

POYA International Co., Ltd.

Operational Procedures for Endorsements and Guarantees

Article 1 All endorsements and guarantees of the Company shall be processed according to the Operational Procedures for Endorsements and Guarantees.

Article 2 Recipients of Endorsements and Guarantees

Except the situations where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders in order to undertake a construction project, or where the Company with the other shareholders make endorsements/ guarantees for their jointly invested company based on their shareholding percentages, or where the Company with other firms in the same industry provide joint and several security for each other to make a performance guarantee of a pre-construction house sale contract pursuant to the Consumer Protection Act, the recipients of endorsements and guarantees made by the Company are limited to the following conditions:

1. The firms having business relations with the Company.
2. The firm 50% or more of whose shares with voting rights are directly and indirectly held by the Company.
3. The firm which directly and indirectly holds 50% or more of the Company's voting shares.

Endorsements and/or guarantees may be made between the firms more than 90% of whose voting shares are directly and indirectly held by the Company; however, the amount of endorsements and/or guarantees shall not exceed 10% of the Company's net worth in the latest financial statement. The limitation in the preceding paragraph shall not apply to the endorsements and/or guarantees between the firms whose voting shares are entirely held by the Company in a direct and indirect way.

The terms "subsidiary" and "parent company" referred to herein shall be determined according to the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The term "investment" as used in paragraph 1 means the investment directly made by the Company or indirectly made through a firm whose voting shares are 100% owned by the Company.

In case of the recipient of endorsements and/or guarantees is a subsidiary whose net worth is lower than half of the paid-in capital, the Company shall quarterly assess the financial structure of such a subsidiary and immediately notify the Board of Directors whenever major changes occur.

The term "net worth" as used in paragraph 2 means owners' equity attributable to the parent company of the balance sheet under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital shall not be calculated according to the rules in the preceding paragraph but be calculated by the sum of the share capital plus paid-in capital, substituting in excess of par.

Article 3 The term "endorsements and guarantees" referred to herein includes:

1. Endorsements and guarantees for financing purpose: means endorsements and guarantees made by the Company for the financing need of another firm to finance by discounting customers' checks, and for the financing purpose of the Company to finance by issuing checks to non-financial institutions.
2. Endorsements and guarantees for customs duties: means endorsements or guarantees made to the Company itself or other firms for any matter concerning the customs duties payable by the Company or other firms.
3. Other endorsements and guarantees: means any endorsement or guarantee which is excluded from the two preceding paragraphs.

Article 4 Amount of Endorsements and Guarantees

Total amount of the endorsements and/or guarantees by the Company shall be restricted to 40% of the net worth in the latest financial statement. The amount of endorsements and/or guarantees to a single firm shall not exceed 10% of the net worth in the latest financial statement. The limitation in the preceding paragraph shall not apply to the situation that the single firm is the subsidiary more than 90% of whose common stocks are directly held by the Company; the ceiling of such endorsement and/or guarantee amount shall be 20% of the net worth in the latest financial statement. The net worth shall be the one in the latest financial statement audited and approved by the certified public accountant. The endorsements and/or guarantees to a single firm shall be made after the amount of endorsements and/or guarantees are submitted to the Chair of the Board for approval and then resolved by the Board of Directors. Total amount of the endorsements and/or guarantees made by the Company and its subsidiaries shall be restricted to 49% of the Company's net worth in the latest financial statement. The amount of endorsements and/or guarantees to a single firm shall not exceed 10% of the Company's

net worth in the latest financial statement. Except the limitation mentioned in the two preceding paragraphs, the amount of endorsements and/or guarantees made to a single firm which has business relations with the Company shall not exceed the amount of business transaction between each other. The “amount of business transaction” as used in the preceding paragraph means the higher amount of either purchasing or selling goods between both parties.

Article 5 Decision-making and Authorization

The endorsements and/or guarantees shall be made by the Company after the approval of the Board of Directors. The opinions of each independent director shall be taken into full consideration and the comments of agreement or disagreement and the reasons for disapproval shall be recorded clearly in the Board minutes.

The Chairman may be authorized by the Board of Directors to make an endorsement and/or guarantee within the limitation of NT\$30 million in advance according to these Operational Procedures and then submit it to the Board of Directors for recognition as well as submit the relative items to the shareholders’ meeting for reference.

The amount of endorsements and/or guarantees, made by the Company to the qualified firms because of the business need, shall essentially exceed the limitation set forth in these Operational Procedures after the approval of the Board of Directors with half or more of the directors providing joint guarantees on the risk of loss resulting from overflow guarantees. Besides, the Company shall also revise these Operational Procedures and submit the revised version to shareholders’ meeting for recognition. If the shareholders’ meeting disapproves the excess endorsements and/or guarantees, the Company shall set a plan to remove the excess amount to comply with the limitation in three months.

The opinions of each independent director shall be taken into full consideration by the Board of Directors and the comments of agreement or disagreement and the reasons for disapproval shall be recorded clearly in the Board minutes.

Article 6 Procedures for Making Endorsements and Guarantees

With respect to the procedures for endorsements and/or guarantees made by the Company, the warrantee shall first submit the application to the Finance Department. After receiving the application, the Finance Department shall do credit investigation of the warrantee and assess the

risk of such endorsements and/or guarantees, making an evaluation records which shall be submitted to the general manager and the Chair for approval. If necessary, the Company shall request the warrantee to offer chattel properties or real estates as collaterals or other securities based on the actual need.

When applying for endorsements and/or guarantees, the warrantee shall also provide the letter including explanation of purposes and the total amount of the endorsements and/or guarantees, attaching the check or note. The detailed evaluation report of the warrantee conducted by the Finance Department shall at least include the following items:

1. Necessity and reasonableness of making an endorsement and/or guarantee;
2. Evaluation of whether the amount of an endorsement and/or guarantee is necessary based on the financial conditions of the warrantee;
3. Assessment of whether the accumulative amount of endorsements and/or guarantees is still under the limit;
4. Assessment of whether the total amount of business transaction as well as endorsements and/or guarantees made to the warrantee having business relations with the Company is still under the limit;
5. Influence on operation risks, financial conditions and shareholders' interests of the Company;
6. Evaluation of whether to obtain the collaterals for an endorsement and/or guarantee and value assessment of the collaterals;
7. Attachments of the warrantee's credit investigation and risk assessment.

The Finance Department shall submit the evaluation report, letter including explanation of purposes and the amount of endorsements and/or guarantees and the check or note to the Chair for approval. The check or note which is approved for endorsement and/or guarantee by the Board of Directors or the Chair shall be returned to the warrantee after finishing the following steps:

1. Stamped with the Company's chop.
2. Copied and kept for future reference.
3. Recorded in the "Endorsement and/or guarantee and cancellation reference book" in order to control the amount of endorsements and/or guarantees.

If the endorsements and/or guarantees are disapproved by the Board of Directors or the Chair, the check or note shall be returned by the Finance

Department to the warrantee with the reasons for not granting the endorsement and/or guarantee.

Finance Department of the Company shall prepare an “Endorsement and/or guarantee and cancellation reference book” for reference, which includes the matters concerning making and cancelling the endorsements/guarantees such as the endorsement/guarantee activities, the companies’ name and the amount of endorsements/guarantees, the conditions as well as the date of discharging from the abilities of endorsements/guarantees and so on.

Besides, the Company shall monthly announce the relative materials of endorsements/guarantees according to the dates regulated by Financial Supervisory Commission.

The Company shall evaluate or record the contingent loss for endorsements/guarantees, adequately disclosing the information about endorsements/guarantees in its financial reports and providing certified public accountants with relevant information for implementation of necessary audit procedures.

If the warrantee is not continually qualified according to these Operational Procedures for any reason or the amount of endorsements/guarantees exceed the limitation because of any change in the calculation base, the Company shall totally remove the endorsement/guarantee amount or excess amount at the due date of the contract or within a period which may be set forth in an improved plan. The situation and plan mentioned in the preceding paragraph shall be submitted to the Audit Committee and the Board of Directors for discussion.

In case of the recipient of endorsements and/or guarantees made by the Company or its subsidiaries is a subsidiary whose net worth is lower than half of the paid-in capital, the Company shall not only follow the regulations mentioned in the preceding paragraph but also request the internal auditors to quarterly assess these Operational Procedures and the execution and make a record in written form. If there is any significant violation, the notification in written form shall be given to the Audit Committee.

Article 7 Cancellation of Endorsements and Guarantees

The warrantee shall deliver the original notes, of which the endorsements and/or guarantees shall be cancelled because of debt-repayment or debt-renewal, with a formal letter to Finance Department of the Company to seal “cancellation” and then get back the notes with the letter kept by the Company for reference

The Finance Department shall record the notes of which the endorsements and/or guarantees are cancelled in the “Endorsement and/or guarantee and cancellation reference book” whenever necessary to decrease the accumulative amount of endorsements and/or guarantees.

When extending or renewing the endorsed and/or guaranteed notes, the Financial Institution may require the firm to make endorsements and/or guarantees of the new notes for returning the original ones. In such a case, Finance Department of the Company shall make a record and ask the warrantee to submit the original notes as soon as possible for cancelling the endorsements and guarantees.

Article 8 Internal Control and Penalties for Related Personnel

The internal auditors of the Company shall at least quarterly audit these Operational Procedures and the execution, making a written record. If there is any significant violation, the auditors shall give a written notification to the Audit Committee.

The Company shall follow these Operational Procedures when making endorsements and/or guarantees. If there is any significant violation, the Company shall punish the managers according to Chapter 6, Article 2 of Personnel Management Regulation based on actual situation.

Article 9 Procedures for Use and Custody of Endorsement and/or Guarantee Seal

The Company shall use the corporate seal registered from the Ministry of Economic Affairs as the seal for the purpose of endorsements/guarantees. The seal shall be kept by the designated person approved by the Board of Directors and shall be used for issuing notes based on these Operational Procedures. The Company shall discharge or alter the personnel of keeping the seal after the approval of the Board of Directors. When making the endorsements and/or guarantees to a foreign firm, the Company shall submit the endorsement and/or guarantee letter with the signatures of the person authorized by the Board of Directors.

Article 10 Procedures for Public Announcement

The Company shall announce the balance of endorsements and/or guarantees of the previous month made by the Company and its subsidiaries before the date of 10th in each month. Besides, the Company shall also

make the announcement within two days after the date of occurrence if the balance reaches one of the following criteria:

1. The balance of endorsements and/or guarantees made by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement.
2. The balance of endorsements and/or guarantees made by the Company and its subsidiaries to a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement.
3. The balance of endorsements and/or guarantees made by the Company and its subsidiaries to a single enterprise reaches more than NT\$10 million, and the total amount of the endorsements and/or guarantees, long-term investments and loan balance reaches 30% or more of the Company's net worth as stated in its latest financial statement.
4. The incremental amount of endorsements and/or guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in the latest financial statement

The Company shall make the public announcement about the events mentioned above in the paragraph 4 for its subsidiary which is not a public company on a domestic exchange.

The term "Date of occurrence" as used in paragraph 1 means the earlier one among the dates of contract signing, payment, resolution of the Board of Directors, or the other dates that the counterparty and monetary amount of the transaction are confirmed.

Article 11 If the Company intends to make an endorsement or guarantee to others, the Company shall carefully assess whether the execution comply with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and these Operational Procedures, submitting the evaluation report to the Board of Directors. When discussing, the opinions of each Independent Director shall be taken into full consideration by the Board of Directors and the comments of agreement or disagreement and the reasons for disapproval shall be clearly recorded in the Board minutes. The endorsements and/or

guarantees shall be made after the resolution of the Board of Directors.

Article 12 If the subsidiaries of the Company intend to make an endorsement and/or guarantee to others, the Company shall request the subsidiaries to enact the Operational Procedures for Endorsements and Guarantees based on the relevant regulations. The subsidiaries shall then comply with these Operational Procedures whenever making endorsements and/or guarantees.

Article 13 Any matter which are excluded in these Operational Procedures shall be governed by the applicable laws and the relevant charters of the Company.

Article 14 These Operational Procedures shall be approved by the Audit Committee, then being submitted to the Board of Directors and the shareholders' meeting for resolution. The same way is required for amendments of these Operational Procedures. When discussing, the opinions of each Independent Director shall be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, the comments shall be recorded in the Board minutes. If there is any objection of a director with a record or written statement, the Company shall submit relative materials of such objection to the Audit Committee and the shareholders' meeting for discussion.

If there is the Audit Committee established by the Company, the enactments or amendments of these Operational Procedures shall be approved by half or more of all the Audit Committee members and shall be submitted to the Board of Directors for resolution. If the proposal is not approved by more than half of all the Audit Committee members, it shall be managed according to Article 6, paragraph 3 of the Company's Audit Committee Charter.

Article 15 These Procedures were originally enacted on June 28, 1999.

The 1st amendment was made on April 21, 2003.

The 2nd amendment was made on May 24, 2006.

The 3rd amendment was made on June 3, 2009.

The 4th amendment was made on June 15, 2010.

The 5th amendment was made on June 11, 2013.

The 6th amendment was made on June 10, 2014.