

Catcher Technology Co., Ltd.

Regulations Governing Making of Endorsements/Guarantees

Article 1 Purpose

The Company shall comply with these Regulations when making endorsements/guarantees for others. If there are any matters not covered in these Regulations, it will be handled in accordance with the relevant laws and regulations.

Article 2 Scope

The term “endorsements/guarantees” as used in these Regulations 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.
2. Customs duty endorsement/guarantee, meaning an endorsement/guarantee made 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 borrowed by another company shall also comply with these Regulations.

Article 3 Endorsed/Guaranteed Entities

1. A company with which the Company has business relationship.
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.
4. Companies in which the Company holds, directly and indirectly, 100 percent of the voting shares may make endorsements/guarantees for each other.

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested

company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution as prescribed in the preceding paragraph refers to capital contribution directly by a public company, or through a company in which the public company holds 100 percent of the voting shares.

“Subsidiary” and “parent company” as prescribed in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 4 Amount

1. The aggregate amount that the Company makes in external endorsements/guarantees shall be limited to 100 percent of the Company’s net worth, and the amount made for a single enterprise shall not exceed 50 percent of the Company’s net worth.
2. The aggregate amount of the endorsements/guarantees that the Company and its subsidiaries make as a whole shall be limited to 200 percent of the Company’s net worth, and the amount made for a single enterprise shall not exceed 100 percent of the Company’s net worth.
3. Companies in which the Company holds, directly or indirectly, 90 percent or more of the voting shares may make endorsements/guarantees for each other; the amount of endorsements/guarantees shall not exceed 10 percent of the Company’s net worth.
4. The endorsements/guarantees as specified in the preceding three paragraphs shall be submitted to the board of directors (the Board) for resolution before they can be made. However, this does not apply to the intercompany endorsements/guarantees made by the companies in which the Company holds, directly or indirectly, 100 percent of the voting shares.

Where the Company’s financial reports are prepared in accordance with the International Financial Reporting Standards, “net worth” in these Regulations refers to the balance-sheet shareholders’ equity attributable to the owners of the parent company as stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5 Procedures

1. Before making an endorsement/guarantee for others, the Finance Department shall review the qualifications of each applicant along with the respective amount of endorsement/guarantee, and assess whether the endorsement/guarantee complies with these Regulations and whether the endorsement/guarantee has reached the standards of making public

announcement. The Finance Department shall also submit the results of review and assessment to the Chairman for approval and to the Board for resolution. When necessary, the Chairman may directly approve and grant the endorsement/guarantee within a limit prescribed in Article 4, followed with subsequent ratification at the next Board meeting.

2. The Endorsement/Guarantee Registration Form prepared by the Finance Department for its endorsement/guarantee activities shall record in details the following information: the entity for which an endorsement/guarantee is made, the amount, the date of obtaining approvals from the Board or from the Chairman, the date on which the endorsement/guarantee is made, the matters to be carefully evaluated in accordance with these Regulations, the content and the appraisal value of collateral, and the condition as well as the date on which the liability of endorsement/guarantee is discharged.
3. The Company's internal auditors shall audit these Regulations and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.
4. Where as a result of changes in conditions that the entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations, or the amount of endorsement/guarantee exceeds the predetermined limit, the Company shall adopt rectification plans and submit the plans to the Audit Committee, and shall complete the rectification in accordance with the predetermined timeframe.
5. The Finance Department shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose the information on endorsements/guarantees in the Company's financial reports. The Finance Department shall also provide relevant information for the certified public accountants to implement necessary audit procedures and to issue proper audit reports.

The Board shall take full consideration of the opinions of each independent director. Where independent directors express any dissent or reservation, it shall be noted in the meeting minutes of the Board.

Material endorsements/guarantees for others shall be approved by one-half or more of all members of the Audit Committee, and shall be submitted to the Board for resolution.

If not approved by one-half or more of all members of the Audit Committee as prescribed in the preceding item, the material endorsements/guarantees for others

may be implemented with the consent of two-thirds or more of all directors, not subject to the provisions of the preceding item. The resolution of the Audit Committee shall be specified in the meeting minutes of the Board.

Article 6 Detailed Review

When making endorsements/guarantees for others, the Finance Department shall review and evaluate the following matters and shall prepare a written record:

1. Assessing the necessity and rationality of endorsements/guarantees based on the financial and business conditions of the company to which the endorsement/guarantee is made.
2. Assessing the risk of endorsements/guarantees by conducting credit check based on the information provided by the company to which the endorsement/guarantee is made.
3. Assessing whether the accumulated amount of endorsements/guarantees is within limits and the impact of the endorsements/guarantees thereof on the Company's operational risks, financial conditions and shareholders' equity.
4. Measuring the Company's risk tolerance for endorsements/guarantees and assessing whether collateral should be obtained.
5. Reassessing the necessity and rationality of endorsements/guarantees and measuring the risks thereof if the net worth of the company to which the endorsement/guarantee is made is less than one-half of its paid-in capital.

Where a subsidiary issues its shares without a par value or with a par value other than NT\$10, its paid-in capital as prescribed in subparagraph 5 of the preceding paragraph should be calculated by adding up its capital stock and additional paid-in capital in excess of par.

Article 7 Controlling and Managing Endorsements/Guarantees by Subsidiaries

1. Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct the subsidiary to formulate and comply with its own operational procedures for endorsements/guarantees in accordance with the provisions of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, formulated by the Financial Supervision Commission of the Executive Yuan.
2. The subsidiary shall prepare a statement of its endorsements/guarantees for others in the previous month by the 10th day (exclusive) of each month and shall submit the statement to the Company.
3. When conducting annual inspections on subsidiaries, the Company's auditors shall accordingly inspect the implementation of endorsements/guarantees by the subsidiaries for others. Where defective matters are found, the auditors

shall continue to track whether progress has been made, prepare and submit the follow-up reports to the Chairman.

Article 8 Use and Custody of Corporate Chops

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the Board and shall be used to seal or issue negotiable instruments only in accordance with the prescribed procedures.

When making a guarantee for an overseas company, the Company shall have the Guarantee Agreement signed by a person authorized by the Board.

Article 9 Hierarchy of Decision-Making Authority and Delegation Thereof

1. When making endorsements/guarantees, it shall be signed and approved in accordance with the procedures stipulated in Article 5 of these Regulations, and shall be approved by the Board.
2. Where the Company needs to exceed the limits prescribed in these Regulations to satisfy its business requirements, and where the conditions prescribed in these Regulations are complied with, it shall obtain approval from the Board 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 endorsements/guarantees. It shall also amend these Regulations accordingly and submit the same to the shareholders' meeting for ratification after the fact. Where shareholders' consent is not obtained, the Company shall adopt a plan to discharge the amount in excess within a given timeframe.
3. Where the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and its subsidiaries as a whole reaches 50 percent or more of the Company's net worth, an explanation of the necessity and rationality thereof shall be given at the shareholders' meeting.

At board discussions, the Company shall take full consideration of the opinions of each independent director. Where independent directors express any dissent or reservation, it shall be noted in the meeting minutes of the Board.

Material endorsements/guarantees for others shall be approved by one-half or more of all members of the Audit Committee, and shall be submitted to the Board for resolution.

If not approved by one-half or more of all members of the Audit Committee as prescribed in the preceding item, the material endorsements/guarantees may be implemented with the consent of two-thirds or more of all directors, not subject to the provisions of the preceding item. The resolution of the Audit Committee

shall be specified in the meeting minutes of the Board.

Article 10 Public Announcement and Reporting Procedures

1. The Company shall announce and report by the tenth of each month the outstanding balance of endorsements/guarantees made in the previous month by itself and its subsidiaries, and input the guaranteed balance of the previous month into the Market Observation Post System (MOPS).
2. Where the outstanding balance of endorsements/guarantees reaches any of the following criteria, the Company shall make public announcement and report the event within two days commencing from the date of occurrence:
 - (1) The aggregate balance of endorsements/guarantees made by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
 - (2) The aggregate balance of endorsements/guarantees made by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - (3) The aggregate balance of endorsements/guarantees made by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more, and the aggregate amount of all endorsements/guarantees made for, the carrying value of equity investment in and the balance of loans to such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.
 - (4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.
3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report to the MOPS pursuant to subparagraph 4 of the preceding paragraph.

"Date of occurrence" in these Procedures refers to the date of signing contracts, date of payment, date of the Board's resolutions, or any other dates that confirm the counterparty and monetary amount of endorsements/guarantees, whichever date is earlier.

Article 11 Penalties

Penalty for violation of these Procedures by managers or personnel in charge shall

be handled based on the severity of the circumstances in accordance with the Company's rules for personnel administration.

Article 12 Implementation and Amendment

The matters hereof under Article 14-5 of the Securities and Exchange Act shall be subject to the consent of one-half or more of all members of the Audit Committee, and furthermore shall be submitted to the Board for resolution and to shareholders' meetings for approval. Where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the Audit Committee and shareholders' meetings for discussion. The same shall apply to any amendments to these Procedures.

If not approved by one-half or more of all members of the Audit Committee as prescribed in the preceding paragraph, these Procedures may be implemented with the consent of two-thirds or more of all directors, not subject to the provisions of the preceding paragraph. The resolution of the Audit Committee shall also be specified in the meeting minutes of the Board.

The terms "all members of the Audit Committee" and "all directors" in the preceding paragraph shall be counted based on actual incumbent.

When the Company submits these Procedures to the Board for discussion in accordance with the preceding paragraph, each independent director's opinion shall be taken into full consideration. Any dissent or reservation of independent directors shall be recorded in the meeting minutes of the Board.