

(Translation in English, Original in Chinese)

**“Operational Procedures for Loaning Funds to Others”
of Sunplus Technology Company Limited (The "Company")
(Amended by Shareholders' Meeting on June 12th, 2015)**

I. Subject

The “Operational Procedures for Loaning Funds to Others” (The Procedures) is provided for the Company making loans to others.

II. Content

Article1 Entities to which the Company may loan funds shall be limited to:

- (1) Those have business relationship with the Company
 - (2) Those need short-term financing funds
- “Short-term” herein in preceding paragraph means within 1 year.

Article2 Reasons for and conditions of extending loans

- (1) Extending loans to entities having business relationship with the Company shall be limited to the circumstances provided in 1st Paragraph, Article 3
- (2) Extending loans to entities needing short-term financing funds shall be limited to the subsidiaries in which the Company directly or indirectly holds more than 20% of the voting shares.

Article3 The aggregate amount of loans and the maximum amount permitted to a single borrower

- (1) The aggregate amount for lending to the entity having business relationship with the Company shall not exceed 10% of the net worth of the Company, and the maximum amount for single loan shall not exceed the total transaction amount between the parties during the past year prior to the time of lending and be limited to either 10% of the net worth of the entity or 5% of the net worth of the Company, whichever is lower, because of risk control.
The terms “transaction amount” means either from sale of goods or provision of services including sales revenue and service revenue or total purchase amounts with service expenditure which is higher.
- (2) The aggregate amount for lending to the entity needing short-term financing funds shall not exceed 10% of the net worth of the Company, and the maximum amount for single loan shall not exceed 5% of the net worth of the Company.
- (3) Making loans to the foreign companies needing short-term financing funds, in which the Company holds, directly or indirectly, 100% of the voting shares, shall not apply the restriction provided in Article 15 of the “Company Act”, that shall not exceed 40% of the amount of the net value of the Company yet, however, the aggregate amount for lending shall not exceed 20% of the net worth of the Company; the maximum amount for single loan shall not exceed 10% of the net worth of the Company, and the financing period for lending is not limited to one year or the company's one operating cycle while the borrower subsidiary has to specify the

maximum amount and duration of loans in its own “Operational Procedures for Loaning Funds to Others”.

Article4 Operational procedures for extending loans to others

(1) Due Diligence

Any borrower, when applying for a loan from the Company, shall submit an application with certain basic business information and financial data to the Company to check the funding credit.

The finance and accounting department of the Company shall prepare a report for extending loans after checking the borrower’s business information, financial data, liquidity to repay the debt, credibility, profitability, purpose of funding, the risk and impact towards the Company's operating risk, financial position and shareholders' equity.

(2) Safeguards Provision

Before extending the loans, the Board Meeting of the Company shall refer to the credit checking reports prepared by the finance and accounting division and evaluate if the borrower shall provide promissory note, hypothecate the mortgage on the real estates or movables, and make warrants/guarantees in an amount equivalent to the loan as collateral for the funding. If the guarantee equivalent to the loan for the borrower is made by other person or enterprise, the Company shall check the regulations and limitation for making guarantees for others provided in the enterprise’s article of incorporation.

(3) Scope of Empowering

The Company shall make the loans to the borrowers with good creditability and well-defined purpose of funding which evaluated by the finance and accounting division of the Company and the personnel in charge in the Company shall prepare the credit checking reports and condition for extending loans. The final decision to making the loans should be approval signed by CEO and Chairman, and resolved by Board Meeting.

"Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Where a public company’s financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers

If extending loans is between the Company and its parent company or subsidiaries, or between its subsidiaries, the Chairman shall be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board Meeting, 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.

The authorized limit on loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company, except making loans to the foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares

Where the Company has established the position of Independent Director, when it loans funds to others, it shall take into full consideration each Independent Director's opinions; meanwhile Independent Directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board Meeting.

(4) Memorandum book for its fund-lending activities

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.

The Company's internal auditors shall audit the 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 committee in writing of any material violation found.

(5) Disclosure of Financial Statements

The finance and accounting division of the Company 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 to issuing an appropriate audit opinion.

(6) Remarks

Should a borrower no longer meets the requirements set forth in the Article 1 and Article 2 in the Procedure or the amount of the loan balance exceeds the limit due to changes of calculating basis, the Company shall adopt the corrective proposal submitting to the Board of Directors and audit committee and complete the correction according to the timeframe set out in the proposal.

Article5 Duration of loans and calculation of interest.

The term of each loan shall be based the request of the borrower, which shall not exceed one year. The interest rate shall not be lower than the Company's highest short-term bank borrowing rate at the time of lending. The interests shall be calculated and paid on a monthly basis, except which shall be adjusted accordingly in any special case approved by the Board Meeting.

If the Company's highest short-term bank borrowing rate at the time of lending doesn't apply, the preceding interest rate shall be calculated at a rate equal to the Bank of Taiwan's one-year time deposit interest rate plus 0.3 percentage points at the 1st Day of the month of lending.

Article6 Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights.

After the loan is granted, the Company shall follow and trace financial status, business and credit status of the borrower and guarantor frequently, In case any collateral is furnished, attention shall be paid to the value change of it. In case of material change in the value of the collateral, the Chairman shall immediately be notified and proper measures shall be taken as instructed by the Chairman.

When the loan is due or the borrower pays the loan before the due date, the borrower shall calculate the payable interests and pay the interests with the principal before the promissory note or object of mortgage may be rescinded and returned to the borrower or the mortgage registration may be cancelled.

When the loan becomes due, the borrower shall pay off the principal and interests. If the timely repayment could not be effected and extension of the term is needed, prior request is required to the Board Meeting for its approval. Each extension shall not exceed one month, and shall be limited to only once. Besides, the extended due date of loan shall not exceed the one year of limitation. If a loan is over-due and not repaid, the Company shall take further legal actions to dispose collaterals or pursue the guarantors for recovery.

Article7 Announcement and reporting procedures.

(1) The Company shall announce and report the previous month's loan balances of the Company and its subsidiaries by the 10th day every month.

(2) The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from its 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.

Refers to the date of contract signing, date of payment, dates of boards of directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

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 the preceding paragraph.

III. Extending loans of funds to others by subsidiaries

A subsidiary of the Company intends to make loans to others, shall formulate its own operational procedures for loaning funds to others in compliance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and comply with its own operational procedures when making loaning. Otherwise those overseas subsidiaries shall follow the local regulations for loaning of funds.

IV. Penalty for violating the procedure

Any manager and personnel in charge, who violate the Procedure or other regulations governing loaning of fund by the competent authorities, is to the jurisdiction of the Company's Code of Conduct or related rules.

V. Enactment and amendment

The company shall establish the audit committee in accordance with Securities and Exchange Act. Any amendment of Procedures and major transactions shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures or transactions may be implemented if approved by more than two-thirds 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" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

When any amendment of the procedures is submitted for discussion by the board of directors pursuant to the first preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. It shall be recorded in the minutes of the board of directors meeting if an independent director agrees or objects about any matter.

After approved by the audit committee and Board Meeting, the Procedures shall be enacted after proposed to and resolved by shareholders' meeting. The same applies in case of amendment.