



POU CHEN CORPORATION

Operational Procedures for Loaning of Company Funds

Article 1 Purpose

If due to business requirements, Pou Chen Corporation (the “Company”) needs to loan funds to another corporation (the “Borrower”), it shall do so in accordance with this Procedure. Matters not provided for under this Procedure shall be dealt with in accordance with relevant laws and regulations.

Article 2 Recipients of Loaned Funds

In accordance with Article 15 of the Company Act, the Company shall not loan funds to any of its shareholders or any other recipients except under the following circumstances:

1. To companies or firms that engage in business with the Company.
2. To companies or firms that require short-term financing from the Company. The term “short-term” shall mean the longer of one year or one operating cycle period of the Company. The reasons and necessary circumstances of loaning funds to recipients shall be limited to the following circumstances:
 - (1) To recipients engaging in business with the Company and require short-term financing.
 - (2) To subsidiaries of the Company, whom due to operational turnover and other business requirements, require short-term financing.
 - (3) To other recipients whom the Company's board of Directors approves fund loaning to.

Article 3 Total Loan Amount and Loan Limits of each Recipient

1. Total Loan Amount:

The total amount of funds loaned by the Company shall not exceed 30% of the Company's net value, amongst which:

- (1) For companies or firms engaging in business with the Company, the total amount of funds loaned shall not exceed 10% of the Company's net value.
- (2) For companies or firms with short-term financing requirements from the Company, the total amount of funds loaned shall not



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exceed 30% of the Company's net value.

2. Loan Limits to each Recipient:

(1) For companies or firms engaging in business with the Company, the loan limit to each recipient shall not exceed the monetary amount of the business dealings between the parties.

The term "monetary amount of the business dealings" refers to the higher of the most recent year's or the estimate of the year ahead's actual monetary amount of purchase/sales between the two parties, but not exceeding 10% of the Company's net value.

(2) For companies or firms with short-term financing requirements from the Company, the loan limit to each recipient shall not exceed 10% of the Company's net value.

3. Between foreign companies that require fund loaning for financing, which the Company directly or indirectly holds 100% of voting shares, the monetary amount limitations in the preceding two paragraphs shall not apply. However, the loaning company shall nonetheless stipulate the loan amount and term in its fund lending procedures.

Article 4

Application Procedure

1. The Borrower shall provide basic information and financial information, and fill out an application form detailing the purpose of the intended use of the loaned funds, the loan term, and amount. The application form shall then be submitted to the Company's finance department.
2. If the fund lending is due to business dealings, the in-charge personnel of the Company's finance department shall assess whether the monetary amount of the funds loaned is proportionate to the monetary amount of business dealings. For recipients requiring short-term financing, the reasons and circumstances of fund lending shall be listed and subjected to credit investigation. After the relevant information and the drafted fund lending terms and conditions have been reported to the head of the finance department and the President, the matter shall be submitted to the board of Directors for resolution.
3. The Company shall fully consider the opinions of the independent



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Directors when loaning funds to recipients, and record in the minutes of the board of Director's meeting the independent Directors' opinions (specifically, their consent or dissent, and any reasons for any dissent).

4. Any fund lending of material nature shall than half of the Audit Committee and submitted for approval by a resolution of the board of Directors; provided, however, the Company may act without the approval of the Audit Committee if a resolution of at least two thirds of the board of Directors is obtained; the decision of the Audit Committee shall be recorded in the minutes of the board of Directors meeting.

Article 5 Credit Investigation

1. For a first-time Borrower, the Borrower shall provide basic information and financial information to enable the conducting of credit investigation.
2. For a recurring Borrower, credit investigation shall, in principle, be conducted once a year. For material cases, credit investigation shall be conducted every six months, as required. If the case is urgent, credit investigation may be conducted, as required, at any time.
3. For Borrower in good financial standing, and whose annual financial statements have been audited by a certified public accountant for the purpose of financing, the fund lending may be granted based on an investigation report made over one year but not over two years ago, and a refer to a certified accounting report made by a certified public accountant.
4. When the Company conducts a credit investigation on the Borrower, the Company shall review the necessity and reasonableness of fund lending, and shall assess the risks and operational risks to the Company, the effects on the Company's financial status and shareholder interests, and whether or not collateral should be obtained.

Article 6 Approval of Fund Lending and Notices to Borrowers

1. Approval of Fund Lending
 - (1) After credit investigation and assessment, if fund lending is declined due to the Borrower having bad credit, or by board of Directors resolution, the in-charge personnel of the finance



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department shall promptly reply to the Borrower with the reasons for the decline.

- (2) For cases where after credit investigation, the Borrower has good credit and the purpose of the loan is proper, the in-charge personnel of the finance department shall fill out the credit investigation report and his/her opinion, draft the terms and conditions of the loan, and in the proper order, report to the head of the finance department and acquire approval from the President, and process the fund lending after the passing of resolution by the board of Directors.

2. Notices to Borrowers

After the fund lending is approved, the in-charge personnel shall promptly notify the Borrower in writing or by telephone, and provide a detailed description of the Company's terms and conditions of loaning, including the loan amount, term, interest rate, collateral, guarantor, and other terms and conditions, and request the Borrower to execute a contract within the provided time period, complete the pledge/mortgage of collaterals and secure guarantors, then accordingly appropriate the loan funds.

Article 7 Verification for Contract Execution

1. The fund-loaning provisions shall be drafted by the in-charge personnel, and after review by the department head, obtain approval of the contract by legal consultants (or the legal department of the Company) prior to execution.
2. The contents of the fund lending contract shall be consistent with the approved terms and conditions of loaning. After the Borrower and the joint guarantor have executed the contract, the in-charge personnel shall undertake the verification process.

Article 8 Valuation of Collateral and Establishing Rights

If the fund lending involves collateral, the Borrower shall provide the collateral, and complete the process for establishing pledge or mortgage rights. The Company shall assess the value of the collateral in order to confirm its creditor rights.



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Article 9 Insurance

1. Collateral shall be insured under fire insurance and other relevant insurance, except for land and securities. Boats, ships and vehicles shall be subject to all risk insurance, and the insurance amount shall in principle not be lower than the pledged collateral. The insurance policies shall list the Company as the beneficiary. The name of the insured contents, number, location of storage, insurance conditions, and insurance endorsements written on the insurance policies shall be consistent with the loaning terms and conditions approved by the Company. If a building number has not been assigned to a building upon its mortgage, its address shall be marked by the land mark or land number.
2. The in-charge personnel shall note and notify the Borrower to continue to be insured prior to the expiration date of the insurance period.

Article 10 Appropriation of Loaned Funds

Once fund lending has been approved, the Borrower has executed a contract and deposited a promissory note (or multiple promissory notes), and completed registration for the pledge or mortgage of collateral, the Company may, upon verification of the above mentioned procedures, appropriate the funds.

Article 11 Interest

1. Daily interest: the amount of daily interest is calculated by the total of loan balances each day (total aggregate number) multiplied by its annual interest rate, then divided by the customary number of days that financial institutions use to calculate the interest of the currency of the loan.
2. The calculation of loan interest, unless otherwise provided for, shall in principle be collected once per month, and the Borrower shall be notified to pay the interest within one week of the agreed payment date.

Article 12 Repayment of Loaned Funds

1. After the loan has been appropriated, the financial, business, credit, and other statuses of the Borrower and guarantor shall be noted on a



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regular basis. For recipients who have provided collateral, circumstances where any changes to collateral value shall be noted. The Borrower shall be notified to pay off the principal and interest on the expiration date of the loan or extend its loan term, two months prior the expiration of the loan term.

2. When the Borrower makes repayment upon expiration of the loan term, the required interest shall first be calculated and then paid off together with the principal, before any promissory notes, IOUs and other debt certificates may be revoked and returned to the Borrower.
3. If the Borrower applies for cancellation of mortgage, the Company shall first check whether there are any outstanding loan balances, before determining whether or not to cancel the mortgage.

Article 13 Subsequent Control Measures Concerning the Loaned Amount and Procedures for Processing Overdue Claims

1. Once fund-loaning to another person has been approved by resolution of the board of Directors, the financial unit shall, based on the requirements of the loan's circumstances, appropriate the funds in a one-time or multiple installments. The Borrower shall also make repayments in a one-time or multiple installments, provided that the amount of loan balance shall not exceed the maximum loan amount approved by the board of Directors.
2. Processing overdue claims: extensions to each repayment period shall be limited to two months, and application of such extension is limited to once. In case of violation, the Company shall in accordance with relevant laws dispose and recover collateral provided by the Borrower.

Article 14 Case Registration & Safekeeping

1. The Company shall create a record book for reference for fund lending matters, which shall include the recipient of the loan, the monetary amount, the date resolution was passed by the board of Directors, the date of the release of the loan, and detail matters that require prudent assessment in accordance with this Procedure.
2. After the funds have been appropriated, the in-charge personnel shall place the contract, promissory notes and other debt certificates, and



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certification documents of the collateral, insurance policy, and correspondence documentation, into the safekeeping package in an organized manner, and shall mark on the safekeeping package the contents and the name of the customer, and submit it to the management for examination. The package shall be sealed if no errors are found after the examination, and the seams of the package shall be stamped by the in-charge personnel and management's seal. The package shall then be safe kept after it has been registered on the safekeeping registration record book.

Article 15 Matters that Require Attention when Processing Fund Lending to Recipients

1. Prior to lending funds to recipients, the Company shall prudently assess whether doing so is consistent with this Procedure, and the fund lending proposal shall be provided to the board of Directors for resolution together with the assessment results. No other party shall be authorized to make such resolution.
2. Fund lending between the Company and its subsidiary, or between the Company's subsidiaries, shall be submitted for board of Directors resolution in accordance with the preceding paragraph. The Chairman of the Company, with respect to the same loan recipient, shall be authorized to appropriate the funds in installments or by revolving loans within a certain amount approved by the board of Directors and within a period not exceeding one year.
3. The term "certain amount" in the preceding paragraph shall mean, aside from satisfying paragraph 3 of Article 3, the authorized loan amount loaned by the Company or its subsidiary to a single corporation, which shall not exceed 10% of the net value of the most recent financial statement of the Company or its subsidiary.
4. The internal audit personnel of the Company shall, at the minimum, audit the fund lending procedures and their execution quarterly and produce a written record. If any material breach is discovered, the Audit Committee shall be immediately notified in writing.
5. When due to changes in circumstances, the recipient of the loan no longer meets the requirements of the provisions in this Procedure or



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the loan balance exceeds its limit, the auditing unit shall urge the finance department to stipulate a specific period for the purpose of withdrawing the loans that exceed the limit, deliver relevant improvement plans to the Audit Committee, and complete the improvements according to the plans.

6. The in-charge personnel shall prepare a detailed list concerning the fund lending to other companies over the past month before the 10th day of each month, and in the proper order, submit the detailed list for approval.
7. The term “subsidiary” as referred to in this Procedure shall be determined by the Regulations Governing the Preparation of Financial Reports by Securities Issuers..

The term “net value” as referred in this Procedure shall mean the recent balance sheet equity attributable to the owners of the Company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 16 Procedures for Controlling Fund Lending of Subsidiaries

1. If the Company’s subsidiary plans to loan funds to recipients, the subsidiary shall also stipulate this Procedure and do so in accordance with this Procedure; however, the net value shall be calculated based on the subsidiary’s net value. The subsidiary shall prepare a detailed list of its fund lending to other companies over the past month before the 10th (excluding the 10th) day of each month, and provide the detailed list to the Company for review.
2. The internal auditing personnel of the subsidiary shall, at the minimum, audit the procedures for its fund lending to recipients and their execution quarterly, and prepare a written record. When the internal audit personnel discover any material breach, they shall immediately notify the Company's auditing unit in writing, and the Company’s auditing unit shall deliver the written information to the Audit Committee.
3. When the Company's auditing personnel perform examinations on its subsidiary in accordance with its annual auditing plan, the personnel shall also familiarize themselves with the subsidiary’s fund lending



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procedures and the status of their execution. If the personnel discover any deficiencies, they shall keep track of circumstances for its improvement, and prepare tracking reports for the board of Directors.

Article 16-1 The Company shall abide by this Procedure concerning its fund lending to its subsidiaries, except credit investigation and pledge or mortgage of collateral are not required. The loan amount and other terms and conditions shall be the equivalent to that for other recipient companies.

Article 17 Disclosure of Information

1. The Company shall disclose the amount of balance loan of itself and its subsidiary on the Market Observation Post System before the 10th day of each month.
2. The Company shall report and make an announcement within two days from the date of occurrence when its fund lending reaches the following criteria:
 - (1) The balance of the funds loaned by the Company and its subsidiary to recipients reaches 20% or more of the net value of the Company's most recent financial statement.
 - (2) The balance of the funds loaned by the Company and its subsidiary to a single corporation reaches 10% or more of the net value of the Company's most recent financial statement.
 - (3) The Company or its subsidiary increases its fund lending amount to TWD 10,000,000 or above, and reaches 2% or more of the net value of the Company's most recent financial statement.
3. If the Company's subsidiary is not a public company in Taiwan, the reporting and announcement duties of the subsidiary as provided for under the preceding paragraph shall be carried out by the Company.
4. The Company shall assess the status of fund lending and provide sufficient allowance for bad debts, and shall disclose relevant information in its financial report, and provide relevant information to certified public accountants for the execution of necessary auditing procedures.
5. The term "date of occurrence" under this Procedure shall mean the



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earlier of the date of execution of a transaction, date of payment, date of board of Directors' resolution, or any other dates that can confirm the transaction's counterpart and amount.

Article 18 Penalty

When the Company's officer and/or in-charge personnel violate this Procedure, their actions shall be evaluated in accordance with the Company's personnel regulations and the rewards and punishment guidelines for employees, and be appropriately penalized depending on the seriousness of the violation.

Article 19 Implementation and Amendment

This Procedure is passed by the Audit Committee and the board of Directors and submitted for approval by a shareholders' resolution prior to implementation. The board of Directors in its discussion, shall fully consider the opinions of independent Directors and include in the minutes of the board of Directors meeting, record the opinion of the independent Director (specifically, their consent or dissent, and the reasons of his/her dissent). If any Director expresses his/her dissent and whose dissent is recorded or represented in writing, the Company shall deliver such dissent to the shareholders' meeting for discussion. The same shall apply for amendments of this Procedure.