

TAIYEN BIOTECH COMPANY LIMITED

Procedures for Endorsement & Guarantee

109.06.29

Article 1 The Company has formulated these procedures in accordance with the provisions of “Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies” regulated by the Financial Supervisory Commission (hereinafter “FSC”). The company shall comply with these Regulations when making loans to and endorsements/guarantees for others; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 2 The term "endorsements/guarantees" as used in these Procedures refers to the following:

1. Financing endorsements/guarantees, including:
 - (1) Bill discount financing.
 - (2) Endorsement or guarantee made to meet the financing needs of another company.
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
3. Other 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 real property as security for the loans of another company shall also comply with these Procedures.

Article 3 The company may make endorsements/guarantees for the following companies:

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

For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the company shall not guarantee it.

Article 4 Hierarchy of decision-making authority and delegation thereof : When handling endorsement guarantee matters, the risk should be evaluated, and the board of directors shall decide to approve it.

Article 5 Limits on Endorsements and Guarantees

1. The total amount of the endorsements/guarantees provided by the Company to others shall not exceed 40% of latest financial statements of the company.
2. The amount of the endorsement/guarantee provided by the Company to any individual entity shall not exceed 16% of latest financial statements of the company.
3. The total amount of the endorsement/guarantee provided by the Company and its subsidiaries shall not exceed 40% of latest financial statements of the company.
4. The amount of endorsement/guarantee provided by the Company and its subsidiaries to any single entity shall not exceed 16% of latest financial statements of the company.
5. In addition to the above-mentioned limits, Endorsements and/or guarantees from the company due to business necessity, the total amount of the endorsement guarantee shall not exceed the total amount of the business transactions between the Company and the Endorser and/or guarantor. “Business transaction amount” refers to the higher the actual purchase or sales amount of the previous year when the endorsement guarantee contract between the two parties is established.
6. When the amount of endorsement and/or guarantee exceeds the limits, the Company shall propose rectification plans, submit it to the Audit Committee.

The so-called paid-in capital in the most recent financial statements shall be based on the most recent financial statements approved or reviewed by the CPA.

Article 6 Procedures for Endorsements and Guarantees :

1. The company that is endorsed and guaranteed shall submit an application for endorsements and/or guarantees to the company.
2. The Financial Accounting Department of the company shall fill in a detailed review procedure report to collect and analyze the working capital and risk assessment capital of the endorsed guarantor. If necessary, it shall obtain a guarantee, stating the name of the company applying for endorsement, the relationship with the company, and the endorsement reason and amount of guarantee shall be submitted to the chairman and the board of directors for approval.

Article 7 Use of Official Seal and Security Procedures

The Company shall apply for registration with the Ministry of Economic Affairs for its official seal and for a special-purpose seal for endorsements and/or guarantees. The official seal shall be kept by the Company's designated personnel. Internal procedures must be followed for sealing and note issuance purposes. The Seal custodian shall submitted to and adopted by the board of directors. Subsequent amendments thereto shall be effected in the same manner. When providing an endorsement/guarantee to a foreign company, the endorsement/guarantee letter shall be executed and signed by the person designated by the board of directors.

Article 8 Announcing and reporting procedures.

1. The Company shall announce and report the balance of endorsements and/or guarantees for the previous month by the 10th day of each month, and make a monthly announcement with the turnover.
2. If the balance of endorsements and/or guarantees meets one of the following levels, the Company shall announce and report such event within two days of the occurrence, the date of occurrence to be counted as the first day, and shall be exposed at the "Market Observation Post System":
 - (1) The aggregate balance of endorsements and/or guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net value as stated in the latest financial statement.
 - (2) The balance of endorsements and/or guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net value as stated in the latest financial statement.
 - (3) The balance of endorsements and/or guarantees by the Company and its subsidiaries for an individual enterprise is more than NT\$10 million or the aggregate amount of all endorsements and/or guarantees for long-term nature of investments in, and balance of loans to, such enterprise reaches 30% of the Company's net value as stated in its latest financial statement.
 - (4) The amount of new endorsements and/or guarantees made by the Company or its subsidiaries is more than NT\$30 million or more than 5% of the Company's net value as stated in its latest financial statement.
3. The Company's financial report is prepared in accordance with the International Financial Reporting Standards, and the term "net worth of the Company" refers to the latest balance sheet equity attributable to the Company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4. Within these procedures, “announce and report” refers to entering information to the public disclosure website designated by the Financial Supervisory Commission, Executive Yuan. The term “date of occurrence” in this procedure, which means the transaction signing date, payment date, the date of resolution of the Board of Directors or other information that is sufficient to determine the date of the transaction object and the date of the transaction amount, whichever is earlier.

Article 9 When the object of the company’s endorsement guarantee meets the provisions of Article 3 and subsequently fails to meet the requirements, or the amount of the endorsement guarantee exceeds the set limit due to changes in the basis on which the calculation limit is based, the endorsement guarantee amount or the excess part shall expire within the contract period Time or plan to eliminate all within a certain period of time and report to the board of directors.

Article 10 When handling endorsement and guarantee matters, the company shall establish a reference book for the promised guarantee matters, the name of the endorsed guarantee enterprise, the result of risk assessment, the amount of endorsement guarantee, the content of the collateral obtained and the conditions and dates for releasing the endorsement guarantee liability, etc. The details are posted for reference. Before the end of the endorsement and guarantee date, the Finance and Accounting Department shall proactively notify the endorsed party to withdraw the guarantee notes held by the bank or creditor's institution, and cancel the relevant deed of endorsement and guarantee.

Article 11 Where a subsidiary of the company intends to endorse or provide guarantees for others, the company shall instruct it to formulate its own Operational Procedures for "Procedures for Endorsement & Guarantee", and shall follow the established operating procedures. Subsidiaries shall report the "Procedures for Endorsement & Guarantee" to the Financial Accounting Department, and the Financial Accounting Department shall list subsidiaries and submit them to the company's board of directors for verification.

If a subsidiary of the company is a domestic public issuance company, it shall handle the announcement and declaration according to the regulations. If the subsidiary is not a public company, the parent company shall make an announcement on its behalf.

Subsidiaries of the company shall report the endorsement guarantee list of the previous month to the company for summary before the 5th of each month.

The subsidiaries of the company shall assess whether the prescribed procedures for the "Procedures for Endorsement & Guarantee" comply with the processing standards and whether the endorsement guarantee handles related matters in accordance with the prescribed processing procedures. The company's audit unit shall review the subsidiary's self-assessment report.

Article12 Internal auditors shall perform the audit on the Company's endorsement and/or guarantee profile at least once per quarter and produce written auditing reports.

Article13 Managers and persons-in-charge who violate these procedures and cause losses to the company, they shall be punished based on the severity of violation.

Article14 Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article15 The Procedures, obtain the approval of the audit committee and after passage by the meeting of the Board of Directors, shall be submitted to the shareholders' meeting for approval.

Where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

When the company submits its Operational Procedures for "Procedures for Endorsement & Guarantee" by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the board of directors meeting.

A public company without the intend to endorse or provide guarantees for others may, after passage by the board of directors, be relieved from the obligation of formulating the Operational Procedures for "Procedures for Endorsement & Guarantee". If such a company subsequently intend to endorse or provide guarantees for others, it shall still comply with the preceding two paragraphs.

Where the company adopts or amends its Operational Procedures for "Procedures for Endorsement & Guarantee", the procedures or amended procedures shall require the approval of one-half or more of all audit committee members, and furthermore shall be submitted for a resolution by the board of directors, and the provisions of paragraph 2 shall not apply.

If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 4 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.