

# ShunSin Technology Holdings Limited

訊芯科技控股股份有限公司

Procedures for Loaning of Funds

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(the "Company")  
Procedures for Loaning of Funds  
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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 loaning funds to others, unless any act or regulation provides otherwise.
2. Any Subsidiary of which the Company directly or indirectly holds more than fifty percent (50%) of the voting shares shall adopt its own procedures for loaning of funds 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 "Foreign Company" used herein shall mean a company registered outside the R.O.C. (not including Mainland China).
3. 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).

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.
5. The term "announce and report" used herein shall mean entering information to the public disclosure website designated by the Financial Supervisory Commission.

Article 4. Receivers of Loans

1. Except for the situations described below, the Company shall not loan funds to its shareholders or any others:
  - (1) Companies or organizations that have business relationship with the Company.
  - (2) Companies or organizations that need Short-Term financing, provided that the Financing Amount shall not exceed forty percent (40%) of the Company's Net Worth.
2. The term "Short-Term" mentioned in Article 4.1.(2) shall mean a period of one year. In the event that the borrower's business cycle is longer than one year, such business cycle shall prevail.
3. The term "Financing Amount" mentioned in Article 4.1.(2) shall mean the aggregate balance amount of the Company's Short-Term loans to others.
4. Inter-company loans between the Foreign Companies of which the Company directly or indirectly holds one hundred percent (100%) of the voting shares shall not be restricted by Article 4.1.(2) and Article 4.2.

Article 5. Aggregate Loan Amount and Amount Limit for Each Borrower

1. Aggregate Loan Amount:

The Company's aggregate amount of loans to others shall not exceed fifty percent (50%) of the Company's Net Worth, and:

  - (1) The aggregate amount of loans to companies that have business relationship with the Company shall not exceed ten percent (10%) of the Company's Net Worth.

- (2) The aggregate amount of loans to companies that need Short-Term financing shall not exceed forty percent (40%) of the Company's Net Worth.
2. Amount Limit for Each Borrower:
  - (1) The amount of loans to each company or organization that has business relationship with the Company shall not exceed the Aggregate Transaction Amount between the Company and such company or organization.

The term "Aggregate Transaction Amount" means the actual purchases or sales amount during the most recent year or the estimate for the subsequent year, whichever is higher, and shall not exceed ten percent (10%) of the Company's Net Worth.
  - (2) The amount of loans to each company or organization that needs Short-Term financing shall not exceed ten percent (10%) of the Company's Net Worth.
3. Inter-company loans between the Foreign Companies of which the Company directly or indirectly holds one hundred percent (100%) of the voting shares shall not be restricted by Article 5.1 and Article 5.2, provided that the aggregate amount of loans shall not exceed twenty percent (20%) of the Company's Net Worth, and the loan amount for any single company shall not exceed ten percent (10%) of the Company's Net Worth.
4. The above Net Worth is subject to the latest financial statement that has been audited or reviewed by the accountant.

## Article 6. Procedures for Making Loans

1. Approval Process
  - (1) The proposed loans to others shall be approved by the Company's Board of Directors, who shall not delegate such power to any others.
  - (2) In the case of any Subsidiary applying this Procedure pursuant to Article 2, such Subsidiary's proposed loans to others shall be approved by its board of directors.
  - (3) Inter-company loans between the Company and its Subsidiaries or

between different Subsidiaries shall be approved by their respective board of directors in accordance with Article 6.1.(1) and Article 6.1.(2). The board of directors may authorize its chairman to make loans, whether in one or several installments or on a revolving basis, to the same borrower within one-year period and within certain Amount Limit as approved by the board of directors.

Unless Article 4.4 provides otherwise, the “Amount Limit” mentioned above for each borrower shall not exceed ten percent (10%) of the Company’s or the Subsidiary’s (as the case may be) Net Worth as provided in its latest financial statement.

2. Credit Investigation and Approved Amount

When loaning funds, the Company shall make a detailed assessment on the borrower’s purpose for borrowing, the reason and necessity for such loan, the collateral and the impacts on the Company’s business operation, financial status and shareholder’s equity.

After the assessments, the personnel in charge shall prepare and submit a report with a review opinion to the Board of Directors through internal process to have approvals on such loans.

3. The Company shall prepare a memorandum book to record related important information of loans.

Article 7. Term of Loan and Interest Rate

1. Term of Loan

The term of each loan shall be no more than one year in principle. In the event that the borrower’s business cycle is longer than one year, such business cycle shall prevail.

2. Interest Rate

(1) The loan interest rate shall be set by referring to the interest rates applicable to the deposit and loan that the Company had or borrowed at financial institutions.

(2) In the case of any foreign Subsidiary applying this Procedure

pursuant to Article 2, its loan interest rate shall be set in accordance with local laws and regulations applicable to such Subsidiary and shall not be restricted by Article 7.2.(1).

Article 8. Subsequent Control Measures and Collection Procedures of Overdue Loans

1. Upon the drawing of loans, the Company shall monitor the financial, business and credit status of borrowers and guarantors. If collateral is provided, the value variation of such collateral shall be carefully monitored.
2. In the event that the borrower's status 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.
3. Prior to the maturity of any loan, the Company shall notify the borrower to repay the principal and interest accrued upon maturity. The borrower shall calculate and repay the interest together with the principal on the maturity date.
4. Unless the Board of Directors has approved an extension pursuant to the borrower's request in advance, if the borrower fails to repay any principal and interest upon maturity, the Company may demand immediate repayment of all loans borrowed by such borrower or take enforcement actions against the collaterals or guarantors for recovery in accordance with applicable laws.

Article 9. Internal Audit

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

Article 10. 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 loans of the Company and its Subsidiaries by the 10th day of each month.
2. In the event that the balance of loans 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 loans reaches twenty percent (20%) of the Company's Net Worth as provided in the Company's latest financial statement.
  - (2) The Company's and its Subsidiaries' balance of loans for any single company reaches ten percent (10%) of the Company's Net Worth as provided in the Company's latest financial statement.
  - (3) The newly-made loan amount of the Company or any of its Subsidiaries reaches NTD10 million or more, and is more than two percent (2%) 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 10.2.(3) occurs to such Subsidiary.
4. The Company shall evaluate the status of loans and set aside adequate reserves to write off bad debts. In addition, the Company shall properly disclose related information in the financial statement and provide certified public accountants with relevant materials for the performance of necessary audit procedures.

#### 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 Board of Directors 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 loaning of funds and any amendment thereof shall be approved by its board of directors.