

Article 1. The Guidelines and Procedures for Loaning of Funds (the “Rules”) are enacted for GEM to follow when loaning funds.

Article 2. Entities to which the company may loan funds:

1. Where an inter-company or inter-firm business transaction calls for a loan arrangement; or
2. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of GEM's net worth.

The term "short-term" as used in the preceding paragraph means one year, or where GEM's operating cycle exceeds one year, one operating cycle.

The term "financing amount" as used means the cumulative balance of GEM's short-term financing.

The restriction shall not apply to inter-company loans of funds between overseas companies in which GEM holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to GEM by any overseas company in which GEM holds, directly or indirectly, 100% of the voting shares. However, GEM shall still prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans.

Article 3. Limits for aggregate loan amounts and the loan amount to any single entity

1. Where funds are loaned for reasons of business dealings, the aggregate loan amounts shall not exceed 20% of net worth of GEM. The amount of a single entity shall not exceed the amount of the business transaction between the two parties in the most recent year. The amount of business transactions referred to refers to the amount of purchases or sales between the two parties, whichever is higher.
2. Where short-term financing is needed, the reasons for extending loans shall be enumerated. The same affiliated enterprise or group enterprise shall be regarded as the same loan object, the aggregate loan amounts shall not exceed 40% of net worth of GEM. The amount of a single entity shall not exceed 10% of net worth of GEM.
3. Loans of funds between overseas companies in which GEM holds, directly or indirectly, 100% of the voting shares, the aggregate loan amounts shall not exceed 100% of net worth of GEM.
4. Loans of fund to GEM by any overseas company in which GEM holds, directly or indirectly, 100% of the voting shares, the aggregate loan amounts shall not exceed 100% of net worth of GEM.

Article 4. Procedures for loaning funds

1. Any borrower, when applying for a loan from GEM, shall submit a written application together with the required basis information and financial data to GEM.
2. The finance & accounting department shall evaluate the applications, based on the following criteria:
 - 1) The necessity and reasonableness of the loan.
 - 2) The necessity of the loan amount, as compared to the financial strength of the borrower.
 - 3) If the aggregate loan amounts exceed the limits.
 - 4) The impacts on the GEM's business operations, financial condition, and shareholders' equity.
 - 5) If collaterals shall be required and the appraisal of the collaterals.
 - 6) Borrower credit status and risk assessment.
 - 7) Where funds are loaned for reasons of business dealings, GEM shall evaluate at any time whether the amount of the maximum amount permitted.
3. Scope of authority
 - 1) The loaning of funds shall be approved by the General Manager and the Chairman. Then it shall be submitted to and resolved upon by the board of directors.
 - 2) Loans between GEM and its parent company or subsidiaries, or between its

subsidiaries, shall be submitted for a resolution by the board of directors, and the Chairman may be authorized, for a specific borrower, within a certain monetary limit resolved by the board of directors, and within a period, to provide loans in installments or to make a revolving credit line available for the borrower to draw down.

- 3) GEM shall fully consider the opinions of each independent director when lending funds to others, and any objections or reservations of independent directors shall be stated in the minutes of the board of directors
4. The finance & accounting department of GEM shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending date, and matters to be carefully evaluated hereunder.
5. If, as a result of a change in circumstances, the entity receiving a loan no longer qualifies or the loan balance exceeds the limit, GEM shall design a rectification plan, submit the plan to the board of directors, and then implement the plan following the plan schedule.

Article 5. Duration of loans and calculation of interest.

1. The duration of a loan shall not exceed one year.
2. The loan shall bear interest. The interest rates shall exceed the highest interest rate at which GEM borrows short-term loans from financial institutions. In principle, interest payments shall be made on a monthly basis. Under special circumstances, the rates and frequencies of interest payments can be adjusted with the approval of the board of directors.

Article 6. The guidelines and procedures for loaning of funds by the subsidiaries

1. For direct or indirect subsidiaries or branch offices in which GEM has controlling interests, when they intend to make loans to others, the Rules shall apply. If such entities have previously enacted their own guidelines and procedures for loaning of funds to others, such guidelines and procedures shall cease to apply after the Rules take effect
2. The subsidiaries shall submit a detailed report to GEM, listing the loans to others made in the preceding month, by the 7th day of every month.
3. Except for the circumstances specified in Paragraphs 3 and 4 of Article 3, if the funds are loaned for reasons of business dealings, the aggregate loan amounts shall not exceed 20% of net worth of the subsidiary. The amount of a single entity shall not exceed the amount of the business transaction between the two parties in the most recent year. The amount of business transactions referred to refers to the amount of purchases or sales between the two parties, whichever is higher. Where short-term financing is needed, the reasons for extending loans shall be enumerated. The aggregate loan amounts shall not exceed 40% of net worth of the subsidiary. The amount of a single entity shall not exceed 10% of net worth of the subsidiary.

Article 7. The subsequent measures for supervising loan lending and the procedures for handling overdue lending.

1. After the funds are advanced, GEM shall keep monitoring on the financial condition, business condition, credit of the borrower and guarantor and change of the value of collateral provided for the borrowing, if any. If there is any material change, the person in-charge shall report such change to the chairman of the board of directors immediately and handle the relevant matters properly in accordance with chairman's instruction.
2. When the borrower repays the advances on or prior to the maturity date, GEM will cancel and return the evidence of borrowing such as the promissory note to the borrower or proceed with the mortgage discharge registration with respect to the collateral, if and only if the principal and interest calculated by GEM have been fully repaid.
3. The borrower should repay the principal and interest immediately when the loan is due. If the repayment is not due and needs to be extended, it shall submit a request in advance and report to the board of directors for approval, and each deferred repayment shall not exceed three months, and shall be limited to one time, and GEM may dispose of and recover the

collateral or guarantor provided by the violator in accordance with the Rules.

Article 8. Submission for disclosure:

1. GEM shall report the loan balances of the prior month to its parent company by the 7th day of each month. If there is any significant change, special clarifications shall be included.
2. If a loan meets any of the following criteria, GEM shall submit the information to the parent company on the date of the occurrence of the fact:
 - 1) The aggregate balance of loans to others by GEM and its subsidiaries reaches 20% or more of the parent company's net worth as stated in its latest financial statement.
 - 2) The aggregate balance of loans by GEM and its subsidiaries to a single entity reaches 10% or more of the parent company's net worth as stated in its latest financial statement.
 - 3) The amount of a new loan by GEM or its subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the parent company's net worth as stated in its latest financial statement.

The aforementioned parent company means a company holding directly or indirectly 50 percent or more of the voting shares of GEM.

Article 9. Information disclosure

1. GEM shall make a public announcement and file the necessary report(s), for itself and its subsidiaries, of the outstanding amount of capital lending as of the end of the previous month prior to the 10th day of each month.
2. If GEM or its subsidiaries whose balance of loans reaches one of the following levels, GEM shall make a public announcement and report such event within two days commencing immediately from the date of occurrence:
 - 1) The aggregate balance of loans to others by GEM and its subsidiaries reaches 20% or more of GEM's net worth as stated in its latest financial statement.
 - 2) The aggregate balance of loans by GEM and its subsidiaries to a single entity reaches 10% or more of GEM's net worth as stated in its latest financial statement.
 - 3) The amount of a new loan by GEM or its subsidiaries reaches NT\$10 million or more, and reaches 2% or more of GEM's net worth as stated in its latest financial statement.

GEM 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 the preceding paragraph.

The term “the date of occurrence” as used in the Rules shall mean the date of contract signing, date of payment, dates of boards of directors’ resolutions, or other date that can confirm the counterparty and monetary amount of the capital lending, whichever date is earlier.

Article 10. Internal Control

1. GEM's internal auditors shall audit the Guidelines and Procedures for Loaning of Funds and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify audit committee in writing of any material violation found.
2. When GEM engages in loaning of funds, it shall be handled in accordance with the prescribed procedures, and if any material violations are found, the management and person in charge shall be punished according to the violation.

Article 11. Others

1. GEM shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures and issue an appropriate audit report.
2. Any matter not set forth in the Guidelines and Procedures shall be processed in accordance

with relevant laws and regulations and/or GEM's relevant rules and regulations.

Article 12. Disciplinary actions

When a responsible person of GEM violates Article 2 and Article 3, the responsible person shall bear joint and several liability with the borrower for repayment; if GEM suffers damage, the responsible person also shall be liable for damages.

The management and person in charge of compliance with the Guidelines and Procedures shall be disciplined for their violation of the Guidelines and Procedures based on the seriousness of the violation.

Article 13. Implementation and amendment

The procedures or amended procedures shall require the approval of one-half or more of all audit committee members, and furthermore shall be submitted for a resolution by the board of directors.

If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Guidelines and Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

The Procedures and any amendment to the Procedures shall be approved by the audit committee as well as board meeting resolution and submitted to the shareholders' meeting for approval.