

Namchow Holding Co., Ltd.

Procedure for Financing

Article I: According to the "Public Issuance Company Fund Loan and Endorsement Guarantee Processing Guidelines", The Company may offer financing to a third party.

Article II: The Company may offer financing to a third party if any of the following conditions was satisfied:

- (I) (I)Companies or business entities engaged in business transactions with the Company.
- (II) (II)There is a need for short-term financing between companies or business entities.
Short-term as referred to covers a period of one year or one operation period (whichever is longer).

Article III: The company is engaged in the loan of funds due to business deals, and shall comply with the provisions of Article 4, paragraph 1: Short-term financing shall be confined to the conditions specified below:

- (I) There is a need for short-term financing for the investee and it is accounted for under the equity method.
- (II) For the necessary short-term financing, the need to transfer investment and investments related to the business of the Company where the Company holds more than 50% of their stakes.
- (III) Business entities not invested by the Company but will be an input to the business development of the Company in the future in business strategy, marketing and promotion, or with an intent of forming strategic appliance.

Article IV: Limit of total financing and financing to particular party

The total amount of financing engaged by the Company shall not exceed 40% of the net worth of the Company as stated in the audited or reviewed financial statements covering the most recent fiscal period. The limit of financing to particular party shall be based on the reason of financing and is defined as follows:

- (I) The financing to parties engaged in business transactions with the Company shall be up to the amount of the purchase or sale with the Company in the most recent year or in current year at the time of financing, whichever is higher.
- (II) The financing to particular party for short-term capital needs shall not exceed 40% of the net worth of the Company as stated in the audited or reviewed financial statements covering the most recent period or current period.

The Company directly and indirectly holds 100% of the voting shares of foreign companies, engaged in capital loans, or the Company directly and indirectly holds 100% of the voting shares of foreign companies engaged in the Company's funds, not limited to the second paragraph of the first subparagraph of the payment cannot exceed 100% of the net value of the most recent accountant's verification of the visa or the review of the financial statements.

The subsidiaries and parent companies referred to in this operating procedure shall be identified in accordance with the provisions of the financial issuer's financial reporting standards.

The net value referred to in this operating procedure refers to the equity of the securities issuer's financial report preparation standards attributable to the owners of the parent company.

Article V: Financing Process

- (I) Procedure of processing

1. Financing or short-term financing shall be subject to the approval of the competent authority of the Company after review, and submitted to the Chairman for approval and the Board for resolution.
2. Financing of the Company in favor of subsidiaries or among the subsidiaries shall be governed by the same procedure as specified in the preceding paragraph for resolution of the Board and the Chairman shall be authorized to effect the draw down of loan in series or as revolving credit within specific limit approved by the Board and within the period of one years. Specific limit as referred to in the preceding paragraph shall be 10% of the the net worth as stated in the financial statements of the borrower covering the most recent period as in the case of financing particular enterprise by the Company or by a subsidiary, with the exception of a direct or indirect wholly-owned foreign subsidiary of the Company.
3. The treasury of the Company shall prepare a registry for tracking the transactions of financing and the detail of financing. Upon the resolution of the Board for approval, the borrowers, the amount of financing, the date of Board resolution, the day of draw down, and items subject to cautious review, shall be tracked for record.
4. The internal auditors shall conduct audit on the operation procedure of financing and act of financing in compliance with the procedure quarterly and keep record in writing. In the event of material violation of the procedure, notify the Audit Committee and Independent Directors in writing at once.
5. The treasury of the Company shall prepare a statement on new entries and settlements of financing and relate details monthly for tracking and loans and for declaration, conduct evaluation and recognize sufficient amount of provision for bad debts quarterly, and disclose the financing and related information to the external auditors for reference.
6. In the event of situation change, to the extent that the borrowers are no longer relevant with the standard prescribed in This Procedure or the balance exceeds the required limit, the treasury of the Company

shall prepare an improvement plan and forward the plan to the Audit Committee and Independent Directors, and proceed to related corrective action as planned.

(II) Review Procedure

1. The companies or business entities intending to request for financing with the Company shall present related financial information and the purpose of the loans, and apply for financing in writing.
2. On receiving the application for financing, the competent authority of the Company shall assess and investigate the necessity and rationality of the loans, and the existence of direct or indirect business relation with the Company, the financial position of the operation of the borrower, the ability to repay debt and credit standing, the profitability and the purpose of the loans. In addition, the operation risk exposed the the total amount of financing of the Company, the financial position, and the effect on shareholders' equity of the Company shall also be considered. The findings and related information shall be compiled into a report for presenting to the Board for approval.

Article VI: The term of financing and calculation of interest

For short-term financing, where necessary, the term shall be no longer than one year. If the borrower has business transactions with the Company, or is a wholly-owned foreign subsidiary of the Company with full voting right, the term of financing shall not exceed 5 years.

The interest for financing shall not fall below the average interest rate applicable to the commercial paper of the Company offered by financial institutions and may be subject to adjustment under special circumstance at the consent of the Board.

Article VII: The control of loans after drawdown, and the procedure for handling overdue loans

After each draw down, the treasury of the Company shall keep track on the financial position of status of operation, the change in credit standing and the value of the collaterals of the borrower and the guarantor, and note down the detail on record. In the event of significant change, report to the President and related authorities of the Company at once for immediate action.

When the borrower retire the loan at maturity or before maturity, the principal and the accrued interest shall be settled in lump sum.

If the borrower cannot retire the loan at maturity and extension is necessary, prior request is necessary subject to the approval of the Board, or shall assume full legal liability thereof.

Article VIII: Procedure for declaration

- (I) Before the 10th day of each month, the treasury of the Company shall pass the information on the balance of loan of the Company and subsidiaries covering the last month to the accounting function of the Company, and shall declare the balance simultaneously with the revenue status by the monthly deadline for declaration.
- (II) Further to the declaration of the balance of loan on a monthly basis, the treasury of the Company shall notify the accounting function with attachment of related information if any of the following related to the financing of others by the Company and subsidiaries is applicable, and proceed to declaration within 2 days thereafter.
 - 1. The balance of loan exceeds 20% of the net worth of the Company and the subsidiary company as stated in the financial statements covering the most recent period.
 - 2. The balance of loan to particular enterprise exceeds 10% of the net worth of the Company and the subsidiary company as stated in the financial statements covering the most recent period.
 - 3. The additional amount of loan exceeds NTD10 million and is more than 2% of the net worth of the Company and the subsidiary

company as stated in the financial statements covering the most recent period.

The subsidiary of the Company is not a domestic public issuance company. The subsidiary has the third paragraph of the preceding paragraph that should be announced and declared by the Company. The date of occurrence of the facts referred to in this operating procedure refers to the date of the signing, payment, the resolution of the board of directors, or other dates on which the funds are credited with the object and the amount of money.

Article IX: Procedure for the control of subsidiaries in financing the others

- (I) If specific subsidiary elects to finance the others, the subsidiary shall give directive to such subsidiary to institute the “Procedure for Financing” in accordance with the “Criteria for Financing and Endorsement and Guarantee by Public Companies” promulgated by Financial Supervisory Commission (hereinafter referred to as “FSC”), and follow the procedure in financing.
- (II) If specific subsidiary of the Company elects to finance a third party, follow its “Internal Control” and “Procedure for Financing”. The internal audit function of the Company shall include the financing of the others by subsidiaries as an item for monthly audit. The audit findings shall be considered necessary for report to the Board and the Audit Committee as an integral part of the audit report.
- (III) If specific subsidiary of the Company is not a public company, and the balance of loan of this subsidiary to the others meet the standard set forth in Article VIII, Section 2; that declaration is necessary, such subsidiary shall notify the Company on the day of deed and the Company shall declare the status at designated website as required.

Article X: Penalty

If the personnel of the Company related to the processing of financing the others violate the “Criteria for Financing and Endorsement and

Guarantee by Public Companies” or This Procedure, proceed to the following depending on the severity of the offense. The violation shall be tracked on record and treated a reference for the annual performance evaluation of related personnel.

- (I) Violation of the gate approval rule: verbal warning will be given for the initial offense, written warning will be issued for a second offense with compulsory action imposed for taking part in the training of the internal control system provided by the Company. For repeated offenses or offense in severity, the personnel concerned shall be transferred to other duties.
- (II) Violation of the review procedure: verbal warning will be given for the initial offense, written warning will be issued for a second offense with compulsory action imposed for taking part in the training of the internal control system provided by the Company. For repeated offenses of offense in severity, the personnel concerned shall be transferred to other duties.
- (III) Violation of the requirement for declaration: verbal warning will be given for the initial offense, written warning will be issued for a second offense. For repeated offenses of offense in severity, the personnel concerned shall be transferred to other duties.
- (IV) The supervisors of the offenders shall also be subject to punishment except those who can justify their position of failure to take preventive action.
- (V) In case the Board or the Directors violate related rules and regulations and the resolutions of the Shareholders' Meeting in performing their duties, the Independent Directors of the Audit Committee shall proceed to Article 218-2 of the Company Act thereby notify the Board or the Directors of immediate halt of the conduct.

Article XI: This Procedure shall be subject to the resolution of the Board with circulation to the Audit Committee and presentation before the

Shareholders' Meeting for ratification so as to come into effect. The same procedure is applicable to any amendment thereto.

The operating procedures and related provisions shall be subject to the approval of the Audit Committee, which means that more than half of the members of the Audit Committee shall agree. If more than half of the members of the audit committee do not agree, more than two-thirds of all directors may agree to do so, and the resolutions of the audit committee shall be clearly recorded at the Board Meeting.

The operating procedures and related provisions shall be fully considered by the independent Directors when they are submitted to the Board of Directors for discussion. If the independent Directors have objections or reservations, they shall be stated in the minutes of the Board Meeting.

All members of the Audit Committee and all Directors referred to in this operating procedure are counted by the actual incumbent.