

(Translation in English, Original in Chinese)

**“Procedures for Endorsements & Guarantees” (The “Procedures”)
of Sunplus Technology Company Limited (The "Company")
(Amended by Shareholders’ Meeting on June 12th, 2015)**

Article1 The Company shall handle the endorsements and guarantees in compliance with these Procedures.

Article2 The scope of application to the procedures

1. Financing endorsements/guarantee
It refers to bill discount financing, endorsement or guarantee made to meet the financing needs of another company, and 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
It means an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantee
It means endorsements or guarantees beyond the scope of the above two subparagraphs.
4. Any creation by the company of a pledge or mortgage on its chattel or real property as security for the loans of another company.

Article3 Entities to make endorsements/guarantees

1. The companies with which it has business relations
2. Subsidiaries in which the company holds directly and indirectly more than 50% of its total voting shares
3. The parent company which holds, directly or indirectly more than 50% of the company’s voting shares.
4. Subsidiaries in which the company holds directly and indirectly more than 90% of its total voting shares, and vice versa.
5. As shareholders making endorsements and/or guarantees for the mutually invested company in proportion to its shareholding percentage
The term” invested” means the subsidiaries held 100% directly or indirectly by the company

Article4 Ceiling on the amount permitted to make in endorsements/guarantee
The total amount of endorsements worth and/or guarantees of the company can not reach 20% of the company’s net worth as stated in its latest financial report while the amount of endorsement and /or guarantees to single entity can not reach 10% of the company’s net worth as stated in its latest financial report.

Where an endorsement/guarantee is made due to needs arising from business dealings, the amount of the endorsement/guarantee is limited to 4 times of the total amount of trading between the two companies. The terms "amount of trading" 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.

When making endorsements and/or guarantees for the mutually invested company in proportion to the shareholding percentage, amount of endorsements worth and/or guarantees can not reach either 10% of the company's net worth as stated in its latest financial report or the invested capital of our shareholding.

The total amount of endorsements worth and/or guarantees of the company and its subsidiaries can not reach 50% of the company's net worth while the amount of endorsement and /or guarantees to single entity can not reach 20% of the company's net worth.

If the total amount of endorsements worth and/or guarantees of the company and by its subsidiaries reaches more than 50%, the company has to state its necessity and reasonability on its shareholders' meeting.

The amount of endorsements worth and/or guarantees between its subsidiaries in which the company holds directly and indirectly more than 90% of its total voting shares cannot reach 10% of the company's net worth except the 100% holding subsidiaries.

"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.

Article5

Hierarchy of decision-making authority and delegation thereof

1. The company shall follow the resolution of board meeting to making the endorsements and guarantees. If the making amount of endorsements and/or guarantees was less than the ceiling amount approved by board of directors, the company shall report and state the implementation on next board meeting. The board of directors empowers the chairman to grant endorsements/guarantees within NT\$100,000,000 by following related regulations of these procedures, for subsequent submission to and ratification by the next board of directors' meeting.

2. The company may provide endorsement/guarantee exceeding the amount permitted in these Procedures, provided that the prior approval from the board of the directors is obtained, and more than half of the directors shall be the joint guarantors for the loss of the company resulting from the amount in excess of the permitted endorsement/guarantee amount. The company shall also revise the Procedure accordingly and submit it to the shareholders meeting for ratification. If the shareholders' meeting does not pass the resolution for ratification, the company shall adopt a plan to discharge the amount in excess within a certain period.
3. The endorsements/ guarantees must be reviewed and approved by Board Meeting if the entity is one of the subsidiaries in which the company holds directly and indirectly more than 90% of its total voting shares except the 100% holding subsidiaries
4. Where the Company has established the position of independent director, when it submits the endorsement/guarantee cases to others for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinion; 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.

Article6

Procedures for making endorsements/guarantees

1. When making endorsements and guarantees to others, the endorser and/or guarantor shall fill out the "Application form for endorsements and or guarantees" to the company's handling department for application. The handling department shall check the applying materials and endorser and/or guarantor's credit carefully; meanwhile evaluate the necessity of and reasonableness of endorsements/guarantees, the impact on the company's business operations, financial condition, and shareholders' equity, and whether collateral must be obtained and appraisal of the value thereof. After evaluation, the handling department shall report to CEO for auditing and then shall submit to board of directors for resolution. The company shall follow the resolution of board meeting to making the endorsements and guarantees.
2. The company shall prepare a memorandum truthfully record containing its endorsement and/or guarantee including the subject of the endorsement and/or guarantee, the name of the party made for the endorsement and/or guarantee, the result of the risk evaluation, the amount of the endorsement and/or guarantee, the content of the Collateral, and the condition and date for discharging the obligation of the endorser and/or guarantor.
The internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the [audit committee](#) in writing of any material violation found.

3. The finance department of the company shall evaluate and identify the contingency loss from the endorsement and/or guarantee, meanwhile the company shall also disclose information regarding the endorsement and/or guarantee in the financial report and provide the same to the CPA for his/her proceeding with the necessary audit procedure and issuing the proper audit report.
4. When the conditions are changed after making endorsements and/or guarantees complying with Article 3, or that the maximum amount permitted are out of limitation because of the change of calculating basis, such endorsement and/or guarantee has to be revised in the specific period of time, and the revised proposal has to be submitted to Board of Directors.
5. If the company makes endorsements/guarantees to its subsidiaries which its net worth is less than 50% of its the paid-in capital, the president of the entity has to report its operations periodically to the Company's BOD till the net worth of the entity is more than 50% of the paid-in capital and the following comments by the Company' BOD.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article7

Procedures for use and custody of corporate chops

1. The company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop 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.
2. When making a guarantee for a foreign company, the company shall have the Guarantee Agreement signed by the person authorized by the board of directors.

Article8

Announcing and reporting procedures

The company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries and the monthly sales by the 10th day of each month. The company whose balance of endorsements/guarantees reaches one of the following levels 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 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.

Refers to the date of contract signing, date of payment, resolution date of board of directors, 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 4 of the preceding paragraph.

- Article9 A subsidiary of the Company intends to make endorsements or guarantees to others, shall formulate its own operational procedures 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 endorsements or guarantees to others, except those overseas subsidiaries shall adopt the locally registered chop for making endorsements or guarantees, which is different from the corporate chop which is registered for endorsement and guarantees with the Ministry of Economic Affairs provided in the Article 7.
- Article10 Any manager and personnel in charge, who violate the Procedure or other regulations governing endorsement and guarantees by the competent authorities, is to the jurisdiction of the Company’s Code of Conduct or related rules.
- Article11 The company shall establish the audit committee in accordance with Securities and Exchange Act. Any amendment of Procedures and major endorsement and guarantees 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 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.

Article12 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.