

Procedure for Providing Loans to Others
Princeton Technology Corp.
(Translation)

Article 1: Objective

The Company shall follow the Procedures set forth below for lending funds to other parties to maintain the Company's right and profit.

Article 2: Scope

The Company shall comply with the provisions of the Procedure when making loans to others.

Article 3: Parties, Reasons and Necessities

1. Parties:

- (1) Companies have business relationship with the Company; or
- (2) Companies in need of funds for a short-term period. For the purpose of this Procedure, "short-term period" shall mean the period of one year or one operating cycle (whichever is longer).

2. Reasons and Necessities

Funding-lending to companies having business relationship with the Company shall follow Article 4-2 when lending funds. Funding-lending to companies which need funds for a short-term period shall be limited to the circumstance that the said companies need working capital and below conditions:

- (1) Funding-lending to companies having business relationship with the Company shall be limited to companies in which the Company holds more than twenty percent (20%) of the shares. A third company which needs funds for a short-term period shall be limited to the circumstance of procurement needs or short-term operating use
- (2) Funding-lending to other non-related companies shall be approved by the board of directors of the Company.

Article 4: The aggregate amount of loans and the maximum amount permitted to a single borrower:

1. The total amount available for lending purpose shall not exceed thirty percent (30%) of the Company's net worth. The total amount for lending to a company for funding for a short-term period shall not exceed forty percent (40%) of the Company's net worth.

For the foreign company in which the Company directly and indirectly holds 100 percent of the voting shares, the amount that the Company may make endorsements or guarantees is free of the restriction; mentioned above, of forty percent (40%) of the Company's net worth.

2. The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties. For the purpose of this Procedure, the "transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher.

3. The total amount for lending to a single company for funding for a short-term period shall not exceed 10 percent of the company's net worth.

Article 5: Operating Division

Provided that where another act provides otherwise, the operating unit of handling loaning funds shall be finance department.

Article 6: Duration

The term of each loan extended by the Company shall not exceed one year. Except for actual needs, the Company shall extend the loan once only with the approval of the board of directors before the loan expired.

Article 7: Interest

1. The interest shall be calculated on a daily basis: 'the sum of the loan balance (the aggregate amount) each day' times 'annual interest rate', then divided by '365 days' to come out the interest. The interest rate shall not be lower than Taiwan Bank's basic short-term bank borrowing rate plus one percent at the time of lending or the Company's funding cost.
2. Provided that where another act provides otherwise, deducting the interest first before transmitting the money to the funding-lending company.

Article 8: Loaning Procedures

1. Application: 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, and purpose to the Company's finance department.
2. Borrower's Credit Checking
 - (1) For the first borrowing, any borrower shall submit basic information to the Company's finance department to facilitate the evaluation and credit checking by the Company.
 - (2) For the re-borrowing companies, the Company's finance department shall proceed the credit checking once a year. For significant case, it shall proceed every half a year depending on the actual needs.
 - (3) If a borrower is in good finance condition and his annual financial report is certificated by CPA, the Company can refer to CPA's audited report when checking credit of the borrower.
3. Approval
 - (1) After credit checking and evaluation, if the borrower's credit is not good or the purpose is not proper and failed, the Company shall present the reason of rejection to the board of directors and pass the result to the borrower as soon as possible.
 - (2) Upon evaluation, if credit worthiness is good and purpose for the loan is appropriate, an evaluation report shall be submitted to audit committee for approval. If approved, it then shall be presented to the Board of Directors for approval. On approval by the Board, the Chairman of the Board shall be authorized to disburse the Board-approved amount of the loan either in installments or in revolving credit over a period of one year or less. The approved loan amount shall be subject to the conditions stipulated in ...4.1..., and shall not exceed 10% of Company Networth as reported in the latest financial statements. The independent directors' opinions expressing assent or

dissent and their reasons for dissent shall be included in the minutes of the Board of Directors meeting.

- (3) After the loan approved by the board of directors, finance department shall inform the borrower about loan terms, including facility, duration, interest rate, collateral and guarantor.
4. Signing and ID Checking
 - (1) The loan operating personnel shall prepare the loan contract, fill in the related loan terms and arrange signing procedure.
 - (2) The borrower and the guarantor shall sign on the contract and the operating personnel shall conduct ID document checking.
5. Mortgage and pledge of the collateral: Collateral with equivalent value must be acquired if it is necessary. The mortgage and pledge of property and real property should be processed to ensure the Company's interest.
6. Insurance: All collateral, except land, shall be covered by property damage insurance. For vehicles, comprehensive insurance shall be procured. The insured amount shall, in principle, be not less than the mortgage amount of the collateral. The Company shall be named as the beneficiary of the insurance.
7. Money Transmit: The loan shall be transmitted after the borrower signed the loan contract, submitted the promissory note or due bill, and completed pledge of the collateral and insurance process.
8. Book keeping: After completing each loan procedure, the finance department shall record an entry of obtaining a collateral or credit guarantee.
9. Reference Book: The Company shall establish and maintain a reference book to record the detailed loan information, including the borrower, loan amount, loan approval date by board of directors, loan distributing date, and the matters to be carefully evaluated.

Article 9: Repayment

The borrowers who are to have the loans solved on or before the due date must have the principle paid in order to have the promissory note cancelled.

Article 10: Mortgage written off

The borrowers who apply to write off mortgage must have the interest accrued and principle paid in order to have the mortgage written off.

Article 11: Extension

The borrowers who are unable to have the loans solved on the due date and are requesting for an extension must have an application filed in advance for the approval of the Board of Directors.

Article 12: Announce and Report

1. The Company shall announce and report the previous month's loan balance of its head office and subsidiaries by the 10th day of each month.
2. The Company whose loan balance reaches one of the following levels shall announce and report such event within two days from its occurrence:
 - (1) The aggregate loan balance of the Company and its subsidiary reaches 20 percent or more of the company's net worth as stated in its latest financial statement.

- (2) The loans balance of the Company and its subsidiary to a single enterprise reaches 10 percent or more of the company's net worth as stated in its latest financial statement.
 - (3) The newly increased loan amount of the Company and its subsidiary reaches NT\$10 million or more and over 2 percent of the company's net worth as stated in its latest financial statement.
3. The company shall announce and report for the case of the 3rd (3) item of the preceding paragraph of its subsidiary on behalf of any subsidiary thereof that is not a public company.

Article 13: Loans control measures and non-performing loans operational procedures

1. Upon the distribution of loan funds, debtor's and guarantor's finance, business, and L/C status must be monitored closely. If there is any collateral for loans, the value of the collateral must be monitored closely and the Chairman must be informed immediately for any change to the value of the collateral and a corrective action must be carried out in accordance with the instruction of the Chairman.
2. Debtors are to have the loans and interest accrual solved on the due date. Debtors who are unable to have the loans solved on the due date and are not requesting for an extension; or debtors are requesting for an extension, the board of directors disagreed the extension application, the Company may have the collateral of the debtors or guarantors disposed lawfully and demand indemnification for loss upon the breach of contract committed by the debtors.

Article 14: Penalty

Managers and clerks who have failed processing loans and endorsement and guarantee in accordance with "Regulation Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by the competent authority for securities will be reprimanded or fined by the board of directors.

Article 15: Other terms

1. When funding-lending to other parties is contemplated by the Company's subsidiary, the subsidiary shall draw up its own procedure of providing loans to others according to the Policy & Procedure and ensure its process comply with the provisions of the Policy & Procedures.
2. Should there be any borrowing party not in accordance with the Process & Procedure, or excess over the lending limit, a plan to correct the situation has to be provided to Audit Committee. The Company shall complete the improvement according to the schedule of the plan.
3. Internal auditors shall perform auditing on the Company's lending profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify Auditing Committee.
4. Subject to Generally Accepted Accounting Principles, the Company shall make sufficient provision based on the condition of its lending profile, adequately disclose information in the financial statements, and provide external auditors with necessary information for conducting due auditing.

Article 16: Implementation and Revision

The procedure shall be approved by Auditing Committee, the Board of Directors, and the Shareholders' Meeting. The documented written objection of board directors to the stipulation and amendment of the Procedures will be presented to Auditing Committee

and Shareholders' Meeting for discussion.

If the Company is with independent board directors designated, the opposition and/or consent and the reason for opposition should be considered comprehensively and should be stated in the minutes of meeting for record.

Article 17: 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 13, 2008,

Second amendment on June 16, 2009,

and

Third amendment on June 17, 2010.