

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 the 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.