

WPG Holdings Limited

Procedure for the Loaning of Funds to Others

Article 1: Purpose and Basis of Formulation

Wherever this Company loan funds to others, it shall handle such in accordance with this Procedure. Matters not fully provided for in this Procedure shall be handled in accordance with the relevant acts.

Article 2: Scope of Applicability

Entitles to which this Company loans funds shall be limited to:

1. Companies with which it does business. "Doing business" means companies selling goods to or buying goods from this Company; or
2. Companies with short-term needs of financing facility. "Short term" means a period of one year.

Where this Company loan funds to a company with which it does business, the limit shall be those needed by such company to circulate and operate; where this Company loans funds to a company with short-term needs of financing facility, it shall be limited to its subsidiaries of which it holds directly or indirectly more than 50% of the voting shares.

Article 3: Limits on Amount of Funds Loaned and Individual Entity

The amount of funds loaned by this Company shall not exceed 40% of its net value. Limits of amounts for individual loans shall be as follows:

1. For a company with which this Company does business with, the amount of the individual loan shall not exceed the total amount of business turnover between both parties in the most recent year. "Amount of business turnover" means the higher among the amount of purchase and amount of sale between the parties.
2. For a company with short-term needs of financing facility, the amount of individual loan shall not exceed 10% of the net value of this Company.

Article 3.1: The restrictions in Article 2 and Article 3 shall not apply to inter-company loans of fund between foreign companies to which this Company has to be involved in loans of fund due to need to raise funds, and in which it holds, directly or indirectly, 100% of the voting shares.

Article 3.2: Before making a loan to others, this Company shall handle it only after resolution by the Board of Directors. Other than this Procedure, no one shall be authorized to make such decisions.

For a loan of funds between this Company and its subsidiaries pursuant to Article 3.1, the Board of Directors shall, after it passes the resolution, authorizes its Chairperson, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the

counterparty to draw down.

The "certain monetary limit" mentioned in the preceding paragraph shall adhere to the requirements in Article 3.1, and in addition, the loan of funds to a single enterprise by this Company or its subsidiaries shall not exceed 10% of their net value in their most recent financial statements.

Article 4: The Time Limit and Calculation of Interests for Loans of Funds

1. Each loan of funds shall, in principle, not exceed one year from the date of the release of fund, save that for loans of funds to company with business relationship, it might be held over once (for one year) upon passage by resolutions of the Board of Directors.
2. The interests on the loans of fund shall be calculated on daily interest basis by the multiplying the aggregate of the balances of the funds released (i.e. the total accrued sum) with its annual interest rate, and thereafter divided by 365 to obtain the amount of interest. The annual interest rate shall, in principle, not be lower than the average bank loan interest rate.

Article 5: Procedure for Handling and Examination

1. Application Procedure
Where a borrower apply for a loan of funds to this Company, it shall provide its basic information and financial information, and at the same time submit its application by completing an application form to state information including the use of the loan, the period and amount of the loan.
2. Investigation on Credit Status
 - (1) For first time loan, the borrower shall provide basic information and financial information for the handling of credit statement assessments.
 - (2) For continual borrower, in principle credit status shall be re-assessed and re-investigated before holding over. For material or urgent matters, it shall be handled from time to time wherever there are needs.
 - (3) Where the financial condition of the borrower is sound, and that it has appointed accountant to complete the fund raising certification for its annual financial statement, the investigation not older than one year might be adopted in conjunction with the latest certification report by the accountant for reference of the release of loans.
3. Procedure for Appraisal and Examination
 - (1) The handling officers of this Company shall, having regard to the information obtained as mentioned above, examine in details on the necessity and reasonableness of the endorsements/ guarantees, credit status and risk assessment of the entity for which the endorsement/guarantee is made, the impact on the company's business operations, financial condition and shareholders' equity, and whether collaterals are required and the appraisal of value thereof. Where an endorsement/guarantee is made due to the needs arising from business dealings, evaluation shall be made as to whether the total

amount of loans is commensurate with the total amount of trading.

- (2) Before making of loan of funds to others, this Company shall carefully evaluate whether the loan is in compliance with the requirements of the criteria formulated by the competent securities authority, and such shall be handled in accordance with the limit of authority set out in Article 3.2. Before the abovementioned is submitted for a resolution of the Board of Directors, consent of the Audit Committee shall be sought in accordance with the relevant regulations.
4. Appraisal of the Collaterals and Determination of Rights
 - (1) Where a borrower applies for loans in accordance with the requirements, and where after appraisal collaterals are required to be provided, the borrower shall provide an equivalent amount of **cashier order**, collaterals and/or other securities required by this Company.
 - (2) Where a borrower provides collaterals in accordance with the preceding paragraph, this Company shall appraise the value of the collaterals and, after considering the adequacy of the collaterals, demand for proceeding with the procedures to establish rights of mortgage and/or charge or seek for other guarantors to guarantee the rights of this Company toward its debts.
 5. Insurance

Other than land and securities, all collaterals shall be covered by fire insurance and other necessary insurances. The insured amount shall be sufficient to cover the collaterals themselves, and in principle, it shall not be less than the cost value to repurchase the collaterals or the mortgaged amount. The item names, quantity ,place of storage, insurance conditions, insurance endorsement and so on stated in the insurance policy shall correspond to the conditions that this Company approve the loans.
 6. Giving of Loans

Upon the approval of the loan conditions and upon the borrower execute the contract(s) or the loan agreement(s), complete the registration of the establishment of right of (charge and) mortgages over the collaterals, and after it is checked up that there is no error, the loans might be given.

Article 6: Repayment

After the giving of loans, the borrower shall be informed one month prior to the due date of the loan to repay the principal and interests on the due date.

1. Upon the due date of the repayment of the loan, the borrower shall first calculate the interests payable, and until it is repaid together with the principal, certificates for settlements including **cashier orders**, loan agreements shall not be cancelled and returned to the borrower.
2. Where the borrower applies for cancellation of charge/mortgage, it shall be ascertained no loan is outstanding before deciding whether or not to agree on proceeding with the cancellation of charge/mortgage.

Article 7: Continuous Measures of Supervision for Amounts Loaned, Procedure for Handling

Loans Overdue

1. Credit Control

After the giving of loans, the financial, business and credit conditions of the borrower and the guarantee shall be monitored frequently. Where collaterals are provided, it shall also be monitored whether there are changes of circumstances on its guaranteed value.

2. Extension

Where fund is loaned to companies to which there is business relationship, and where it is necessary, the borrower shall before the loan becomes due, apply for extension one month before the due date. It shall thereafter be submitted for approval with reference to the loan application procedure.

3. Registration and Custody of Cases

(1) Where this Company handles matters of loaning of funds, it shall prepare a memorandum book, and record in detail the relevant items to be recorded under the relevant acts such as the entity for which the fund is loaned, the date of passage by the Board of Directors or Chairperson of Board of Directors, the date the loans are given, and the matters to be carefully evaluated under this Procedure.

(2) Where collaterals are obtained, a memorandum book shall be prepared and they shall be maintained properly.

4. Handling of Loans Overdue

A borrower shall repay the principal and interest upon the loan becomes due. Where it is not repaid when it becomes due and that after demand the debts remain unrecovered, this Company shall take further claim actions against the borrower to protect the rights of this Company.

5. Internal Audit

The internal auditors of this Company shall audit the Procedure for the Loaning of Funds 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.

6. Change of Circumstances

Where as a result of changes of condition the entity to which funds are loaned no longer meets the requirements or the balance exceeds the limits, rectification plan shall be set out and submitted to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.

Article 8: Supervisory Procedure for Subsidiary Loaning Funds to Others

1. Where a subsidiary of this Company decides to loan funds to others, this Company shall cause such subsidiary to formulate its operation procedure for the loaning of funds. Such procedures shall be implemented after they are submitted for a resolution by its Board of Directors and/or shareholders' meeting in accordance with the requirements of the relevant acts.
2. Where the internal auditors of this Company conduct audit in its subsidiaries during its

annual audit plans, they shall at the same time check up the implementation of the operation procedure for the loaning of funds. Where material violation is discovered, they shall continuously supervise its progress of rectifications and prepare and submit to this Company a supervisory report.

3. Where a subsidiary of this Company decides to loan funds to others, it shall submit the relevant information to this Company for examination.

Article 9: Disclosure of Information

1. With respect to the endorsements/guarantees made, where they are required to be reported to the competent authority or announced, this Company shall handle such in accordance with the relevant regulations. This Company shall announce and report of any subsidiary thereof that is not a domestic public company any matters that such subsidiary is required to announce and report in accordance with the regulations.
2. This Company shall evaluate the status of its loans of funds and reserves sufficient allowance for bad debts in compliance with the Generally Accepted Accounting Principles, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

Article 10: Penalty

Where the managers and responsible persons of this Company handle matters in connection with the loaning of funds, they shall adhere to the requirements in this Procedure in order to avoid losses by improper operations of this Company. Where violations of the relevant acts or this Procedure arise, penalty shall be administered in accordance with the employees' regulations of this Company.

Article 11: Implementation and Amendments

The formulation of and amendments to this Procedure shall be passed by resolutions of Board of Directors upon approval by the Audit Committee. Thereafter, it shall be submitted to shareholders' meetings for approval.