

Wowprime Corporation
Regulations Governing Loaning of Funds and Making of
Endorsements/Guarantees

Article 1: Purpose

These Regulations are adopted to govern loaning of funds and making of endorsements/guarantees of the Company. Any unspecified terms in the Regulations shall be subject to relevant statutory rules and regulations.

Article 2: Legal basis

These Regulations are promulgated pursuant to Article 36-1 of the Securities and Exchange Act and relevant regulations stipulated by Financial Supervisory Commission.

Article 3: Scope of the Regulations

1. Recipients of loans of funds:
 - (1) The Company may lend funds only to a company or firm with which the Company does business or which is in need of short-term financing.
 - (2) Lending of funds because of a need for short-term financing may be done under the following circumstances only:
 - a. To a company in which the Company holds 20 percent or more of the shares, and which is in need of financing in connection with operational needs.
 - b. Any other recipient to which the Company's board of directors approves a loan of funds.
2. The term "endorsements/guarantees" as used in these Regulations refers to the following:
 - (1) Financing endorsements/guarantees, including: Bill discount financing. Endorsement or guarantee made to meet the financing needs of another company. Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
 - (2) Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
 - (3) Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
3. The Company may make endorsements/guarantees for the following companies:
 - (1) A company with which it does business.

- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees shall not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.

Article 4: Limits on loans and endorsements/guarantees

- (1) The total amount of loans made for a company with which the Company has business relations shall not exceed 120 % of the amount for goods sold or spent on purchases of goods for the previous year, whichever is higher.
- (2) The total amount of loans made for any single enterprise whether with which the Company does business or which is in need of short-term financing shall not exceed 40 percent of the Company's net worth; the amount of financing shall not exceed 40 percent of the Company's net worth.
- (3) The total amount of external endorsements and guarantees shall not exceed 40 percent of the Company's net worth of the period; and the amount for any single enterprise shall not exceed 20 percent of the Company's net worth of the period, provided that the amount shall not exceed 30 % of the Company's net worth for any single overseas affiliate. The total amount of endorsements and guarantees to an individual company having business relationship with

the Company shall not exceed the total transaction amount between the parties during the previous year (the “transaction amount” shall mean the sales or purchasing amount between the parties, whichever is higher).

“Short-term” refers to one year; “the amount of financing” means the cumulative amount of short-term financing funds.

The restrictions of paragraph (1) and (2) shall not apply to endorsements/guarantees made between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Article 5: Decision making and hierarchy of authority

1. The board of directors is the authority to approve loans made to others. The Company shall first obtain a resolution passed by the board of directors before it may handle any matter of lending funds.
2. The Company shall first obtain a resolution passed by the board of directors before it may handle any matter of an endorsement or guarantee. However, the board of directors may authorize the Company’s chairman to decide such matters with an amount within 30% of the net worth and subsequently submit the same at the next board of directors meeting for ratification; the circumstances of the handling of such cases shall also be reported to the shareholders meeting for recordation.

The Company has established independent directors. The opinions of each independent director shall be given full consideration in matters of endorsements or guarantees by the Company, and each independent director's explicit assenting or dissenting opinion and reasons for dissent shall be recorded in the board of directors meeting minutes.

Article 6: Operational procedures

1. The procedures for loaning of funds:
 - (1) When handling loaning of funds, the Finance Division shall establish the ceiling of the amount of loans, terms, interest calculation methods, then submit the applications for approval and arrange signing of the contracts; it shall also designate specified persons to keep the registration papers and other relevant documents under custody.
 - (2) After a loan is approved by the board of directors, the Finance Division shall be responsible for disbursement of funds and collection of all principal and interests due.
 - (3) The Finance Division shall report the fund-lending matters to the relevant competent authority periodically in accordance with the format and by the

deadline specified by the Financial Supervisory Commission.

- (4) The designated department shall conduct credit assessments and appraisals.
 - (5) Loaning of funds between the Company and its subsidiaries, or among the subsidiaries, shall be approved by the board of directors of the lending company, which board may authorize its chairman to lend funds to 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.
 - (6) The above authorized lending amount shall be restricted by the amount limits on loaning of funds, and the authorized amount of loans made by the Company and its subsidiaries to any single enterprise shall not exceed 10% of the net worth as disclosed by the Company's most recent audited financial statements.
2. The procedures for endorsements and guarantees:
- (1) An application for an endorsement or guarantee shall be submitted with the basic and financial information of the enterprise to the Finance Division of the Company. When handling endorsements and guarantees, the Financial Division shall conduct detailed reviews and credit assessments, the items to be reviewed include the necessity and reasonableness of the endorsement or guarantee, whether the amount of an endorsement/guarantee is commensurate the total amount of trading between the two companies where an endorsement/guarantee is made due to needs arising from business dealings, the impact on the Company's operational risk, financial condition, and shareholders' equity, as well as whether collateral shall be obtained and the assessed value of the collateral.
 - (2) The personnel in-charge in the Finance Division shall summarize the relevant information and assessment results and submit the report to the chairman for approval, and then to the next board of directors meeting for ratification if the cumulative amount of endorsements and guarantees does not exceed 30% of the net worth of the period; where the cumulative amount of endorsements and guarantees exceeds 30% of the net worth of the period, the report shall be submitted to the board of directors for approval and handled in accordance with the board of directors resolution.
 - (3) The memorandum book prepared by the Finance Division for its fund-loaning activities shall truthfully record the following information: borrower, amount, date of approval by the board of directors or the chairman, date of the endorsement or guarantee, and matters to be carefully evaluated under the

preceding paragraph, contents of the collateral and the appraised value, terms and conditions and date for discharging endorsement/guarantee liabilities

- (4) If the enterprise in endorsement/guarantee repays the loans, the related repayment information and documents shall be informed to the Company and recorded on the memorandum book so that the endorsement/guarantee responsibility of the Company may be released.
- (5) The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures issue of the proper audit report.
- (6) For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the Company's internal auditors shall audit its operational procedures for loaning funds to others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit unit in writing of any material violation found. The audit unit shall submit the records to the audit committee.

Article 7: Procedures for use and custody of seals

The corporate seal registered with the Ministry of Economic Affairs shall be used as the dedicated seal for endorsements/guarantees. The seal shall be kept in the custody of a designated person approved by the board of directors and may be used to seal or issue negotiable instruments only in prescribed procedures. When making a guarantee for a foreign company, a public company shall have the Guarantee Agreement signed by a person authorized by the board of directors.

Article 8: Operation control

1. Loaning of funds:

- (1) Where there is an application for loaning of funds, the Finance Division shall scrutinize in detail the purpose of the loan, conditions of collateral, and the impact on the Company's operational risk, financial condition, and shareholders' equity before faithfully recording the information in the petition; it shall also establish the ceiling on the amount of the loan, terms, interest calculation methods, or the reason for not making the loan in the petition, which shall be submitted to the department designated by the Company to conduct credit assessments and appraisals. The petition shall be

subsequently submitted for the approval of the president and the chairman when all requirements are met and then reported for the approval of the board of directors as regulated.

- (2) Regarding loan extension, except the same inspection and credit assessment procedure shall be applied at the beginning, every half or one year an credit assessment shall also be conducted and the results be reported to the supervisory personnel for approval.
- (3) The borrower shall provide collateral in an amount equivalent to that of the loan, collateral may be a real property, a personal property, or a certificate of deposit. An accommodation paper (whether it shall be endorsed by another company or juridical person depends on the requirements) equivalent to the amount of liability shall also be provided for any kind of collateral. The collateral shall be appraised by the legal personnel of the Company. For a loan with an amount exceeding 100 million NT dollars and the collateral is a real property, the collateral shall be further appraised by an external professional appraiser. Whether the loan is approved or not in the end, the appraisal fee incurred shall be borne by the loan applicant. After the appraisal is completed, the Finance Division shall delegate a land administration agent to handle matters in connection with securing the collateral such as file a lien on the collateral or pledge the certificate of deposit as collateral at the bank.
- (4) Once the loaning of funds is approved by the board of directors, the Finance Division shall arrange the execution of the contract with the borrower, and submit for approval according to the regulations for applying the corporate seal. The Finance Division may distribute the fund in one lump sum or in installments based on the capital needs of the borrower, the borrower may also repay in one lump sum or in installments, provided that the balance of the loan shall not exceed the amount limit and duration approved by the board of directors.
- (5) The term of each loan extended by the Company shall not exceed one year, and the interest rate shall not be lower than the highest of the short-term borrowing rate of the Company from financial institutions.
- (6) All collateral for a loan, except land and securities, shall be covered by property damage insurance, and the Company shall be named as the beneficiary of the insurance.
- (7) When the loan becomes due, the Finance Division shall inform the borrower to repay the loan in accordance with the contract. And it shall handle matters related with the cancellation of the lien or pledge on the collateral after getting approval of the authority.

- (8) The Company shall prepare 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/borrowing date, and matters to be carefully evaluated under paragraph 1 of Article 6. And the memorandum book shall be kept under custody of the designated person of the Finance Division.
 - (9) After a loan has been disbursed, the financial, business, and credit condition of the borrower and the guarantor shall be monitored on a regular ongoing basis. If collateral has been provided, it shall be monitored for any changes in the collateral value. In the event of any material change, it shall immediately be reported to the chairman of the board of directors, and appropriate measures shall be taken in accordance with the chairman's instructions.
 - (10) If the borrower repays the loan when or before it becomes due, the interest payable shall first be calculated, and shall be paid together with the principal, before the promissory note may be cancelled and returned to the borrower or the mortgage cancelled.
 - (11) When a loan becomes due, the borrower shall promptly repay the principal and interest in full. An extension shall be applied in advance and reported to the board of directors for approval. If the approval is not obtained, the borrower shall immediately repay the principal and interest, and the Company may pursue recovery in accordance with the law.
 - (12) If, as a result of a change in circumstances, an entity for which a loan is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the audit committee, and shall complete the rectification according to the timeframe set out in the plan and report it to the board of directors.
2. Endorsement/guarantee:
- (1) If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the audit committee, and shall complete the rectification according to the timeframe set out in the plan and report it to the board of directors.
 - (2) Where the Company needs to exceed the limits set out in the Regulations to satisfy its business requirements, and where the conditions set out in the Regulations are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any

loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Regulations accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. The Company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

3. The Company's internal auditors shall audit these Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees 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.

Article 9: The deadline for and the contents of public disclosure

1. The Company shall announce and report the previous month's balance of endorsements/guarantees and loans of funds made to others by the 10th day of each month into the reporting website designated by the FSC.
2. If the loans of funds of the Company reach one of the following levels, the Company shall announce and report such event within two days commencing immediately from the date of occurrence:
 - (1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
 - (3) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.
3. If the balance of endorsements/guarantees of the Company reaches one of the following levels, the Company shall announce and report such event within two days commencing immediately from the date of occurrence:
 - (1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.

- (2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
- (3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.
- (4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.
4. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph (3) of paragraph 3 and subparagraph (4) of paragraph 4.
5. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Article 10: The control procedures for loaning of funds and endorsements/guarantees operations of subsidiaries

1. Any subsidiary of the Company that plans to make loans to and endorsements/guarantees for others shall establish the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees in accordance with these regulations and comply with them.
2. Subsidiaries of the Company shall compile a statement of the details of loans to and endorsements/guarantees for others of the previous month and submit it for the Company's review by the 9th day of each month.
3. The Company's internal auditors shall audit its operational procedures for loaning funds to others and endorsements/guarantees for others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit unit in writing of any material violation found. The audit unit shall submit the records to the audit committee.
4. When the Company's internal auditors conduct audits of the subsidiaries

according to the annual audit plan, they shall also be aware of the implementation of the operation procedures for making loans to and endorsements/guarantees for others. If any problem is identified, following improvement situation shall be traced and compiled into a report to the president.

Article 11: Penalties

For any violations to these Regulations by the officers and the persons in charge, relevant regulations of the Company shall be applied for the review of the situations. Penalties shall be determined in accordance to the seriousness of the circumstances. Anyone in breach of the laws shall be prosecuted in compliance with the laws.

Article 12: Implementation and amendments

These Regulations shall be approved by the audit committee and the shareholders' meeting after being approved by the board of directors. Any dissenting opinion of the directors which is recorded or written in a statement shall also be reported to the audit committee and shareholders' meeting. The same procedure shall apply to amendments of the Regulations.

The Company has established independent directors. The opinions of each independent director shall be given full consideration in the discussion of these Regulations at the board meeting in accordance with the preceding paragraph, and each independent director's explicit assenting or dissenting opinion and reasons for dissent shall be recorded in the board of directors meeting minutes.

These Regulations were adopted on April 1, 2010.

The 1st amendment was made on May 20, 2011.

The 2nd amendment was made on March 27, 2012.

The 3rd amendment was made on April 9, 2013.