

Eternal Materials Co., Ltd.  
Procedures for Lending Funds to Other Parties

Article 1: The Company and its Subsidiaries shall follow the Procedures set forth below for lending funds to other parties. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

"Subsidiary" and "parent company" as referred to in the Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China ("ROC"). "Net worth" as referred to in the Procedures shall be equity attributable to owners of the parent company in the nearest balance sheet which shall be audited by a certified public accountant.

Article 2: The Company and its Subsidiaries shall not loan funds to any of its shareholders or any other person except an inter-company of which the Company holds, directly or indirectly, 40% or more of its voting shares having a business need for short-term financing.

Article 3: The maximum amount limits for lending funds to others are as follows:

- (1) The total amount of lending funds by the Company shall not exceed more than 40% of the net worth of the Company. And the amount of lending funds to individual party shall be limited in 5% of the net worth of the Company.
- (2) Amount of lending funds between those foreign companies hold 100% voting shares directly and indirectly by the Company or those foreign companies hold 100% voting shares directly and indirectly by the Company lending funds to the Company may not be restricted by subsection (1). The total and individual total amounts shall not exceed 200% of the Company's net worth.

Article 4: Unless otherwise specified, related operations for lending funds to others shall be handled by the finance department..

Article 5: Any borrower, when applying for a loan from the Company, shall submit an application or a letter describing in detail the loan amount requested, term, purpose and collateral, together with certain basic information and financial data to the Company to facilitate the evaluation of credit and risk by the Company. The finance department shall formulate the loan amount, loan duration, and calculation of interest, submit it to the Board of Directors for approval.

Anyloan to others which in accordance with the Procedures, Regulation authorized by the Company or other law shall be approved by the Board of Directors, shall be subject to the approval by one-half or more of members of the Audit Committee. If the matter under the preceding paragraph has not been approved by one-half of the members of the Audit Committee, it may be approved by two-thirds or more of the Directors of the Board and the meeting minutes of the Board shall state the resolution of the Audit Committee.

The Audit Committee members and all directors of the Board referred to in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 6: Lending Funds to others should be reviewed by the supervisor of the finance department.

The main points of the audit are as follows:

- (1) Whether the loan purpose is appropriate.
- (2) Whether collateral must be obtained and appraisal of the value thereof.
- (3) Whether the accumulated loan and total amount exceed the limit.
- (4) Impact on the Company's business operations, financial condition, and shareholders' equity.
- (5) Borrower credit status and risk assessment.

Article 7: Lending Funds should be based on the principle of obtaining equivalent collateral provided by the borrower. If necessary, the mortgage setting of movable or immovable property can be handled; if a bill is used as a security, another guarantor should be sought for endorsement.

Article 8: Term of lending fund shall not exceed 1 year, and its interest rate shall not be lower than the minimum interest rate of short-term loans from financial institutions.

Article 9: When lending funds is contemplated by the Company to its Subsidiary, an approval from the Board of Directors shall be obtained, and the Chairman shall be authorized to handle the matter within the specific amount of fund lending to the same party approved by the Board of Directors and the lending is authorized in installment or revolver within 1 year. The financial department can execute it depending on the loan fund demand.

The certain limit mentioned above, except for foreign companies of which the company holds direct or indirect 100% of the voting shares, the credit limit of the fund loaned by the Company or subsidiaries to a single enterprise shall not exceed 10% of the net worth of the Company's latest financial statements.

Article 10: After the loan is launched, the finance department should pay attention to the relevant credit status of the borrower and the guarantor and the guarantee value of the collateral. In case of major changes, they shall immediately report to the Chairman in writing and take appropriate measures according to the instructions.

Article 11: Before the loan term expires, the finance department shall notify the borrower to pay off the principal and interest of the loan. If the event that a loan is overdue and not repaid, the borrower shall be reimburse according to law.

Article 12: The finance department shall establish and maintain a memorandum book for its fund lending activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending date, duration, calculation of interest, and collateral. At the same time, evaluate the loan and situation of the funds and provide adequate bad debts allowance, and appropriately disclose relevant information in the financial report.

Article 13: The finance department of the Company shall announce and declare the capital loan and data before the 10th day of each month in accordance with the time limit prescribed by the security regulatory authority. If the capital loan and amount reaches one of the following levels, they shall announce within 2 days from the date of the occurrence:

- (1) The aggregate balance of loans to others by the Company and its Subsidiaries reaches 20% or more of the Company's net worth
- (2) The balance of loans by the Company and its Subsidiaries to a single enterprise reaches 10% or more of the Company's net worth.
- (3) The amount of new loans of funds by the Company or its Subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the Company's net worth.

The term "Date of occurrence" refers to the date of contract signing, date of payment, dates of Boards of Directors' resolutions, or other date that can confirm the counterparty and financing amount of the loan of funds, whichever date is earlier.

Article 14: According to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the auditors shall audit the procedures and the implementation thereof quarterly and prepare for written records accordingly. They shall promptly notify the audit committee in writing if material violations were found.

Article 15: Should a borrower no longer satisfy the criteria set forth in the relevant regulations and/or the Procedures or there be any excess over the lending limit due to unexpected changes of the Company or its Subsidiaries, a correction plan has to be provided to the Audit Committee (if any) and the Board of Directors and the proposed correction actions should be implemented within the period specified in such plan.

Article 16: Under the circumstances that the managers or personnel violate the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" or the Procedures, penalties will be imposed based on the Company's regulations depending on the degree of its damage to the Company's operation.

Article 17: Where a Subsidiary of the Company proposes to grant a loan to a third party, the Company shall require the Subsidiary to establish procedures for granting of loans in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the announce and declaration of such Procedures shall be made according to Article 13.

Article 18: The Procedures shall be reviewed by the Audit Committee and submitted to the Board of Directors for discussion in accordance with Article 5 (2). The Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Article 19: The Procedures shall take effect upon passage by the Board of Directors and approval of the shareholders' meeting, and the same procedures shall apply to any subsequent amendments. Unspecified matters shall be governed by the internal policies of the Company unless as otherwise provided.