

Policy & Procedure for Derivatives Trading

Princeton Technology Corp.

(Translation)

Article 1: Objective

This Policy & Procedure has been drawn up in order to set up the Company's risk management of derivatives trading, internal auditing system and to increase transparency, in accordance with the provisions of Notification 91.12.10 (91) Tai Tsai Jeng (1) #0910006105 issued by Securities and Futures Commission (hereinafter referred to as the "SFC").

Article 2: Definition and Scope

1. For the purposes of this Policy & Procedure, the term "derivative products" means any trading contracts with value derived from assets, interest rates, foreign exchange rates, indexes or other interests (such as forward contracts, options, futures, swaps, and hybrid products).
2. The term "forward contracts" does not include insurance contracts, fulfillment contracts, after sales service contracts, long-term lease contracts and long-term purchases (sales) contracts.
3. Deposit trading of bonds shall comply with the related regulations of the Policy & Procedure.

Article 3: Principles and policies

1. Types: The types of derivatives permissible are limited to those of Forward of foreign currency the company's common trading, Swap, and Option products.
2. Operation Limited to Hedging: Financial derivatives shall be used for hedging purpose only and are forbidden for any risk trading. The types shall be mainly focused on long-term contracts and counterparties shall be limited to financial institutions currently doing business with the Company.
3. Responsibility:
The Company's finance department is responsible for proposing strategies, operating, collecting market information on foreign exchange rates, determining trends, appraising risks, and making regular evaluation and reporting of all trade positions. The board of directors shall assign a senior manager from the finance department to be responsible for the evaluation, audit and control of related risks.
4. Performance Evaluation: Finance department shall evaluate and review the operating performance based on market price each week. It shall also present to the Board of Directors the current hedging strategies, its review and suggestions for improvements each month.
5. Maximum Exposure: The total aggregate exposure of all contracts undertaken by the Company shall not exceed 50% of the Company's shareholders' equity as stated in the latest audited financial statement. Exception for certain special hedging needs in which the above limit will be exceeded, finance department shall present it to the Board of Directors for approval. In no circumstances, however, shall the grand total aggregate amount of all contracts exceed 100% of the Company's shareholders' equity as stated in the latest audited financial statement.

6. Maximum loss for all and individual contracts:
Single contract loss is limited to USD 100,000 or 10% of its contract amount, whichever is lower, within the contract period. Aggregate loss for all contracts, is limited to USD 1 million.

Article 4: Trade Execution

1. The Company's finance department shall appraise and present a select list of financial institutions to the president and the chairman for approval. Upon approval the finance department shall sign to authorize a trading limit for each contract.
2. Operating Unit: A designated person from the finance department shall be authorized to execute trades.
3. Trade Execution:
 - (1) The dealing personnel of finance department shall, on the basis of banks' complete report, confirm, then fill out a 'foreign exchange trading sheet' and submit it to the authorized manager for approval.
 - (2) The 'foreign exchange trading sheet' shall be attached to the bank's foreign exchange trade confirm document for signature and corporate chops.
 - (3) Upon settlement of a foreign exchange trade contract and an exchange loss occurs, the dealing personnel, in accordance with the approved 'foreign exchange trading sheet', shall apply for and collect the payment, and make the appropriate entries in the accounts.
 - (4) The Finance department shall collect a 'Monthly Report of foreign exchange trading' and submit it to the accountant for evaluation each month.
 - (5) The Company shall carefully record the derivatives trading transactions in a memorandum book, including types, amount, date of approval by board of directors, and any pertinent information that might be of interest to the regulators.

Article 5: Accounting Procedure

All trades shall be properly accounted for in accordance with the accounting regulation, unless otherwise required by this Policy & Procedure..

Article 6: Internal Control

1. Risk Management Scope:
Risk management shall include the risk management of credit, market price, liquidity, cash flow, operation and regulations.
2. Internal Control:
 - (1) The person who deal with the transaction of derivative products and make confirmation of these transactions shall not also be the person making settlements of these transactions.
 - (2) The personnel making trade confirmations mentioned above shall regularly verify the transaction details and total amount with the banks.
 - (3) The dealing personnel shall at all times beware of the limit that he or she is authorized for the contract under this Policy & Procedure.
3. Frequency of Evaluation
The positions held in the trading of derivative products shall be evaluated at least once a week. The hedging transactions made for business purpose shall be

evaluated at least twice a month., The evaluation reports shall be give to high-level managers authorized by the board of directors.

4. Audit

The board of directors shall assign high-level managers to oversee the supervision and control of the risk of derivative transactions at all times, and to periodically evaluate whether the performance conform to the formulated operational strategy and whether the attendant risk of these transactions is within the capacity of the company.

5. Trading Management

The high-level manager authorized by board of directors shall periodically evaluate whether the risk management procedures currently being used are suitable and whether it conforms with the related regulations . He or she shall also review all trading transactions and losses, and shall report immediately to the Board of Directors if there are any abnormal situations. The independent directors shall attend these meeting and express their opinions.

Article 7: Internal Audit System

Internal auditors shall check the suitability of internal control of derivative transactions periodically and inspect monthly the compliance of the finance department with this Policy & Procedure, and analyze the trading cycle in order to make the auditing report. They shall promptly notify Auditing Committee in writing, of any material violation found.

Article 8: Disclosure Requirement

Finance department shall disclose and report, by 10th date of each month, all related information of the transaction of derivative products for its head office and subsidiaries as of the end of the previous month in a public information website assigned by the competent authority for securities.

Article 9: Penalty

In the event of any violation of the Policy & Procedure by the Company's managers and personnel-in-charge, they should be brought up to the Board of Directors to be dealt with accordingly.

Article 10: Implementation and Revision

The Policy & Procedure shall be approved by Auditing Committee, the Board of Directors and the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to Auditing Committee to be discussed by the shareholders'. Any revisions to the Policy & Procedure shall follow the above mentioned process of approval by shareholders.

The Chairman of the Board of Directors shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Article 11: This Policy & Procedure was drawn up on June 6, 2003 in accordance with the ordinances set forth by Securities and Futures Commission on December 10, 2002 and underwent the

First amendment on June 12, 2006 and
Second amendment on June 13, 2008.