

The Company's rules and procedures of lending funds are as follows:

1. Entities to which the Company may loan funds: pursuant to Article 3 of the operational procedures.
2. Evaluation standards for loaning funds to others:
 - A. Where funds are loaned for reasons of business dealings: the maximum amount to a single borrower shall be limited to the total amount of trading between the two companies. The "total amount of trading between the two companies" means the purchase amount or sell amount, whichever is higher.
 - B. Where short-term financing is needed, the reasons and necessity of loan shall be limited to the following circumstances:
 - a. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares, and has the requirement of short-term loan; or
 - b. The loan has been approved by the Company's board of directors.
3. The aggregate amount of loans and the maximum amount permitted to a single borrower:
 - A. The aggregate amount of loans by the Company, including the reason of business dealing and short-term loan, shall not exceed 40 percent of the Company's net worth.
 - B. The maximum amount permitted to business dealing and to a single borrower:
 - a. Where funds are loaned for reasons of business dealings: the aggregate amount of loans shall not exceed 40 percent of the Company's net worth. The loan to a single borrower shall be limited to the total amount of trading between the two companies.
 - b. Where short-term financing is needed: the aggregate amount of loans shall not exceed 40 percent of the Company's net worth. The loan to a single borrower shall be the lowest amount of the following items:
 - (i) 40 percent of the Company's net worth;
 - (ii) the amount that the Company invested in this borrower company or business entity; or

(iii) the amount that equals to the proportion of shares invested by the Company to the borrower company or business entity, multiples the total loan amount of the borrower company or business entity. The total loan amount means the total loan amount, including the long-term, short-term loans mentioned in the latest financial statement of the borrower company, plus the loan lent by the Company to the borrower company or business entity.

The loan to a single borrower shall be limited to 40% of the Company's net worth and shall not be applied to the item (ii) and (iii) when a single borrower is a company in which the Company directly and indirectly holds 100% of voting shares.

4. Duration of loans and calculation of interest:

A. The duration of each loan shall not exceed the maximum of one year or one business year (whichever is longer) from the lending date.

B. Calculation of interest: Pursuant to the lending agreement approved by the board of directors, if the lending agreement does not mention the calculation of interest, the interest shall be calculated every six months.

5. Procedures for handling loans of funds:

The borrower shall provide an application form to illustrate the amount of the loan, lending period, purpose, security/collateral, and other requirements that the Company has requested. The borrower shall provide basic information and financial information to the Company's financial department for evaluation, and the result of evaluation will be submitted for the board of directors' approval.

6. Detailed review procedures, including:

A. The necessity of and reasonableness of extending loans to others.

B. Borrower credit status and risk assessment.

C. Impact on the Company's business operations, financial condition, and shareholders' equity.

D. Whether security/collateral must be obtained and appraisal of the value thereof.