$ 132,545</u>	<u>( \$ 15,621 )</u>	<u>\$ 116,924</u>

(Please refer to notes of the consolidated financial statements attached.)

Chairperson: Chang Chieh-min; Manager: Lee Tai-hsiang; Accounting manager: Lo Wei-chang

BULL WILL CO., LTD. and Subsidiaries  
Consolidated Statements of Cash Flows  
December 31, 2018 and 2017

Unit: NTD 1,000

	2018	2017
<u>Cash flows from operating activities</u>		
Pre-tax net loss from continuing operations	( \$ 18,611 )	( \$ 35,992 )
Loss from suspended operations	( 92 )	( 97 )
Pre-tax net loss	( 18,703 )	( 36,089 )
Adjustments:		
Profit/loss not affecting cash flows		
Depreciation expenses	3,209	4,033
Provision (reversal) for bad debt expense	( 2,492 )	6,512
Interest expense	1,426	3,007
Interest income	( 153 )	( 149 )
Loss (income) from disposal of investment	323	( 112 )
Income from disposal and write-off of property, plants, and	--	( 52 )
Disposal of investment property gain	( 108 )	--
Share of loss of associates accounted for using the equity	( 1,937 )	--
Net loss (gain) on foreign currency exchange	( 2,678 )	10,593
Financial asset reversal gain	--	( 344 )
Changes in assets/liabilities related to operating activities		
Decrease in notes receivable	210	184
Decrease in accounts receivable	16,960	23,101
Decrease (increase) in accounts receivable - related parties	( 75 )	58
Decrease (increase) in other accounts receivable	566	( 366 )
Decrease in other accounts receivable - related parties	134	1,300
Decrease in inventories	12,619	11,173
Decrease (increase) in advance payments	8,088	( 6,168 )
Decrease in other financial assets - current	4,042	16,631
Decrease in other non-current assets - other	316	877
Increase (decrease) in contractual liabilities	23	( 215 )
Decrease in accounts payable	( 9,012 )	( 10,330 )
Increase (decrease) in other accounts payable - related parties	4	( 9 )
Decrease in other accounts payable	( 496 )	( 3,826 )
Decrease in other accounts payable - related parties	( 21 )	( 24,354 )
Decrease in liability reserve - current	( 60 )	( 214 )
Increase (decrease) in other current liabilities - others	( 479 )	437
Operating cash inflows (outflows)	11,706	( 4,322 )

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BULL WILL CO., LTD. And Subsidiaries  
Consolidated Statements of Cash Flows (Cont'd)  
December 31, 2018 and 2017

(Cont'd)

	2018	2017
	Unit: NTD 1,000	
Interests received	153	149
Income taxes paid	( 127 )	( 181 )
Net cash inflows (outflows) from operating activities	11,732	( 4,354 )
<u>Net cash flows from investment activities</u>		
Proceeds from disposition of financial assets measured at cost	--	1,370
Acquisition of investments accounted for using the equity method	( 1,564 )	--
Cash returned from capital decrease of financial assets measured at cost	--	1,068
Acquisition of property, plants, and equipment	( 142 )	( 247 )
Proceeds from disposition of property, plants, and equipment	--	386
Disposal of investment property proceeds	1,290	--
Decrease in guarantee deposits paid	671	1,038
Net cash inflows (outflows) from investment activities	255	3,615
<u>Cash flows from financing activities</u>		
Payments of long-term borrowings	( 20,227 )	( 50,389 )
Decrease in deposits received	--	( 93 )
Interests paid	( 819 )	( 3,076 )
Cash capital increase	--	57,600
Net cash inflows (outflows) from financing activities	( 21,046 )	4,042
Effect of exchange rate changes on cash and cash equivalents	293	( 5,788 )
Net decrease in cash and cash equivalents	( 8,766 )	( 2,485 )
Cash and cash equivalents at beginning of period	48,097	50,582
Cash and cash equivalents at end of period	\$ 39,331	\$ 48,097
Cash and cash equivalents recorded in balance sheet	\$ 39,011	\$ 47,663
Cash and cash equivalents classified to the group available for investment of partial expenditure for receiving cash	\$ 320	\$ 434
Proceeds for purchase of property, plants, and equipment	\$ 142	\$ 149
Beginning balance payable - machinery and equipment	--	98
Ending balance payable - machinery and equipment	--	--
Cash paid	\$ 142	\$ 247
<u>Financing activities not affecting cash flows</u>		
Less: Current portion of long-term loans payable	\$ 11,947	\$ 20,227

(Please refer to notes of the consolidated financial statements attached.)

Chairperson: Chang Chieh-min; Manager: Lee Tai-hsiang; Accounting manager: Lo Wei-chang

BULL WILL CO., LTD.  
Deficit Compensation Statement  
2018

Unit: NTD 1,000

Item	Amount	Note:
Retained earnings for distribution		
Accumulated deficits to be covered at beginning	(1,010,108,597)	
Plus: Loss reclassified to other equity (Equity investments measured at fair value through other comprehensive income)	305,939	
Less: 2018 after-tax impairment	(21,026,805)	
Deficits to be compensated at ending	(1,030,829,463)	

Chairperson: Chang Chieh-min

Manager: Lee Tai-hsiang

Accounting manager: Lo Wei-chang

**Cross-Reference Table: Before and After the Amendment of Articles of Incorporation**

Original Article No.	Original Content	Amended Article No.	Amended Content	Description
6.	<p>The amount of the Company's fixed capital is two million and fifty million New Taiwanese Dollars, which is divided into 205 million common shares, making each share NTD 11.00, and the Board of Directors is authorized to issue these shares several times a year.</p> <p>Among these shares, <del>nine-million shares</del> are reserved for stock option certificates, preferred shares with warrants, or corporate bonds with warrants for the exercise of the share options.</p> <p>...</p>	6.	<p>The amount of the Company's fixed capital is two million and fifty million New Taiwanese Dollars, which is divided into 205 million common shares, making each share NTD 11.00, and the Board of Directors is authorized to issue these shares several times a year.</p> <p>Among these shares, <u>sixteen million and seven hundred thousand shares</u> are reserved for stock option certificates, preferred shares with warrants, or corporate bonds with warrants for the exercise of the share options.</p> <p>...</p>	This amendment is made for the Company's practical need.

**Cross-Reference Table: Before and After the Amendment of the Operation Procedure for Loaning Funds to Others**

Original Article No.	Original Content	Amended Article No.	Amended Content	Description
1.	<p>This procedure is set up to provide the Company with a procedure for providing loans to others.</p> <p>For other legal entities or groups qualifying the loan for other conditions (hereinafter as borrowers), their loans will be processed in accordance with this procedure.</p>	1.	<p>This procedure is set up to provide the Company with a procedure for providing loans to others.</p> <p>For other legal entities or groups qualifying the loan for other conditions (hereinafter as borrowers), their loans will be processed in accordance with this procedure.</p> <p><u>Nevertheless, if there are other requirements by relevant acts, these acts shall prevail.</u></p>	Amendment is made for coordinating with the competent authority.
2.	<p><b>Borrowers</b></p> <p>In accordance with Article 15 of the Company Act, public issued companies are not allow to provide shareholders or other provide loans except the following conditions of the funds:</p> <ol style="list-style-type: none"> <li>1. Business interactions with other companies</li> <li>2. Necessary for short-term financing funds with companies</li> </ol> <p>The financing amount should not exceed 40% of the net value of the company receiving the loans. The term “short-term” refers to one year. For companies with a operating cycle longer than one year, use the operating cycle as the</p>	2.	<p><b>Borrowers</b></p> <p>In accordance with Article 15 of the Company Act, the Company shall not provide loans to shareholders or others except the following conditions of the funds:</p> <ol style="list-style-type: none"> <li>1. Business interactions with other companies</li> <li>2. Necessary for short-term financing funds with companies</li> </ol> <p>The financing amount should not exceed 40% of the net value of the company receiving the loans. The term “short-term” refers to one year. For companies with a operating cycle longer than one year, use the operating cycle as the definition of short term.</p> <p>The term “financing amount” in Paragraph 2 of Article 1 refers to</p>	Amendment is made for coordinating with the competent authority.

	<p>definition of short term. The term “financing amount” in Paragraph 2 of Article 1 refers to the accumulated balance of the short-term financing funds of publicly issued companies. Publicly issued companies providing loans to foreign companies that they held 100% of the voting shares either directly or indirectly are not restricted by Paragraph 2 of Article 1. Nonetheless, the limit on the amount of loans and of the borrowing terms stipulated in Articles 4 and 6 are still applicable.</p>	<p>the accumulated balance of the short-term financing funds of publicly issued companies. <u>Publicly issued companies providing loans to foreign companies that they held 100% of the voting shares either directly or indirectly or vice versa are not restricted by Paragraph 2 of Article 1. 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. If a company responsible person violates the regulations of the first paragraph or the aforementioned paragraphs, the person and the borrowers are jointly responsible for repayment. If the Company is damaged, the above people shall be responsible for the compensation as well.</u></p>	
<p>Article 11: Report announcement</p>	<p>Report announcement...</p>	<p>Report announcement ... <u>The term “date of occurrence” refers to the date of contract signing, date of payment, dates of boards of directors resolutions, other dates of determining the borrower and the amount of the loan, or whichever happens earlier.</u></p>	<p>Amendment is made for coordinating with the competent authority.</p>

<p>Article 13</p>	<p>Taking effect and amendment</p> <p>The Company has set up the procedure for providing loans to others, and once resolved by the Boards of Directors, the borrowing resolution will be submitted to supervisors and shareholders for approval. If there is any director expressing disagreement, and records or written statements are available, the Company should submit the disagreement to supervisors and to the shareholders' meeting for discussion.</p> <p>Same applies to amendment.</p> <p>When submitting the loan provision 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 the record their comments on or reasons for disagreement or agreement in the minutes of the Board of Directors.</p>	<p>Taking effect and amendment</p> <p>If the Company plans to provide loans to others, it should follow the procedure for providing loan to other, and once approved by the Board of Directors, the case 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.</p> <p><u>The Company has independent directors, and when submitting the loan provision 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 if an independent director shows disagreement or expresses reservation, the information should be recorded in the minutes of the Board of Directors.</u></p> <p><u>The Company has no plan to provide loans to others, and once it is approved by the Board of</u></p>	<p>Amendment is made for coordinating with the competent authority.</p>
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		<p><u>Directors, there is no need for the Company to set up the procedure for providing loans to others. If later the Company plans to provide loans to others, the two aforementioned regulations shall apply.</u></p> <p><u>If the Company has set set a auditing committee, then to set up/revise the procedure of providing loans to others, it has to be approved by the majority of the auditing committee members, and the case should be resolved by the Board of Directors, and in this case, No. 2 does not apply.</u></p> <p><u>If the aforementioned case was not approved by the majority of the auditing committee members, then to implement it, the case has to be approved by more than two-thirds of all directors. The resolution of the auditing committee should be recorded in the meeting minutes of the Board of Directors.</u></p> <p>The number of “all auditing committee members” as mentioned in Paragraph 4 and of “all directors” as mentioned in the preceding paragraph shall be the actual number of persons holding the position.</p>	
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**Cross-Reference Table: Before and After the Amendment of the Operation Procedure for Making of Guarantee/Endorsement**

Original Article No.	Original Content	Amended Article No.	Amended Content	Description
Article 1	Objectives This guidelines are set 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 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. <u>Nevertheless, if there are other requirements by relevant acts, these acts shall prevail.</u>	Amendment is made for coordinating with the competent authority.
Article 3	Counter party of endorsements/guarantees ... 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 Counter party and monetary amount of the transaction, whichever date is earlier.	Article 3	Counter party of endorsement/guarantees ... <u>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 endorsement/guarantee, whichever date is earlier.</u>	Amendment is made for coordinating with the competent authority.
Article 8	Reporting and announcement  Aside from on the tenth of each month announcing the Company and its subsidiaries’ aggregate		Reporting and announcement  Aside from on the tenth of each month announcing the Company and its subsidiaries’ aggregate	To clearly define long-term investment, this amendment is made based on

<p>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:</p> <ol style="list-style-type: none"> <li>1. The aggregate balance of endorsements/guarantees by the public company and its subsidiaries reaches 50% or more of the public company's net worth as stated in its latest financial statement.</li> <li>2. The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches 20% or more of the public company's net worth as stated in its latest financial statement.</li> <li>3. The balance of endorsements/guarantees by the public 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 public company's net worth as stated in its latest financial statement.</li> <li>4. The amount of new endorsements/guarantees made</li> </ol>	<p>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:</p> <ol style="list-style-type: none"> <li>1. The aggregate balance of endorsements/guarantees by the public company and its subsidiaries reaches 50% or more of the public company's net worth as stated in its latest financial statement.</li> <li>2. The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches 20% or more of the public company's net worth as stated in its latest financial statement.</li> <li>3. The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches NTD 10 millions or more and the aggregate amount, <u>the carrying amount of investment accounted for using the equity method</u>, and balance of loans to, such enterprise reaches 30% or more of public company's net worth as stated in its latest financial statement.</li> <li>4. The amount of new</li> </ol>	<p>Regulations Governing the Preparation of Financial Reports by Securities Issuer.</p>
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	<p>by the public company or its subsidiaries reaches NTD 30 million or more, and reaches 5% or more of the public company's net worth as stated in its latest financial statement.</p> <p>The public company shall announce and report on behalf of any subsidiary that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report according to subparagraph 4 of the preceding paragraph.</p>		<p>endorsements/guarantees made by the public company or its subsidiaries reaches NTD 30 million or more, and reaches 5% or more of the public company's net worth as stated in its latest financial statement.</p> <p>The public company shall announce and report on behalf of any subsidiary that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report according to subparagraph 4 of the preceding paragraph.</p>	
Article 12	<p>These regulations have been approved by the Boards of Directors and then submitted to supervisors and shareholders for approval. If there is any director expressing disagreement, and records or written statements are available, the Company should submit the disagreement to supervisors and to the shareholders' meeting for discussion.</p> <p>Same applies to amendment. According to the preceding paragraph, when the Company submit these regulations to the Boards of Directors for</p>		<p>These regulations have been approved by the Boards of Directors and then submitted to supervisors and shareholders for approval. If there is any director expressing disagreement, and records or written statements are available, the Company should submit the disagreement to supervisors and to the shareholders' meeting for discussion.</p> <p>Same applies to amendment. According to the preceding paragraph, when the Company submit these regulations to the Boards of</p>	<p>Amendment is made for coordinating with the competent authority.</p>

	<p>discussion, it is important to take each independent director's comments into good consideration and record his or her comments on or reasons for agreement or disagreement clearly in the meeting minutes of Board of Directors.</p>	<p>Directors for discussion, it is important to take each independent director's comments into good consideration and record his or her comments on or reasons for agreement or disagreement clearly in the meeting minutes of Board of Directors.</p> <p>The Company has independent directors, and when submitting the procedure of making of endorsements/guarantees 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 if an independent director shows disagreement or expresses reservation, the information should be recorded in the minutes of the Board of Directors.</p> <p>The Company has no plan to make endorsements/guarantees for others, and once it is approved by the Board of Directors, there is no need for the Company to set up the procedure for providing loans to others. If later the</p>	
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		<p>Company plans to make endorsements/guarantees for others, the two aforementioned regulations shall apply.</p> <p>If the Company has set set a auditing committee, then to set up/revise the procedure of making of endorsements/guarantees, it has to be approved by the majority of the auditing committee members, and the case should be resolved by the Board of Directors, and in this case, Paragraph 2 does not apply.</p> <p>If the aforementioned case was not approved by the majority of the auditing committee members, then to implement it, the case has to be approved by more than two-thirds of all directors. The resolution of the auditing committee should be recorded in the meeting minutes of the Board of Directors.</p> <p>The number of “all auditing committee members” as mentioned in Paragraph 4 and of “all directors” as mentioned in the preceding paragraph shall be the actual number of persons holding the position.</p>	
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**Cross-Reference Table: Before and After the Amendment of Operation Procedure Governing the Acquisition and Disposal of Assets by Public Companies**

Original Article No.	Original Content	Amended Article No.	Amended Content	Description
3	<p>Article 2. Scope of assets</p> <p>1...</p> <p>2...</p> <p>3...</p> <p>4...</p> <p>5. <del>Financial institutes' rights of claim (including accounts receivable, bills purchased and discounted, loans, and overdue receivables)</del></p> <p>6.</p> <p>7.</p> <p>8.</p>		<p>Article 2. Scope of assets</p> <p>1...</p> <p>2...</p> <p>3...</p> <p>4...</p> <p>5. <u>Right-of-use assets</u></p> <p>6.</p> <p>7.</p> <p>8.</p> <p>9.</p>	Regulations of Article 3 are amended according to Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
3.1	<p>Definitions</p> <p>1. Derivatives: Derivatives are <del>compound contracts made up of</del> long-term contracts, option contracts, futures contracts, leveraged deposit contracts, exchange contracts or a combination derived from <del>assets, interests, exchange rates, indexes, and other instruments providing gain</del>. The so-called long-term contracts do not include insurance contracts, performance contracts, post-sale service contracts, long-term lease contracts, and long-term purchase (sale) contracts.</p> <p>2. ... Or issuance of new shares according to <del>Paragraph 8</del> of Article 156 of the Company Act to transfer the Company's shares (hereafter as share transfer).</p> <p>3...</p> <p>4...</p>		<p>Definitions</p> <p>1. Derivatives: Derivatives are <u>compound contracts or structural instruments made up of long-term contracts</u>, option contracts, futures contracts, leveraged deposit contracts, exchange contracts derived from <u>specific interests, financial instrument value, commodity prices, exchange rates, price or rate indexes, credit ratings, credit indexes, or other variables</u>. The so-called long-term contracts do not include insurance contracts, performance contracts, post-sale service contracts, long-term lease contracts, or long-term purchase (sales) contracts.</p>	Regulations of Article 4 are amended according to Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

<p>5...</p> <p>6...</p>		<p>2. ... Or issuance of new shares according to <u>Paragraph 3</u> of Article 156 of the Company Act to transfer the Company's shares (hereafter as share transfer).</p> <p>3...</p> <p>4...</p> <p>5...</p> <p>6...</p> <p>7. <u>Investment professional:</u>  <u>Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p>8. <u>Stock Exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p>9. <u>Over-the-counter venue ("OTC venue", "OTC"):</u></p>	
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14	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party.</p>	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>1. <u>May not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion</u></p>	<p>Regulations of Article 5 are amended according to Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>	

of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

2. May not be a related party or de facto related party of any party to the transaction.

3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

3. They shall undertake an

			<p><u>item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>4.They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>	
25	<p>...</p> <p>When submitting the procedure of acquisition and disposal of assets by public companies 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 <del>and the record their comments on or reasons for disagreement or agreement in the meeting minutes of the Board of Directors...</del></p>	25	<p>...</p> <p>When submitting the procedure of acquisition and disposal of assets by public companies to the board of directors for discussion according to the aforementioned regulation, <u>it is important to take each independent director's comment into good consideration and if an independent director shows disagreement or expresses reservation, the information should be recorded in the minutes of the Board of Directors.</u></p>	Regulations of Article 6 are amended according to Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
10	For the Company's acquisition or disposal of property assets or other fixed assets, except trading with government agencies, engaging others to build on its own land,		In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's	Regulations of Article 9 are amended according to Regulations Governing the

	<p>engaging others to build on rented land, or acquiring or disposing of equipment for business use</p> <p>1. ... <del>Future transaction condition changes should be processed according to the above mentioned procedure.</del></p>		<p>paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of <u>equipment or right-of-use assets thereof held for business use...</u></p> <p>1. ...<u>the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u></p>	<p>Acquisition and Disposal of Assets by Public Companies.</p>
12	<p>In acquiring or disposing of membership certificates or intangible assets where the transaction amount reaches 20% of the company's paid-in capital or NTD 300 million or more, the company, unless transacting with a domestic government agency...</p>		<p>In acquiring or disposing of <u>intangible assets or right-of-use assets</u> thereof where the transaction amount reaches 20% of the company's paid-in capital or NTD 300 million or more, the company, unless transacting with a <u>domestic</u> government agency...</p>	<p>Regulations of Article 11 are amended according to Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>
16	<p>When the Company engages in any acquisition or disposal of assets from or to a related party, or acquires or disposes assets other than property assets and... except buying or selling government bonds...</p> <p>3. For acquisition of property assets,</p>		<p>The Company acquires from or disposes of property assets or the <u>right-of-use assets</u> of a related party or acquires from or disposes of assets other than property assets or <u>the right-of-use assets</u> of a related party..., except buying or selling <u>domestic</u> government bonds.</p> <p>3. For acquisition of property</p>	<p>Regulations of Article 15 are amended according to Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

<p>related information should be evaluated according to Articles 17 and 18 regarding the reasonableness of anticipated transaction conditions.</p> <p>...the year preceding the date of occurrence of the current transaction, and the part submitted according to <del>these regulations</del> to the Board of Directors for approval and the recognition of the supervisors need not be counted toward the transaction amount.</p> <p><del>Between a public company and its parent company or subsidiaries for the acquisition or disposition of equipment for business purposes,</del> the Board of Directors shall comply with Article 16 to delegate the Chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>The Company has independent directors according to <del>these regulations</del>, and when submitting the procedure of making of endorsements/guarantees to the Board of Directors for discussion according to the first regulation, it is important to take each independent director's comment into good consideration and if an independent director shows disagreement or expresses</p>	<p>assets or the <u>right-of-use assets</u> from a related party, relevant information should be evaluated according to Articles 17 and 18 regarding the reasonableness of anticipated transaction conditions.</p> <p>...the year preceding the date of occurrence of the current transaction, and the part submitted according to <u>this procedure</u> to the Board of Directors for approval and the recognition of the supervisors need not be counted toward the transaction amount.</p> <p><u>For transactions between the Company and its parent company and subsidiaries or between subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital,</u> the Board of Directors shall comply with Article 16 to delegate the Chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> <li><u>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></li> <li><u>2. Acquisition or disposal of real property right-of-use assets held for business use.</u></li> </ol>	
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	<p>reservation, the information should be recorded in the minutes of the Board of Directors.</p> <p>For companies setting up the auditing committee according to <del>these regulations</del>, matters recognized by the supervisors in accordance with the first regulation should be first approved by more than the majority of the auditing committee members and resolved by the Board of Directors. <del>Paragraphs 4 and 5 of Article 6 apply.</del></p>		<p><u>The Company</u> has independent directors according to these regulations, and when submitting the procedure of making of endorsements/guarantees to the Board of Directors for discussion according to the first regulation, it is important to take each independent director's comment into good consideration and if an independent director shows disagreement or expresses reservation, the information should be recorded in the minutes of the Board of Directors.</p> <p>Because <u>the Company</u> has set up an auditing committee, according to the first regulation, matters recognized by the supervisors in accordance with the first regulation should be first approved by more than the majority of the auditing committee members and resolved by the Board of Directors. Paragraphs 4 and 5 of Article 6 apply.</p>	
17	<p>When the Company engages in any acquisition or disposal of property assets from the related party, it should adopt the following methods to assess the reasonableness of the transaction cost:</p> <p>1...</p>		<p>With respect to the Company's acquisition of real property or <u>right-of-use assets</u> from a related party, the reasonableness of the transaction cost should be appraised by the following methods:</p>	<p>Regulations of Article 16 are amended according to Regulations Governing the Acquisition and Disposal of Assets by Public</p>

	<p>2...</p> <p>Where land and structures are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the method listed in the preceding paragraph.</p> <p>A public company that acquires real property from a related party and appraises the cost of the real property in accordance with the preceding <del>first</del> and second paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where a public company acquires real property from a related party and one of the following conditions exists, the acquisition shall be conducted in accordance with Article 16, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> <li>1. Acquisition of real property by a related party through inheritance or as a gift.</li> <li>2. More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</li> </ol> <p>3...</p>	<p>1...</p> <p>2...</p> <p>Where land and structures are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the method listed in the preceding paragraph.</p> <p>A public company that acquires real property or <u>right-of-use assets</u> from a related party and appraises the cost of the real property or the <u>right-of-use assets</u> in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where a public company acquires real property or <u>right-of-use assets</u> from a related party and one of the following conditions exists, the acquisition shall be conducted in accordance with Article 16, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> <li>1. Acquisition of real property or <u>right-of-use assets</u> by a related party through inheritance or as a gift.</li> <li>2. More than five years will have elapsed from the time the related party signed the contract to obtain the real property or</li> </ol>	<p>Companies.</p>
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		<p>right-of-use assets to the signing date for the current transaction.</p> <p>3...</p> <p><u>4. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p>	
18		<p><u>When the results of the appraisal conducted in accordance with the preceding regulations are uniformly lower than the transaction price, this requirement shall not apply for the following conditions supported by objective evidence or specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA:</u></p> <p><u>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</u></p> <p><u>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the</u></p>	<p>Regulations of Articles 17 and 18 are amended according to Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

2. When the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely

	<p>When the Company engages in any acquisition or disposal of property assets from the related party, if the results of appraisals conducted in accordance with regulations are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside according to regulations against the difference between the real property <del>transaction price</del> and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. If the Company uses the equity method to account for its investment in another company, then the special reserve shall be set aside in a proportion consistent with the</p>	<p><u>valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets.</u></p> <p>If the Company acquires real property or <u>right-of-use assets</u> from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside according to regulations against the difference between the real property or <u>the right-of-use transaction price</u> and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. If the Company uses the equity method to account for its investment in</p>	
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<p>share of public company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to the preceding Subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company has set aside a special reserve under the preceding paragraph and cannot utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Securities and Futures Institute has given its consent.</p> <p>When the Company obtaining real property from a related party, it shall also comply with the preceding two</p>	<p>another company, then the special reserve shall be set aside in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act. <u>The Company has set the audit committee</u> according to regulations, and therefore the preceding regulations regarding audit committee members can be applied on independent directors.</p> <p>3. Actions taken pursuant to the preceding two subparagraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company has set aside a special reserve under the preceding paragraph and cannot utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or <u>leased</u> at a premium, or they have been disposed of or <u>having the lease terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Securities and Futures Institute</p>	
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	paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.		has given its consent.  When the Company obtaining real property or <u>right of use assets</u> from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.	
19	<del>The Company when engaging in derivatives trading shall comply with the Company's Procedure for Engagement in Derivative Instruments and related regulations and pay strict attention to control of risk management and auditing matters and implement the internal control system.</del>		<u>The Company when engaging in derivatives trading shall pay strict attention to the control of important risk management and auditing matters and incorporate them into the procedure:</u>  <u>1.Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that my be traded, and the maximum loss limit on total trading and for individual contracts.</u>  <u>2. Risk management measures</u>  <u>3. Internal audit system</u>  <u>4. Regular evaluation methods and the handling of irregular circumstances</u>  <u>Public companies engaging in derivatives trading shall adopt the following risk management measures:</u>  <u>1. Risk management shall</u>	Regulations of Articles, 19 and 20 are amended according to Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

		<p><u>address credit, market, liquidity, cash flow, operational, and legal risks.</u></p> <p><u>2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</u></p> <p><u>3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management with no responsibility for trading or position decision-making.</u></p> <p><u>4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice a month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.</u></p> <p><u>5. Other important risk management measures</u></p>	
19.1	...	<p>...</p> <p><u>The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required</u></p>	<p>Regulations of Article 22 are amended according to Regulations Governing the Acquisition and Disposal of Assets by Public</p>

		<p><u>to be carefully evaluated according to preceding paragraphs should be clearly listed in the log for inspection.</u></p> <p><u>The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.</u></p> <p><u>The Company has set independent directors, and therefore, the preceding matters for noticing supervisors shall also for noticing independent director in writing.</u></p> <p><u>The Company has set the audit committee, and for regulations on supervisors shall be applied on the auditing committee members.</u></p>	Companies.
21	<p>...</p> <p>The company when conducting a merger, demerger, acquisition, or transfer of shares shall submit information of preceding paragraphs 1 and 2 presented in the required format via the Internet to the competent authority for inspection in two days after the date of the Board of Directors' resolution.</p>	<p>...</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, <u>a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of</u></p>	Regulations of Articles 25 and 26 are amended according to Regulations Governing the Acquisition and Disposal of Assets by Public

		<p>passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p><u>When a company participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to comply with the provisions of the preceding two paragraphs.</u></p> <p><u>Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</u></p> <p><u>The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and</u></p>	Companies.
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		<p><u>obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</u></p> <ol style="list-style-type: none"> <li><u>1. Handling of breach of contract.</u></li> <li><u>2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</u></li> <li><u>3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling.</u></li> <li><u>4. The manner of handling changes in the number of participating entities or companies.</u></li> <li><u>5. Preliminary progress schedule for plan execution, and anticipated completion date.</u></li> <li><u>6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</u></li> </ol> <p><u>After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share</u></p>	
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8	<p>...</p> <p>1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use</p>	<p>...</p> <p>1. When the Company engages in any acquisition or disposal of property assets or <u>right-of-use assets</u> from a related party or in any acquisition or disposal of</p>	<p>Regulations of Article 31 are amended according to Regulations Governing the Acquisition and</p>

<p>assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NTD 300 million or more...</p> <p>2...</p> <p>3...</p> <p>4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:...</p> <p>5. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NTD 500 million.</p> <p>6. Where land is acquired under an arrangement on engaging others to</p>	<p>other assets that are neither property assets nor <u>right-of-use assets</u> and the transaction amount reaches 20% of the paid-in capital of the Company, 10% of the Company's total assets, or NTD 300 million.</p> <p>2...</p> <p>3...</p> <p>4. Where equipment or <u>right-of-use assets</u> thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria...</p> <p>5. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NTD 500 million; among such cases, <u>if the public company has paid-in capital of NTD 10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NTD 1 billion or more.</u></p> <p>6. Where land is acquired under</p>	<p>Disposal of Assets by Public Companies.</p>
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<p>build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NTD 500 million.</p> <p>7... The above shall not apply to the following circumstances:</p> <p>(1) Buying or selling government bonds.</p> <p>(2)Where done by professional investors-securities trading on securities exchanges or OTC markets <del>domestically or overseas</del>, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3)...</p> <p>The amount of transactions above shall be calculated as follows:</p>	<p>an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore <u>the transaction counterparty is not a related party</u>, and the amount the company expects to invest in the transaction reaches NTD 500 million.</p> <p>7... The above shall not apply to the following circumstances:</p> <p>(1) Buying or selling <u>domestic</u> government bonds.</p> <p>(2) Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics <u>(excluding subordinated debt)</u> that are offered and issued in the primary market, <u>or subscription or redemption of securities investment trust funds or futures trust funds</u>, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of</p>	
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	<p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p> <p>4...</p>	<p>the Taipei Exchange.</p> <p>(3)...</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or <u>right-of-use assets</u> within the same development project within the preceding year.</p> <p>4...</p>	
26	...	<p>...</p> <p><u>For calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NTD 10 billion, NTD 20 billion of equity attributable to owners of the parent company shall be substituted.</u></p>	<p>Regulations of Article 35 are amended according to Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

# Appendixes

BULL WILL CO., LTD.  
Articles of Incorporation  
(Before amendment)

Chapter 1 General Provisions

Article 1: The Corporation shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 百徽股份有限公司 in the Chinese language.

Article 2: The scope of business of the Corporation:

1. CC01110 Manufacturing of computers and the peripheral equipment
2. CC01120 Manufacturing and reproduction of recorded media
3. CC01060 Manufacturing of wired communication equipment and apparatus
4. CC01070 Manufacturing of telecommunication equipment and apparatus
5. CC01080 Manufacturing of electronic components
6. F401010 International trading
7. F113050 Wholesale of computing and business machinery equipment
8. F113070 Wholesale of telecom instruments
9. F118010 Wholesale of computer software
10. F119010 Wholesale of electronic materials
11. I301010 Software design services
12. I301020 Data processing services
13. I301030 Digital information supply services
14. I501010 Product Designing
15. F401021 Telecom control RF equipment input
16. ZZ99999 All business items that are not prohibited or restricted by law

Article 3: The headquarters of the Corporation is set in Taipei City and may set a branch company domestically or overseas with approval from the Board of Directors in a resolution and from the government authorities.

Article 4: The corporation may provide external guarantees if needed for its business.

Article 5: The Corporation may reinvest if needed for its business, and for the re-invested business, the Corporation has to be its shareholder with limited liability, which has to be resolved in accordance with the resolution of the Board of Directors. The total amount of the re-investment should not exceed the amount stipulated in Article 13 of the Company Act regarding the limits of the amount of re-investment.

Chapter 2 Shares

Article 6: The total capital stock of the Corporation is NTD 2,150,000,000 divided into 205,000,000 ordinary shares of NTD 11 per share. The Board of Directors is authorized to issue these shares separately. Among these shares, nine million shares are reserved for stock warrants, preferred shares with warrants, or corporate bonds with warrants.

The Corporation can issue new shares without printing share certificates but should contact a centralized securities depository enterprise for registering these shares.

For issuing employee stock option certificates, if the subscription price is lower than the closing price of the issuance date, it has to be resolved in the latest shareholders' meeting attended by shareholders representing more than one-half of the total shares issued and the resolution has to be approved by more than two-thirds of the attended shareholders. The shareholders' meeting held for such purpose should not be proposed as an extempore motion.

Article 7: The Corporation's share certificates are name-bearing, affixed with the seal or signature of at least three (3) Board Directors, and issued according to the laws and regulations. The Corporation does not need to print the share certificates once the Corporation becomes a public company with stock listed on the Taiwan Stock Exchange, and the same applies to publicly issued new shares, but a centralized securities depository enterprise should be contacted for registering these shares.

Article 8: Share transfer registration should be suspended 16 days before a routine shareholders' meeting, 30 days before a special shareholders' meeting, or five (5) days before the base day scheduled by the Corporation for distributing dividends, bonuses, or other benefits.

Article 9: The Corporation handles transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or other matters related to the stock of the Corporation in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" of the Republic of China, unless unspecified otherwise by laws and securities regulations. The Corporation when determines to revoke the public offering should have this matter resolved in the shareholders' meeting, and this article should not be amended during the emerging listed period and the TWSE and TPEx listed period.

### Chapter 3 Board of Directors

Article 10: Shareholders' meetings can be divided into two types: routine meetings and special meetings. Routine shareholders' meetings are held once every year and should be convened within six months after the end of each fiscal year. Special shareholders' meetings are convened when needed according to relevant laws and regulations. Shareholders should be notified about the date, location, and

purposes of a shareholders' meeting thirty (30) days before convening a routine shareholders' meeting or fifteen (15) days before convening a special shareholders' meeting, and such information should be publicly announced too. Notification of convening of a shareholders' meeting can be sent via e-mail if the recipients of such notification give their consent.

Article 11: Shareholders who cannot attend a shareholders' meeting can provide the power of attorney provided by the Corporation to authorize a proxy to attend the meeting and to state the scope of authorization vested to the proxy. Designating a proxy to attending a shareholders' meeting by a shareholder should comply with Article 177 of the Company Act as well as the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings promulgated by the government.

Article 12: Shareholders of each share of the stock of the Corporation is entitled to one vote, excluding those entitled to no right to vote as listed in Section 2 of Article 79 of the Company Act.

Article 13: Unless required by laws and regulations, the resolution of shareholders' meetings will be adopted if the meeting is attended by shareholders in person or by their proxy representing more than one half of the total issued and outstanding shares of the Corporation and more than one half of the attended shareholders (or their proxies) approved it by vote. For the following matters, the shareholders or their proxies attending the shareholders' meeting should represent more than half of the total issued and outstanding shares of the Corporation and more than two-thirds of the shareholders or their proxies attending the shareholders' meeting vote to approve:

1. Purchase or merger with other domestic or foreign companies;
2. Dissolution, liquidation, or share split.

Article 14: Shareholders' meetings shall be convened by the Board, and the Chairperson of the Board shall preside shareholders' meetings. If the Chairperson of the Board is on leave or absent, the Chairperson of the Board shall designate one Board Director to act on behalf of the Chairperson of the Board. For shareholders' meetings convened by others with the right to convene, the convener shall preside the meeting, and if there are more than two conveners, than they should choose one from themselves to preside the meeting.

Article 15: Resolutions of shareholders' meetings should be recorded in the meeting minutes, which should have the signature or the seal of the chairperson of the meeting affixed and be sent to each shareholder within twenty (20) days following the meeting. The making and distribution of the aforementioned meeting minutes can be done electronically. Publicly listed corporations can adopt the means of public announcement for distributing the said meeting minutes.

Article 16: The Corporation shall have seven to nine Directors and two Supervisors. The Board shall select people with capacity to be the Directors and Supervisors of a term of office of three years, and they are eligible for re-election. Once the Corporation issues shares to the public, the shareholding percentages of the Directors and Supervisors overall shall comply with the regulations of the securities management agency.

The cumulative voting method shall be used for the election of the Directors and Supervisors of the Corporation. The number of votes each share is entitled to vote is equal to the number of Directors or Supervisors to be elected, and the votes can be all cast for one candidate or among several candidates.

Candidates receiving more votes are elected as Directors. If said approach has to be modified, the content of the revision and a cross-reference table showing before and after the revision have to be listed in the purposes for convening the meeting in addition to complying with Article 172 of the Company Act.

The Company shall purchase liability insurance for the Directors and the Supervisors to cover their liability of compensation asserted against them when they exercise their duty during their term.

Article 16.1: For the number of Directors of the Corporation, the number of Independent Directors should be no fewer than two and no fewer than one-fifth of the number of Directors in total. The candidates nomination system shall be adopted for electing the Independent Directors, and in the shareholders' meeting, Independent Directors will be elected from the list of candidates of Independent Directors. The Corporation complies with regulations stipulated by the competent authority of securities for the professional qualification, shareholding, part-time restriction, nomination, election, and other regulations of its Independent Directors.

Article 16.2: The Corporation shall set up an Audit Committee and other functional committees. The Audit Committee is composed of all Independent Directors, and one of them shall be the convener and at least one of them has to have accounting or financial expertise. The exercise of the duty by members of the Audit Committee and other regulations are in compliance with the regulations of the competent authority of securities and the Corporation. Starting from the day the Audit Committee is established, the authority of Supervisors of the Corporation shall be transferred to the Audit Committee, and the Corporations' regulations on Supervisors shall be ceased to apply.

Article 17: The Board of Directors should be composed of Directors, and Directors shall elect from themselves a Chairperson of the Board, by a majority in a meeting attended by over two-thirds of the Directors.

Article 17.1 Article 17.1: The Board of Directors shall be convened by the Chairperson of the Board and the notification can be sent out by fax or email.

Article 18: The Chairperson of the Board represents the Corporation and execute all businesses of the Corporation according to the laws and regulations and resolutions from the shareholders' meetings and Board of Directors. If the Chairperson of the Board is on leave or absent or cannot exercise his/her duty, a proxy should be designated according to Article 208 of the Company Act.

Article 19: The Board's resolutions should be approved by a majority vote at a meeting attended by more than half of the Directors. Directors who cannot attend the meeting can provide a power of attorney, list out the reasons for not attending the meeting, and the scope of power vested to the proxy, who should be a Director attending the meeting. A Director's proxy may act as a proxy for only one other Director.

Article 20: Board's resolution should be recorded in the meeting minutes, which should have the signature/seal of the chairperson of the meeting and the person taking the minutes and be sent out to all Directors and Supervisors within 20 days, be filed as an important file of the Corporation, and be well kept during the existence of the Corporation. The making and distribution of the aforementioned meeting minutes can be done electronically.

Article 21: Aside from exercising their duty according to law, Supervisors shall attend board meetings and express their opinions, but they do not have the right to vote on resolutions.

Article 22: All Directors and Supervisors shall receive salary for exercising the duty for the Corporation's business and meeting attendance fees. Aside from referring to Article 26 Compensation of Directors and Supervisors in this Chapter, the Board of Directors are authorized to determined the total amount of their compensation based on their level of involvement in the Corporation's operations, the value of their contributions, and the average level of compensation for Directors and Supervisors in this sector.

#### Chapter 5 Managers

Article 23: The Corporation shall have a Chief Executive Officer, one General Manager, one Deputy General Manager, and other officers. Their designation, dismissal, and compensation shall be processed according to Article 29 of the Company Act.

#### Chapter 6 Accounting

Article 25: The Corporation's fiscal year starts from January 1 to December 31 of the same year. At the end of each fiscal year, the Board of Directors shall prepare the following documents, send them to Supervisors for audit and their countersignature at least 30 days before the routine shareholders' meeting, and then submit them to the routine shareholders' meeting to be recognized.

- (1) Business report
- (2) Financial statements

(3) Proposals for distribution of earnings or compensation of losses.

Article 26: If the Corporation has made profits in a years (the term profits refers to pre-tax interest before employee compensation and Directors/Supervisors compensation are subtracted), then no less than 5% of the profits should be allocated for employee compensation and no more than 3% of the profits should be allocated for Directors/Supervisors compensation. If the Corporation has accumulated losses (including adjustment of non-distributed amount of surplus), the value to make up for the losses should be set aside first. However, if the Company has accumulated deficit, the priority is to allocate an amount to offset the deficit first. The said employee compensation can be paid in the form of stock or cash, and the recipient of the payment include employees of subordinate companies qualifying the conditions set by the Board of Directors. The aforementioned Directors/Supervisors can only be paid in the form of cash. The two aforementioned items shall be determined by the Board in resolutions and be reported at the shareholders' meeting.

Article 27: If there are after-tax earnings of the current period in the Corporation's annual general final accounts, the first thing is to make up for the accumulated losses (including adjustment of non-distributed amount of surplus) and then to allocate 10% of the after-tax earning as the legal reserve, unless the legal reserve has exceeded the Corporation's total paid-in capital. Secondly, special reserve should be allocated or reversed according to laws, regulations, or the competent authority's stipulation. For the remaining earnings, together with undistributed earnings at the beginning of the period (including the adjusting the non-distributed amount of earnings), the Board of Directors shall propose earnings distribution at the shareholders' meeting to have the resolution of dividends and bonuses distribution among shareholders approved. The Company's dividend policy is based on the current and future development plans, the investment environment, funding needs, international competitions, and shareholders' interests. Each year, no less than 30% of the distributable earnings will be allocated for shareholders' dividends and bonuses, but if the distributable earnings are less than 10% of the paid-up capital, then no earnings will be distributed. Shareholders' dividends and bonuses can be distributed in the form of cash or stock, but cash dividends should be no less than 50% of the total dividends.

#### Chapter 7 Supplementary Provisions

Article 28: The Board of Directors will be set by the Company's organization regulations and operational regulations.

Article 29: Things not mentioned in this Chapter will be processed according to Company's Act and the regulated laws and regulations.

Article 29: Things not mentioned in this Chapter will be processed according to Company's

Act and the regulated laws and regulations. First revision was made on June 29, 1997. Second revision was made on February 3, 1998. Third revision was made on January 14, 2000. Fourth revision was made on June 7, 2000. Fifth revision was made on July 14, 2000. Sixth revision was made on November 16, 2000. Seventh revision was made on June 8, 2001. Eighth revision was made on June 12, 2002. Ninth revision was made on October 30, 2002. Tenth revision was made on June 12, 2003. Eleventh revision was made on May 27, 2004. Twelfth revision was made on May 27, 2006. Thirteenth revision was made on June 13, 2007, except Paragraph 3 of Article 6 and Article 27 (which were effective on January 1, 2008). Fourteenth revision was made on June 13, 2008. Fifteenth revision was made on June 17, 2010. Sixteenth revision was made on June 5, 2013, and was enacted on the day it was passed at the shareholders' meeting. Seventeenth revision was made on May 16, 2006, and was enacted on the day it was passed at the shareholders' meeting. Eighteenth revision was made on June 16, 2007, and was enacted on the day it was passed at the shareholders' meeting.

BULL WILL CO., LTD.

Operation Procedure for Loaning Funds to others  
(Before amendment)

Article 1

This procedure is set up to provide the Company with a procedure for providing loans to others.

For other legal entities or groups qualifying the fund loaning conditions (hereinafter as borrowers), their loans will be processed in accordance with this procedure.

Article 2: Borrowers

In accordance with Article 15 of the Company Act, the Company shall not provide loans to shareholders or others except the following conditions of the funds:

1. Business interactions with other companies
2. Necessary for short-term financing funds with companies The financing amount should not exceed 40% of the net value of the company receiving the loans.

The term “short-term” refers to one year. For companies with a operating cycle longer than one year, use the operating cycle as the definition of short term.

The term “financing amount” in Paragraph 2 of Article 1 refers to the accumulated balance of the short-term financing funds of publicly issued companies.

Publicly issued companies providing loans to foreign companies that they held 100% of the voting shares either directly or indirectly are not restricted by Paragraph 2 of Article 1. Nonetheless, the limit on the amount of loans and of the borrowing terms stipulated in Articles 4 and 6 are still applicable.

Article 3: Reasons and necessities of loaning funds to others

Where the Company loans funds to a business related company, it shall comply with Paragraph 2 of Article 4. Loaning funds because of short-term financing is limited to the following conditions:

1. For companies that the Company holds more than 20% of the voting shares, funds loaning is required for short-term financing need for business;
2. For other companies, it is when short-term financing funds are required for material purchasing or operational needs;
3. Other borrowers approved by the Company’s Board of Directors

Article 4: The accumulated amount of loans and the maximum amount permitted to a single borrower:

1. The total accumulated amount of loans granted shall not exceed 40% of the net worth of the Company.
2. For companies that have business transactions with the Company; the amount of loans to individual borrowers should not exceed 7.5 times of the Company’s net value, and the business transaction amount refers to the amount of purchase or sales, whichever is higher, between the two parties.

3. For companies requiring short-term financing funds, The accumulated total of loans granted shall not exceed 40% of the net worth of the Company.

#### Article 5: Loans to others procedure

##### 1. Application

- (1) The Company when processing fund loaning shall request the borrower to fill out the application form and provide required financial information to apply for a financing quota with the Company.
- (2) After the initial contact for evaluating the financial condition, the profitability, solvency, and purpose of loaning funds by the person in charge of this business, a contact record will be set up and a maximum quota, the interest, and the security conditions will be set and to be approved step by step before the case is submitted to the Board of Directors for approval.

##### 2. Credit investigation

- (1) For those applying for loans for the first time, the borrowers should provide basic information and financial information for credit investigation.
- (2) For those applying for loans repeatedly, their credit investigation has to be done in principle once a year. For major cases, credit investigation may be required every half a year, depending on the actual need.
- (3) Finance Department when conducting a detailed investigation of the borrower should include the following matters:
  1. The necessity and reasonableness for loaning funds
  2. The necessities of the amount of the loan based on the financial condition of the borrower
  3. If the accumulated amount of loans is still within the limit
  4. Its effect on the Company's operating risk, financial condition, and shareholder equity
  5. If any collateral can be obtained and the appraised value of the collateral
  6. Borrower's credit investigation and risk evaluation record should be attached.

##### 3. Loan authorization

- (1) After the credit investigation and evaluation of the loan case, if the borrower has a good credit rating and a proper use of the loan and the loan is necessary and the borrower is capable of making repayment, the person in charge of the case should fill out the credit investigation report, provide comment, and set up financing conditions, which should be reported step by step to the general manager, and Chairperson, and then the Board of Directors for resolution before loaning funds. 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. For loaning funds between the Company and its parent company or subsidiaries or between the Company's subsidiaries, it is required to submit the application

to the Board of Directors for resolution and to delegate the Chairperson to have the funds for lending that are within the specific amount authorized by installment or revolved within one year.

Unless those meeting Paragraph 4 of Article 2 of the Company's regulations, the authorized amount of loans by a public company or its subsidiaries to a single enterprise should not exceed 10% that company's net worth stated in its latest financial statement.

- (2) After the credit investigation and evaluation, if the loan application is rejected because the borrower's poor credit rating, the person in charge of the case should notify the reason for rejection, have the decision approved and signed, and notify the borrower as soon as possible.

#### 4. Notification to the borrower

Once the borrowing case is approved, the person in charge should immediately notify the borrower by correspondence or by phone to provide the Company's fund loaning conditions in details, including the limit, the term, the interest rate, the collateral, and the guarantors. The borrower should sign the contract before the deadline, complete the pledge of rights (mortgage right) of the collateral and the identity verification of the guarantor(s) before appropriation.

#### 5. Contract signing and identity verification

- (1) Terms and conditions of the contract for loaning funds should be set up by the person in charge, approved by the supervision, and then submitted to the finance department for verifying the content and the approving the loaning terms and conditions. Next, the contract terms and conditions will be given to the legal consultant for review before carrying out the contract signing procedure.
- (2) When signing a financing contract with the borrower, it should be processed under the name of a legal entity or group registered at the competent authority and the seal of the person in charge of the entity is required. The person handling the loan and the joint guarantors should sign on the contract and the person in charge should also complete the identity verification procedure.

#### 6. Security

If financial collateral are required for fund loaning, the borrower should provide the Company with the property assets or securities to be the mortgage or pledge or sign the guarantee note with the date of repayment as the maturity date of the note. The Company shall keep the guarantee note for security.

#### 7. Insurance

- (1) Except land and securities, all collateral should be covered by fire insurance. For vessels and vehicles, they should be fully insured, and the insurance amount in principle should be no lower than the collateral pledged or mortgaged. It should be noted on the insurance policy that the Company is the beneficiary. The name, the quantity, and the storage location of the insured

item and the insurance conditions and the insurance endorsement listed on the insurance policy should be the same as the Company's original loaning conditions. For building without a building number set at the time of the insurance, the section of the lot and the number of the lot should be provided as its address.

(2) The person in charge of the loan should notify the borrower to renew the insurance before the end of the insurance term.

#### 8. Appropriation

Once the loaning application is approved and the person in charge of the case has completed the contract and the required legal procedure, appropriation can be carried out once all procedure has been checked to be correct without mistake.

#### Article 6: Duration of loans and calculation of interest

1. Duration: The duration of each loan should be no more than one year starting from the date of the loan.
2. Interest rate: The interest rate should be no lower than the highest interest rate of the Company's short-term loans from financial institutions.
3. Unless the calculation of the interest rate of a loan is otherwise specified, loan interest in principle should be paid once every month, and the borrower will be notified to pay the interest within a week starting from the interest payment date. If any adjustment is required, such adjustment should be approved by the Board of Directors and be made according to the actual condition.
4. If the matter described in Paragraph 6 of Article 7 applies, the Company will not only dispose the collateral and request loan repayment but also charge a 10% default penalty according to the contracted interest rate.

#### Article 7: Subsequent control measures of loaned funds and procedure for handling overdue rights of claim

1. At the end of each month the Finance Department shall prepare a list of funds loaning to others for the Board of Directors. The Accounting Department shall evaluate the fund loaning condition and provide an adequate amount of allowance for bad debts and disclose necessary information in the financial report. The Accounting Department should provide relevant information for the certified public accountant for necessary audit.
2. When the Company processes fund loaning matters, it should set up a memorandum book for listing out the subjects, amounts, the Board of Directors' approval date, and the loan appropriation date and to list out matters required to be evaluated for inspection.
3. The audit unit each quarter should check and evaluate the implementation of this procedure and set up a writing record. If there is any violation and the condition is serious, notify the supervisors in writing and have the supervisors notify the Securities and Futures Commission, Ministry of Finance. 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. After loan appropriation, it is important to pay attention to the financial condition, business, and credit condition of the borrowers and the guarantors. For those providing collateral, it is important to pay attention to changes in the value of the collateral. If there is any significant change, notify the Chairperson immediately and handle the case according to the instruction.
5. If because of changes in situation that a borrower of the Company no longer satisfying these regulations or if the balance has exceeded the limit, then an improvement plan should be set up and be submitted to the supervisors for implementing improvement.
6. If a borrower cannot perform the financing contract, the responsible department should prepare an abnormal report for it and submit the report to the Chairperson and have the legal consultant to carry out disposition and request repayment according to law and based on the collateral provided and the guarantors in order to protect the Company's interest.

#### Article 8: Repayment

1. Notify the borrower to discharge the principal or to apply for extension two months before loan maturity.
2. When a borrower makes loan repayment at loan maturity, the interest of the loan should be calculated and be paid together with the principal before writing off of or returning the promissory note, the certificate of indebtedness, and other certificate of the obligatory claims to the borrower.
3. If the borrower apply for writing off the right of mortgage, first check if there is any balance of the loan before agreeing on writing off the right of mortgage.

#### Article 9: Loan extension

If it is required based on facts, the borrower once approved by the Board of Directors can apply for loan extension according to the required procedure one month before the maturity of the loan.

#### Article 10: Organization and keeping of files

For personnel in charge of fund loaning, they should organize and put the contracts, promissory notes, and other certificates of the obligatory claims as well as the certificates of the collateral, the insurance policy, and the correspondence of the fund loaning cases they are in charge of into a custody bag, write down the name of the borrower and items kept in the custody bag, and submit the bag for the supervisor to inspect. After confirming that there is no mistake, the person in charge of the case and the supervisor should affix their seals on the seam of the bag, have the bag registered in the custody record, and keep the bag carefully in custody.

#### Article 11: Report announcement

1. The Company at the tenth day each month should announce the balance of funds loaned in the preceding month by the Company and the subsidiaries.
2. The Company should report and announce the balance within two days after the date of the occurrence if the loan balance satisfies one of the following criteria:
  - (1) The accumulated balance of loans by the Company and its subsidiaries reaches 20% or more of the company's net worth stated in its latest financial statement.
  - (2) The balance of loans by the Company and its subsidiaries for a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.
  - (3) The amount of new funds loaned by the Company or its subsidiaries not only exceeds NTD 10 million but also reaches 2% 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 3 of the preceding paragraph.

#### Article 12: Other matters

1. If the Company's subsidiaries plan to provide loans to others, the Company, a public company, should request the subsidiaries to set up the procedure for providing loans to others in accordance with these regulations.
2. For matter not stipulated in this procedure, please comply with relevant laws and regulations as well as the related regulations of this Company.

#### Article 13: Taking effect and amendment

The Company has set up the procedure for loaning funds to others. Once the Board of Directors give the approval, the fund loaning case 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 loan provision 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 the record their comments on or reasons for disagreement or agreement in the minutes of the Board of Directors.

## 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 exceed 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.

The 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.

BULL WILL CO., LTD.

Regulations Governing the Acquisition and Disposal of Assets  
(Before amendment)

Article 1: Objectives

To protect investment and information disclosure, the acquired or disposed assets of the Company should be processed according to this procedure.

Article 2: References

This procedure is processed according to Article 36.1 of the Securities and Exchange Act, but if there is another act or regulation that provides otherwise, the provisions of such act shall prevail.

Article 3: The term “assets” as used in these Regulations covers the following scope:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment
3. Memberships
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets
5. Financial institutes’ rights of claims (including accounts receivable, bills purchased and discounted, loans, and overdue receivables)
6. Derivatives
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law
8. Other important financial assets

Article 3.1: Terms used in these regulations are defined below:

1. Derivatives: Derivatives are compound contracts made up of long-term contracts, option contracts, futures contracts, leveraged deposit contracts, exchange contracts or a combination derived from assets, interests, exchange rates, indexes, and other instruments providing gain. The so-called long-term contracts does not include insurance contracts, performance contracts, post-sale service contracts, long-term lease contracts, and long-term purchase (sale) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter “transfer of shares”) under Article 156-3 of the Company Act.
3. The terms “subsidiaries” and “parent companies” should be defined according

to the Regulations Governing the Preparation of Financial Reports by Securities Issuer.

4. Professional appraisers: It refers to a real property appraiser or other persons duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier. For investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

#### Article 4: Evaluation procedure

1. For the acquisition or disposition of negotiable securities from a non-stock exchange market or over-the-counter venue, the net value per share, profitability, future development potential, market interest rates, transaction value of the bonds, the credit of the debtor, and the transaction price at the time should be taken into consideration.
2. For the acquisition or disposition of negotiable securities from a stock exchange market or over-the-counter venue, they are determined by the equity or the bond price at that time.
3. For the acquisition or disposition of other assets of the preceding paragraphs, use price comparison, price negotiation, or invitation to tender and refer to the assessed present value, appraised present value, the actual transaction price of neighboring property assets for evaluation. Those satisfying the announcing and reporting standards of this procedure should also have a appraisal report done by professional appraisers.

#### Article 5: Asset acquisition or disposition procedure

1. For acquired or disposed assets, the responsible department should evaluate the the reason for the acquisition/disposition, the underlying asset, the transaction counterparty, the transfer price, the receipt and payment conditions, and the reference price and then submit the result to the authority department for decision-making and then for the management department for implementation. Related matters should be processed according to the Company's internal control system regulations and the regulations of this procedure.
2. Investment related departments are responsible for implementing the trading of the Company's long- and short-term negotiable securities. For the acquisition

or disposition of property assets and other fixed assets, the department using these assets and the related authority departments are responsible.

3. Regarding operations related to the acquisition or disposition of assets, they should be processed according to the Company's internal control system and related regulations. If any major violations are found, the responsible personnel will be disposed according to the situation of the violation.

#### Article 6: Decision-making authority

1. For the acquisition or disposition of negotiable securities for long-term investment, they should be first approved by the Chairperson and then consent from the Board of Directors should be obtained before the acquisition or disposition is carried out. For short-term investment purposes, they should be approved by the Chairperson before the acquisition or disposition is carried out.
2. For the acquisition or disposition of property assets, they should be approved by the Chairperson and then consent from the Board of Directors should be received before the acquisition or disposition is carried out.
3. For the acquisition or disposition of other fixed assets, they should be approved by the Chairperson before the acquisition or disposition is carried out.

#### Article 7: Investment amount

Aside from acquiring assets for business use, the Company and the subsidiaries may also purchase property assets or various negotiable securities for non-business use, and the purchase limits are presented below:

1. For purchasing property assets or various negotiable securities for non-business use, the total amount should not exceed one-third of the current net value of the given company and if the amount is exceeded, the case has to be resolved or authorized by the Board of Directors before the purchase is carried out.
2. For purchasing a given negotiable securities, the total amount should not exceed one-quarter of the current net value of the given company and if the amount is exceeded, the case has to be resolved or authorized by the Board of Directors before the purchase is carried out.

#### Article 8: Announcing and reporting standards

Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days counting inclusively from the date of occurrence of the event:

Acquisition or disposal of real property or right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NTD 300 million or more. Nevertheless, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale

- agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Assets for mergers, demergers, acquisitions, or transfer of shares.
  3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
  4. When equipment or right-of-use assets for business use are acquired or disposed of, the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
    - (1) For a public company whose paid-in capital is less than NTD 10 billion, the transaction amount reaches NTD 500 million or more.
    - (2) For a public company whose paid-in capital is NTD 10 billion or more, the transaction amount reaches NTD 1 billion or more.
  5. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NTD 500 million.
  6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NTD 500 million.
  7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NTD 300 million; provided, this shall not apply to the following circumstances: The above shall not apply to the following circumstances:
    - (1) Buying or selling government bonds.
    - (2) When done by professional investors-securities trading on securities exchanges or OTC markets domestically or overseas, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
    - (3) Trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction
2. The accumulated transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The accumulated transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project in a year.
4. The accumulated transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of negotiable securities within a year.  
” Within the preceding year ” used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing such error or omission.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for five years except where another act provides otherwise.

#### Article 9: Announcing and reporting time limit

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract
3. Change to the originally publicly announced and reported information

Article 10: For the Company’s acquisition or disposition of property assets or other fixed assets, unless transacting with a domestic government agency, engaging others

to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets held for business use, if the transaction amount reaches 20% of the company's paid-in capital or NTD 300 million or more, the company should acquire the appraisal report issued by a professional appraiser before the date of the occurrence and meet the following regulations:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (1) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
  - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. No more than three months may elapse between the date of the appraisal report issued by a professional appraiser. However, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 11: A public company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the company's paid-in capital or NTD 300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that

have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.

Article 12: Where a public company acquires or disposes of intangible assets or right-of-use assets or memberships and the transaction amount reaches 20% or more of paid-in capital or NTD 300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 12.1: The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 13: When a public company acquires or disposes of assets through court auction procedures, a proof issued by the court may be substituted for the appraisal report or CPA opinion.

Article 14: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party.

Article 15: When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 8.2. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 16: When the Company intends to acquire or dispose of real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NTD 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following

matters have been approved by the board of directors and recognized by the supervisors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets
2. The reason for choosing the related party as a transaction counterparty
3. For acquisition of property assets, related information should be evaluated according to Articles 17 and 18 regarding the reasonableness of anticipated transaction conditions
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article
7. Restrictive covenants and other important stipulations associated with the transaction

The calculation of the preceding transaction amount should be done based on Article 8, and the term "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these regulations need not be counted toward the transaction amount.

Between a public company and its parent company or subsidiaries for the acquisition or disposition of equipment for business purposes, the Board of Directors shall comply with Article 16 to delegate the Chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

The Company has independent directors according to these regulations, and when submitting the case to the Board of Directors for discussion according to the first regulation, it is important to take each independent director's comment into good consideration and if an independent director shows disagreement or expresses reservation, the information should be recorded in the meeting minutes of the Board of Directors.

For companies setting up the audit committee according to these regulations, matters recognized by the supervisors in accordance with the first regulation should be first approved by a majority of the audit committee members and resolved by the Board of Directors. Paragraphs 4 and 5 of Article 6 apply.

Article 17: With respect to the Company's acquisition of real property from a related party, the reasonableness of the transaction cost should be appraised by the following methods:

1. It is based upon the related party's transaction price plus necessary interest on

funding and the costs to be duly borne by the buyer. “Necessary interest on funding” is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution’s appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the method listed in the preceding paragraph. A public company that acquires real property from a related party and appraises the cost of the real property in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where a public company acquires real property from a related party and one of the following conditions exists, the acquisition shall be conducted in accordance with Article 16, and the preceding three paragraphs do not apply:

1. Acquisition of real property by a related party through inheritance or as a gift
2. More than five years have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company’s own land or on rented land.

If the Company acquires real property from a related party and the results of appraisals conducted in accordance with the regulations are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside according to regulations against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. If the Company uses the equity method to account for its investment in another company, then the special reserve shall be set aside in a proportion consistent with the share of public company’s equity stake in the other company.
2. Supervisors shall comply with Article 218 of the Company Act.
3. Actions taken for subparagraphs 1 and 2 shall be reported to at the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company has set aside a special reserve under the preceding paragraph and cannot utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Securities and Futures Institute has given its consent.

When the Company obtaining real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 19: The Company when engaging in derivatives trading shall comply with the Company's Procedure for Engagement in Derivative Instruments and related regulations and pay strict attention to control of risk management and auditing matters and implement the internal control system.

Article 19.1: For a public company engaging in derivatives transactions, the Board of Directors should implement supervision and management faithfully based on the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:
  1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
  2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

A company shall report to the latest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article 20: A public company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors

for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. However, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 21: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for five years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal adviser,

the execution of a contract, and the convening of a board of directors meeting.

3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

The company when conducting a merger, demerger, acquisition, or transfer of shares shall submit information of preceding paragraphs 1 and 2 presented in the required format via the Internet to the competent authority for inspection in two days after the date of the Board of Directors' resolution.

Article 22: The Company when participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the following circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities
2. An action, such as a disposal of major assets, that affects the company's financial operations
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

The Company's contracts of merger, demerger, acquisition, or transfer of shares should specify related matters to protect the Company's interests.

Article 23: Subsidiaries' asset acquisition or disposition regulations

- (1) Subsidiaries' asset acquisition or disposition should be processed according to the parent company's regulations.
- (2) For a subsidiary that is not a public company in Taiwan shall be have the parent company process the report if the acquired or disposed assets reaching the standard for announcement and report of Article 8.
- (3) "The transaction amount reaches 20% or more of paid-in capital of the

Company” referred to in the announcement and report standards is based on the paid-in capital of the parent company.

The term “subsidiaries” refer to invested companies that the Company directly holds more than 50% of the issued voting shares or through other subsidiaries to hold more than 50% of the issued voting shares, or invested companies that the Company directly holds more than 50% of the issued voting shares through subsidiaries.

**Article 24: Financial statement disclosure**

If the Company’s acquired or disposed assets reached the standards for announcement and reporting as stipulated in Article 8 of this procedure and the transaction counterparty is a substantive related party, then the Company should disclose the information in the financial statement and report the information at the shareholders’ meeting.

**Article 25: Date of implementation**

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 to the supervisor and to the shareholders’ meeting for discussion.

When submitting the procedure of acquisition and disposal of assets by public companies 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 the record their comments on or reasons for disagreement or agreement in the meeting minutes of the Board of Directors. The Company has set an audit committee, and to set up/revise the procedure of asset handling, it has to be approved by the majority of the audit committee members, and the case should be resolved by the Board of Directors.

If the aforementioned case was not approved by a majority of the audit committee members, then to implement it, the case has to be approved by more than two-thirds of all directors. The resolution of the audit committee should be recorded in the meeting minutes of the Board of Directors.

The number of “all audit committee members” and “all directors” mentioned in the preceding paragraph shall be the actual number of persons holding the position. After setting up the audit committee, regulations on supervision of Paragraph 3 of Article 14.4 of the Securities and Exchange Act can be applied on the audit committee, and regulations of Paragraph 4 of Article 14.4 can be applied on audit committee members who are independent directors.

**Article 26: For the calculation of 10% of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.**

If the shares issued by the Company have no par value or a par value other than NTD 10 per share, the threshold transaction amount of 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent company as stated in the balance sheet.

## BULL WILL CO., LTD.

### Rules and Procedures of Shareholders' Meeting

1. Shareholders' Meeting (the "Meeting") of Bull Will Co., Ltd. (the "Company") Shall be conducted according to the Rules and Procedures of Shareholders' Meeting unless otherwise stipulated by laws and regulations.
2. The term "shareholders" refers to shareholders themselves and proxies designated by shareholders.
3. The Company shall specify the time and location of the reporting time and location for the Meeting as well as matters to be noted on the meeting notice. The reporting time of shareholders for the Meeting should begin at least 30 minutes before the Meeting. The meeting attendee reporting site should be clearly labeled and an adequate number of capable personnel should be at the site handling the reporting. A shareholder either attending in person or entrusting a proxy (the "shareholders") shall present their attendance badge, attendance card, or other valid meeting attendance certificate. If a shareholder entrust a proxy to attend the meeting, the proxy should present the ID card as well. Shareholders attending the meeting should wear the attendance badge and submit their attendance card in lieu of signing the attendance sheet. A shareholder or his/her proxy submitting the attendance card with the name of the shareholder will be deemed as the shareholder presenting the meeting in person. The Company is not responsible for verification.

Article 4: The attendance of and the voting at the shareholders' meeting is determined by the shares. If a shareholder proposes to count the number of shareholders attending the meeting, the chairperson can reject this proposal. At the voting on resolutions, if the quorum is presented, then the resolution will still be passed.

Article 5: When an legal entity is entrusted to attend the Meeting, the legal entity can represent one person only. If a corporate shareholder appointed more than two people to represent the corporation to attend the Meeting, only one of them can speak up in the same Meeting.

Article 6: The location for convening the Meeting shall be at the premise of the Company or at a site convenient for shareholders to attend the meeting and suitable for convening the Meeting. The meeting should start no earlier than 9:00 AM or 3:00 PM.

Article 7: The Board of Directors shall be the convener of the Meeting, and the chairperson shall be the Chair of the Board. If the Chairperson of the Board is on leave of absence, he or she will appoint a proxy, and if the Board of Director does not appoint a proxy, the Board shall choose one from themselves to be the proxy. For shareholders' meetings convened by others with the right to convene, the convener shall preside the meeting, and if there are more than two conveners, than they should choose one from themselves to preside the meeting. To

convene a routine shareholders' meeting, the Company should prepare the meeting handbook and notice all shareholders 30 days before the meeting. For shareholders with fewer than 1,000 registered shares, the notice should be announced through the Market Observation Post System 30 days prior to the Meeting. For the Meeting that is ad hoc, shareholders should be notified 15 days prior to the meeting. For shareholders holding fewer than 1,000 registered shares, the Company should announce it through the Market Observation Post System. Reasons for convening the Meeting should be included in the meeting notice and announcement. Notification of convening of a shareholders' meeting can be sent via e-mail if the recipients of such notification give their consent. The appointment and discharge of Directors and Supervisors, revision of the Articles of Incorporation, dissolution, consolidation, split, and matters related to Paragraph 1 of Article 185 of the Company Act and Articles 26.1 and 43.6 of the Securities and Exchange Act should be included in the meeting agenda and should not be presented as an extemporaneous motion. Shareholders holding more than 1% of all the issued shares of the Company may move a motion for the Meeting by submitting it in writing to the Company. Nevertheless, one motion only, and the rest will not be listed. For shareholders' motions related to Paragraph 4 of Article 172.1 of the Company Act, the Board cannot include these motions in the Meeting. The Company should announce they accept shareholders' motions and the location and period of time shareholders can submit their motions before the date suspending shares registration for the transfer of ownership. Its duration should be no shorter than ten days. Motions proposed by shareholders should be no more than 300 words; those with more than 300 words will not be presented in the Meeting. A shareholder proposing a meeting should attend the Meeting in person or entrust a proxy to do so and participate in the discussion of the motion. The Company should notify shareholders proposing motions the Company's decision before convening the Meeting, and those motions meeting the requirements of this provision shall be listed in the meeting notice. For motions proposed by shareholders that are not included, the Board should provide reason of exclusion.

Article 8: Attendance of the Meeting is determined by the shares. The number of shares presented in the Meeting shall be calculated by hand or electronically using the sign-up book and the attendance cards. The number of shares is used for exercising the right to vote. The chairperson should immediately declare the opening of the meeting at the scheduled time unless the number of shares held by the attending shareholders has not exceeded half of the total outstanding shares. In that case, the chairperson shall announce to postpone the meeting, but such announcement cannot be made more than twice and the total amount of time of the delay has to be less than one hour. If the quorum is still not met

after the second postpone, the chairperson shall declare that the meeting is adjourned. However, if attending shareholders represent more than one-third of the total outstanding shares, tentative resolutions can be passed according to Paragraph 1, Article 175 of the Company Act. Before the end of the Meeting, if attending shareholders represent more than half of the outstanding shares, the chairperson shall demand re-voting on the resolutions according to Paragraph 1 of Article 175 of the Company Act.

Article 9: If the Board is the convener of the Meeting, the meeting agenda shall be determined by the Board, and the meeting should be conducted according to the agenda, which cannot be altered unless it is passed through a resolution in the Meeting. If the Meeting is convened by conveners other than the Board, the said provision can be adopted. Before the end of the agenda set for the first two paragraphs (including extemporary motions), the chairperson should not declare the meeting adjourned unless otherwise directed by the resolution. If the meeting cannot continue because of disorder or other matters, the chairperson can declare the meeting adjourned, and shareholders cannot choose another chairperson to continue the meeting either at the original site or a new site.

Article 10: A proposal should be presented in writing. For proposals presented by shareholders or an amendment or alternative of an original proposal, they should be seconded by other shareholders, and the number of shares represented by the proposal and the seconders should reach 0.002% of the total outstanding shares. This provision applies to motions on changing the meeting agenda and adjourning the meeting. Before attending shareholders speak, the chairperson should request them to fill out a speech note to provide information on the key point of the speech, the account number of the shareholder (or the number on the attendance badge), and the name, and the chairperson should determine the sequence of their speeches. An attending shareholder submitting the speech note but without speaking is deemed as without speaking. If the contents of one's actual speech is different from the contents on the speech note, the actual speech contents shall prevail. Shareholders may limit the authority of their proxies by the power of attorney or other approaches, but regardless whether the Company knows about it or not, the proxy's speech and voting shall of the proxy shall prevail.

Article 12: Each shareholder in the same meeting cannot speak more than twice and each time no more than five minutes unless it is approved by the chairperson. If a shareholder speaks for more than the five minutes or discuss topic beyond the scope of the proposal, the chairperson shall stop the shareholder's speech. When an attending shareholder speaks, other shareholders shall not interrupt the speech unless it is approved by the chairman the the speaking shareholder. Those who violate the two aforementioned provision and refuse to obey the

correction by the chairperson will be processed in accordance with Article 20 of this guidelines.

Article 13: Once an attending shareholder has delivered the speech, the chairperson shall respond either in person or designate a person to respond to the shareholder's concern.

Article 14: Only motions will be discussed and voted for resolution. During the discussion of a motion, the chairperson can announce to stop the discussion and to vote if he/she thinks that the attendees are ready for voting. Motions that are announced to be ceased for discussion and to be put on for a vote by the chairperson can have the ballots cast together but to be voted on separately.

Article 15: For voting on a motion, it shall be decided by a large majority representing more than half of the votes. For voting a proposal, if no adverse comments are raised after the chairperson's inquiry, the proposal is passed and shall take effect as it is decided by votes on a poll.

For a proposal with an amendment or alternative, the chairperson shall determine their sequence of voting all together. If one of them is passed, the rest shall be deemed as negative.

Article 16: One share for one voting right for shareholders. For shareholders entrusting the proxy to attend the Meeting, except for trust companies or stock agencies approved by the competent authority of securities, if a proxy is entrusted by more than two shareholders, the number of voting right represented by this proxy cannot exceed more than 3% of the voting right of the total number of outstanding shares; otherwise, the part of the additional voting right of will not be counted.

Article 17: The chairperson shall appoint ballot inspectors and calculation staff, and the ballot inspectors should be the Company's shareholders, too. The counting of the ballots for the Meeting's voting or election should be done publicly at the site of the Meeting, and the counting result, including the the number of the voting right, should be announced at the completion of the counting and be recorded. For the election of Directors and Supervisors at the Meeting, it should be held in accordance with the Company's election related rules and specifications, and the election result, including the list of the elected Directors and Supervisors as well as the number of voting rights they have received, should be announced on the spot.

Article 18: The Company has to request its entrusted lawyer, accountant, and related personnel to attend the Meeting.

The meeting staff members for the Meeting shall wear an ID badge or an armband badge.

Article 19: The Company should have the entire process of the Meeting recorded, both audio and video recording, starting from shareholders reporting, to the meeting in process, and to he voting and calculating process nonstop.

The said audio-visual information should be kept for at least one year. However, for shareholders instituting a lawsuit in accordance with Article 189 of the Company Act, the said audio-visual information should be kept until the end of the lawsuit.

Article 20: The Chairperson shall command pickets or security guards to maintain the order at the Meeting. The pickets or the securities when maintaining the order on site shall wear a arm badge or an ID badge with the word “picket” on it. Shareholders should follow the command of the chairperson, pickets, or security guards for maintaining the order. Those who disturb the meeting and refuse to comply with the command will be expelled by the chairperson or pickets/security guards.

Article 21: When the meeting is in process, the chairperson can set time for intermission at his/her discretion.

Article 22: Matters not mentioned in this Chapter will be processed according to Company’s Act and the regulated laws and regulations.

Article 23: The Rules and Procedures of Shareholders’ Meeting becomes effective after it is approved by the Board and then approved at the Meeting. The same applies to amendment.

BULL WILL CO., LTD.

Board Directors and Supervisors Election Guidelines

Article 1: The election of the Directors and Supervisors of the Company shall be conducted in accordance with the Guidelines unless otherwise stipulated by the Company Act and the Company's Articles of Incorporation.

Article 2: The Company's election of directors and supervisors can be held jointly or separately at the shareholders' meeting (the "Meeting"). The Company will prepare distinguishable ballots for directors and supervisors and specify the number of voting right.

Article 3: For the election of the Company's directors or supervisors, each share should have the number of voting right equal to the number of people to be elected, and the votes can be all cast for one candidate or among several candidates.

Article 4: The Company's directors consist of independent directors and non-independent directors. The election can be held jointly, but the counting of the votes should be done separately, and each director is elected separately. In the election of the Company's directors and supervisors, candidates receiving ballots representing the highest voting rights are elected in sequence as independent directors according to their respective number of votes. If more than two people receiving the same number of votes and exceeding the number of positions available, they shall draw lots to determine who take the position. If the person is absent, the chairperson will draw lots on behalf of this person. A person who is elected to be both a director and a supervisor shall decide, on his/her discretion, to assume one of the position. An elected director or supervisor whose election is invalid because of either incorrect personal information or related laws and regulations found from the cross-check, the vacancy shall be filled by the candidate with the next highest number of votes in the original election, and the replacement shall be announced at the Meeting.

Article 5: At the beginning of the election, the chairperson shall appoint a number of people to be the ballot inspectors and the calculation staff, who shall perform their respective duty. Ballot inspectors can be chosen from the attending shareholders.

Article 6: The Company will prepare the ballot boxes for the election, and the boxes should be opened before voting for inspection in public.

Article 7: For a candidate who is a shareholder of the Company, the voters must enter the name of the candidate and the account number of the shareholder under the "Candidate" section on the ballot. For a candidate who is not a shareholder of the Company, the voter shall enter the name of the candidate and the candidate's ID number instead. However, if it is the government or a corporate shareholder who is a candidate, it should be the name of the government or the corporation that is entered into the section for the candidate's name. It is acceptable to enter both the name of the government/corporation and the name of the proxy. If there are more than one proxy, enter all their names.

Article 8: A ballot is invalid for any of the following circumstances:

- (1) Ballots that have not been inserted into the ballot boxes;
- (2) A ballot that is not prepared by the Company;
- (3) Empty ballots not filled out by the voters;
- (4) For a shareholder candidate whose identity and shareholder account number do not conform with the information in shareholder register, or a non-shareholder candidate whose name and identity card number do not conform with the information in the shareholder register;
- (5) Other words are entered in addition to the candidate's account number or ID number;
- (6) The handing writing is illegible;
- (7) Any of the account name, account number, or number of votes of a candidate are altered;
- (8) The account name of a candidate is identical to the name of other shareholders but no shareholder account number is provided for distinction ;
- (9) The total number of votes cast by a voter exceeds the number of vote of this voter ;
- (10) The number of candidates entered exceeds the number of candidates to be elected ;

Article 9: After the Company setting up an audit committee, no election of supervisors will be held.

Article 10: The voting rights should be calculated right after the voting, and the result of the voting shall be announced on site by the chairperson.

Article 11: Those nonconforming to Paragraphs 3 and 4 of Article 26 of the Securities and Exchange Act shall be disqualified from being elected.

Article 12: Each elected directors and supervisors will receive an elected certificate from the Company.

Article 13: Matters not mentioned in this Guidelines shall be processed according to Company's Act and the regulated laws and regulations.

Article 14: The Guidelines becomes effective after it is approved by the Shareholders' Meeting. The same applies to amendment.

List of Candidates of Independent Directors

<b>Candidate</b>	<b>Education</b>	<b>Current position</b>	<b>No. of shares</b>	<b>% shareholding</b>
CHAN HUO LIEN	Education: Taiwan Provincial Taichung Senior High School Experience: Deputy Manager, Fuburg Industrial Co., Ltd. Chairperson, Yunyi Machinery General Manager, TCT Group Executive chairperson, Da Vinci Home Sales manager, Kimberly-Clark Corporation;	Consultant, Novena Holdings	0	0.00%
LEE SHI YANG	Education: Sanno University, Japan Experiences: General Manager, Chia-Ho Metal Industrial Co., Ltd. President, Junior Chamber International TAIPEI (1994) Founding president, Formosa Lions Club Director, Manufactures United General Association Of Industrial Park of R.O.C;	General Manager, Chia-Ho Metal Industrial Co., Ltd. representative Chia-ching Stainless Stell Industrial Co., Ltd.	0	0.00%

BULL WILL CO., LTD.

Directors and supervisors Shareholding

1. The Company has a total paid-in capital of NTD 1,113,364,300 and 111,336,430 outstanding shares.
2. According to Article 26 of the Securities and Exchange Act, the total shares of stocks held by the entire body of directors should be 8,000,000 shares, and the total shares of stocks held by the entire body of supervisors should be 800,000 shares.
3. As of the date suspending share registration for the transfer of ownership, the number of shares held by individual and the entire body of directors and shareholders listed on the shareholders' list are as follows, and the minimum shareholding requirement of Article 26 of the Securities and Exchange Act is met.

<b>Position</b>	<b>Name</b>	<b>Number of Shares</b>	<b>% Shareholding</b>
Chairperson	Serial System Ltd. Representative: Chang Chieh-min	19,144,375 shares	17.20%
Director	Serial System Ltd. Representative: GOH BAK HENG	19,144,375 shares	17.20%
Director	Serial System Ltd. Representative: GOH SUE TENG	19,144,375 shares	17.20%
Director	LO WEI CHANG	0 shares	0.00%
Director	NG CHER YAN	0 shares	0.00%
Independent Director	CHAN HUO LIEN	0 shares	0.00%
Independent Director	LEE SHI YANG	0 shares	0.00%
Total number of shares held by the entire body of director		19,144,375 shares	17.20%
Supervisor	WUI HECK KOON	1,926,686 shares	1.73%
Supervisor	CHIEN CHIH LANG	141,586 shares	0.13%
Total number of shares held by the entire body of supervisors		2,068,272 shares	1.86%

Notes:

I. Instruction on shareholders' proposals for this year's regular shareholders' meeting are as below:

1. According to Article 172.1 of the Company Act, shareholders holding more than 1% of all the issued shares of the Company may make a proposal for the shareholders' meeting by

submitting it in writing to the Company. One proposal only, and each of these proposals should be expressed using no more than 300 words.

2. The period of time the Company accepting proposals from shareholders for this year's regular shareholders' meeting starts from April 8 to April 17 of 2019, and this information has been announced on the Market Observation Post System in accordance with the law. During the said period of time, the Company has received no proposals from any shareholders.