

ShunSin Technology Holdings Limited

訊芯科技控股股份有限公司

Procedures for Endorsement and Guarantee

ShunSin Technology Holdings Limited
(the "Company")
Procedures for Endorsement and Guarantee
(the "Procedure")

JAN 6, 2015 Second Edition

Article 1. Statutory Basis

The Company has adopted these procedures ("Procedure") with reference to Article 36-1 of the Securities and Exchange Act of the R.O.C. and the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies ("Guidelines") promulgated by the competent authority.

Article 2. Scope of Application

1. The Company shall comply with this Procedure when making endorsements or guarantees for others, unless any act or regulation provides otherwise.
2. Any Subsidiaries of which the Company directly or indirectly holds more than fifty percent (50%) of the voting shares shall adopt its own procedures for endorsement and guarantee in accordance with the Guidelines and this Procedure. However, if the Guidelines or this Procedure is contrary to the local laws or regulations applicable to the Subsidiary, such local laws or regulations should prevail.

Article 3. Definition

1. The terms "Parent Company" and "Subsidiary" used herein shall have the meanings set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers, unless otherwise defined.
2. The term "Date of Occurrence" used herein shall mean the date of contract signing, date of payment, date of board of directors resolution, or other date when the transaction party and amount can be ascertained (whichever is earlier).
3. The term "announce and report" used herein shall mean entering

information to the public disclosure website designated by the Financial Supervisory Commission.

4. The term "Net Worth" used herein shall mean the equity attributable to the equity holders of the Parent Company as recorded on the balance sheet under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 4. Scope of Endorsements/Guarantees

The term "endorsements/guarantees" used herein shall mean the following:

1. Financing endorsements/guarantees, including:
 - (1) Endorsements on a negotiable instrument for cash financing with a discount.
 - (2) Endorsements or guarantees for another company for such company's financing needs, including provision of personal property or real property as security interest (such as pledge and mortgage) for another company's loans.
 - (3) Issuance of a negotiable instrument to a non-financial institution as security interest for the Company's own financing needs.
2. Customs duty endorsements/guarantees, including endorsements or guarantees for the Company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees which are not included in Article 4.1 and Article 4.2.

Article 5. The Party to Whom the Company May Provide Endorsements/Guarantees

1. The Company may provide endorsements/guarantees for the following companies:
 - (1) A company which has business relationship with the Company.
 - (2) A company of which the Company directly or indirectly holds more than fifty percent (50%) of the voting shares.
 - (3) A company which directly or indirectly holds more than fifty percent (50%) of the voting shares in the Company.
2. Subsidiaries of which the Company directly or indirectly holds

more than ninety percent (90%) of the voting shares may provide endorsements/guarantees for each other, provided that the amount shall not exceed ten percent (10%) of the Company's Net Worth. However, when Subsidiaries of which the Company directly or indirectly holds one hundred percent (100%) of the voting shares provide endorsements and/or guarantees for each other, they shall be exempted from this restriction.

Article 6. Limits on Endorsements/Guarantees

1. The aggregate amount of endorsements/guarantees provided by the Company for others shall not exceed one hundred percent (100%) of the Company's Net Worth.
2. The amount of endorsements/guarantees provided by the Company for any single company shall not exceed fifty percent (50%) of the Company's Net Worth.
3. The aggregate amount of endorsements/guarantees provided by the Company and its Subsidiaries for others shall not exceed one hundred percent (100%) of the Company's Net Worth. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and its Subsidiaries as a whole reaches fifty percent (50%) or more of the Net Worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the Shareholders' Meeting.
4. The aggregate amount of endorsements/guarantees provided by the Company and its Subsidiaries for any single company shall not exceed fifty percent (50%) of the Company's Net Worth.
5. The aggregate amount of endorsement/guarantee for any single company who has business relationship with the Company shall not exceed the business transaction amounts within the preceding 12 months. The term "business transaction amount" means the purchase or sale amount between the two parties, whichever is larger.
6. The above Net Worth is subject to the latest financial statement that has been audited or reviewed by the accountant .

Article 7. Procedures for Making Endorsements/Guarantees

1. Approval Process

- (1) The Company cannot make endorsements/guarantees unless such proposal is submitted to and approved by the Board of Directors; provided, however, in order to make endorsements/guarantees in a timely manner, the Board of Directors may authorize the chairman to make a prior approval within a specific amount and then submit such endorsements/guarantees to the subsequent meeting of Board of Directors for ratification.
 - (2) In the case of any Subsidiary applying this Procedure pursuant to Article 2, its proposed endorsements/guarantees shall be submitted to and approved by such Subsidiary's board of directors.
 - (3) If any endorsements/guarantees amount exceed the limit for business reasons, such endorsements/guarantees shall be approved by the Board of Directors and jointly endorsed by more than half of the directors. The Company shall then submit an amendment to this Procedure to the Shareholders' Meeting for ratification. If the Shareholders' Meeting rejects the amendment, the Company shall make plan to withdraw the excess amount within certain period.
 - (4) Subsidiaries of which the Company directly or indirectly holds more than ninety percent (90%) of the voting shares shall not make endorsements/guarantees for each other pursuant to Article 5.2 unless obtaining the approval by the Company's Board of Directors. However, when Subsidiaries of which the Company directly or indirectly holds one hundred percent (100%) of the voting shares make endorsements/guarantees for each other, they shall be exempted from this restriction.
2. The finance department shall analyze the operation, finance and credit status of the company to which the endorsements/guarantees is made so as to evaluate the risk of endorsements/guarantees, and shall request for collateral, if necessary.
 3. The finance department shall prepare a memorandum book to record all endorsements/guarantees related items and information in details. Any documents, such as checks or agreements, shall be

kept carefully.

4. In the event that the company to which the endorsements/guarantees is made does not meet the requirements described under this Procedure or the amount exceeds the limitation due to change of circumstances, the Company shall submit an improvement plan to the Audit Committee and complete the improvement in a timely manner as planned.
5. The Company shall adopt internal control measures in the event the company to which the endorsements/guarantees is made is a Subsidiary whose net worth is below fifty percent (50%) of its paid-in capital.
6. In the case of a Subsidiary with shares having no par value or a par value other than NTD10, its paid-in capital shall be the sum of the share capital plus paid-in capital in excess of par.

Article 8. Procedures for Use and Custody of the Specimen Seals

1. The specimen seals used for endorsement/guarantee shall be the Company's common seal. The specimen seals shall be kept by a designated personnel. Such personnel shall follow the internal procedures for affixation of the seal and note issuance.
2. When providing endorsements/guarantees to a foreign company, the guarantee letter issued by the Company shall be signed by the chairman or other representative authorized by the Board of Directors.

Article 9. Disclosure

After becoming a public company in the R.O.C., the Company shall comply with the following disclosure requirements.

1. The Company shall announce and report the previous month's balance of endorsements/guarantees of the Company and its Subsidiaries by the 10th day of each month.
2. In the event that the balance of endorsements/guarantees reaches any of the following thresholds, the Company shall announce and report such event within two days commencing immediately from the Date of Occurrence:

- (1) The Company's and its Subsidiaries' balance of endorsements/guarantees reaches fifty percent (50%) of the Company's Net Worth as provided in the Company's latest financial statement.
 - (2) The Company's and its Subsidiaries' balance of endorsements/guarantees for any single company reaches twenty percent (20%) of the Company's Net Worth as provided in the Company's latest financial statement.
 - (3) The Company's and its Subsidiaries' balance of endorsements/guarantees for any single company reaches NTD10 million, and the aggregate balance of endorsements/guarantees, investment of a long-term nature in and loans to such company reaches thirty percent (30%) of the Company's Net Worth as provided in the Company's latest financial statement.
 - (4) The newly-made endorsements/guarantees amount of the Company or its Subsidiary reaches NTD30 million or more, and is more than five percent (5%) of the Company's Net Worth as provided in the Company's latest financial statement.
3. The Company shall announce and report on behalf of any of its Subsidiaries that is not a public company in the R.O.C. if the event provided in Article 9.2.(4) occurs to such Subsidiary .
 4. The Company shall evaluate and record the contingent loss for endorsements/guarantees. In addition, the Company shall properly disclose endorsements/guarantees information in the financial statement and provide certified public accountants with relevant materials for the performance of necessary audit procedures and issuance of audit report.

Article 10. Internal Audit

The internal auditors of the Company shall audit the procedures and implementation for endorsements/guarantees at least quarterly and prepare written records. They shall notify the Audit Committee in writing of any material violation found.

Article 11. Penalties

The Company's manager or personnel in charge who violates this Procedure shall be penalized in accordance with the Company's personnel regulations based on the degree of such violation.

Article 12. Miscellaneous

1. This Procedure shall be reviewed and approved by the Audit Committee (if applicable), the Board of Directors, and the Shareholders' Meeting. Any amendment is subject to the same procedures. If any objection is expressed by a director and has been recorded in writing, the Company shall submit such objecting opinion to the Shareholders' Meeting for discussion.
2. If the Company has independent directors, the Company shall take into full consideration each independent director's opinion. Any consenting or objecting opinion expressed by the independent directors shall be recorded in the meeting minutes of the Board of Directors.
3. In the case of any Subsidiary applying this Procedure pursuant to Article 2, such Subsidiary's own procedures for endorsement and guarantees and any amendment thereof shall be approved by its board of directors.