



**SUNPLUS TECHNOLOGY CO., LTD.  
2021 ANNUAL GENERAL SHAREHOLDERS' MEETING**

**MEETING AGENDA**

*(Translation in English–Original in Chinese)*

Date: June 07, 2021

Place: Newton Palace, Science Park Life Hub,  
No.1, Industrial East Road 2, Hsinchu Science Park, Taiwan 300

*Please Read the Following Notice Before Using the Meeting Agenda*

*Readers are advised that the original version is in Chinese. If there is any conflict between the English version and the Chinese one or any difference in the interpretation of the two versions, the Chinese language report shall prevail.*

*In addition, certain of our financial information have been published in accordance with requirements of the Republic of China Securities and Futures Commission and are presented in conformity with accounting principles generally accepted in the Republic of China. Readers should be cautioned that these accounting principles differ in many material respects from accounting principles generally accepted in other countries.*

*Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.*

*The materials and information provided on this meeting agenda have been issued by Sunplus and are posted solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any securities issued by us or otherwise.*

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**Sunplus Technology Co., Ltd.**  
**2021 Annual General Shareholders' Meeting**  
**Meeting Procedure**

- I. Meeting Announcement
- II. Chairman's Address
- III. Report Items
- IV. Recognition Items
- V. Discussion and Election Items
- VI. Extemporaneous Motions
- VII. Meeting Adjourned

**Sunplus Technology Co., Ltd.**  
**2021 Annual General Shareholders' Meeting**  
**Meeting Agenda**

- I. Time: 9:00a.m., June 07, 2020 (Monday)
- II. Place: Newton Palace, Science Park Life Hub  
No.1, Industrial East Road 2, Hsinchu Science Park, Taiwan 300  
(Hsinchu Science Industrial Park Science and Technology Living Hall)
- III. Chairman: Chou-Chye Huang, Chairman of the Board of Directors
- IV. Chairman's Address
- V. Report Items
  - (1) 2020 Business Report
  - (2) Report by Audit Committee
  - (3) The company's report on employee remuneration and directors' remuneration distribution in 2020
  - (4) Revise the company's "Integrity Management Operation Procedures and Conduct Guidelines" report
- VI. Recognition Items
  - (1) 2020 Annual Business Report and Financial Statements
  - (2) The Company's 2020 Earnings Distribution Proposal
- VII. Discussion Items
  - (1) The company's "procedures for obtaining or disposing of assets" amendments
  - (2) Discussion on the cancellation of the restrictions on the release of shares by the company on the original shares held by the affiliated company "iCatch Technology Co., Ltd." that adopts the equity method
  - (3) Reelection of the company's 12th directors (including independent directors)
  - (4) Lifting the restriction on the competition of the company's new directors
- VIII. Extemporary Motions
- IX. Meeting Adjourned

## **REPORT ITEMS**

### **(1) 2020 Business Report**

#### **Explanatory Notes:**

The Business Report is attached hereto as ANNEX 1 (See pages 11 to 12 for details).

### **(2) Report by Audit Committee**

#### **Explanatory Notes:**

The Report by Audit Committee is attached hereto as ANNEX 2 (See pages 13 for details).

### **(3) The company's 2020 report on employee compensation and director compensation distribution, please review**

#### **Explanatory Notes:**

- (1) Handle in accordance with the company's "Salary and Compensation Committee Organization Rules" and "Company Articles of Association".
- (2) The company intends to allocate NT\$3,316,811 for employees' remuneration and NT\$4,975,216 for directors' remuneration in the Republic of China in 2019, all in cash.

### **(4) Revise the company's "Integrity Management Operation Procedures and Conduct Guidelines" report**

#### **Explanatory Notes:**

To cope with the revision of laws and regulations and the actual operation of the company, it is proposed to amend the company's "Integrity Management Operating Procedures and Behavior Guidelines". Please refer to the Appendix 3 of this manual for the comparison table of clause revisions (see pages 14 to 23 for details).

## RECOGNITION ITEMS

### (1) To Accept 2020 Business Report and Financial Statements

(Proposed by the Board of Directors)

#### Explanatory Notes:

1. Sunplus' 2020 Financial Statements were audited by independent auditors of Deloitte & Touche and the Company's audit committee and approved by Board Meeting on 2020/03/29.
2. The 2020 Business Report, the Independent Auditors' Report and Financial Statements are attached hereto as ANNEX 1 (see pages 11 to 12) and ANNEX 4 to 13 (see pages 24 to 43).

#### Resolution:

### (2) Discussion on the 2019 loss allocation

(Proposed by the Board of Directors)

#### Explanatory Notes:

1. The retained earnings of NT\$182,772 were reduced due to the investment using the equity method, and the remeasurement amount of the confirmed benefit plan was recognized as retained earnings, and the amount of retained earnings increased by NT\$6,845,781. The disposal was accumulated through other comprehensive gains and losses in equity instrument investment measured at fair value. The profit and loss are directly transferred to retained earnings and reduced by NT\$1,171,835, and the initial undistributed surplus in the later adjustment period is NT\$5,491,174.
2. After the company's 2020 net profit after tax, after appropriating the statutory surplus reserve of NT\$32,889,399 and the special surplus reserve of NT\$15,110,925 in accordance with the law, it plans to distribute cash for ordinary shares with the surplus available for distribution for the year 2020. The dividend per share is NT\$0.5255, which amounts to NT\$311,093,330. Cash dividends are paid up to NT\$ (rounded up below NT\$), and the total amount of the abnormal amount is included in the company's other income. The remaining undistributed surplus of NT\$22,178 will be retained for distribution in future years.
3. After this case is approved by the shareholders' meeting of this year (2021), it is proposed to authorize the chairman of the board to set a separate payment base date for processing.
4. If the company changes its share capital afterwards, which affects the number of shares outstanding, and consequently changes the shareholder's dividend rate, it is proposed to authorize the chairman of the board to adjust it.
5. Please refer to Annex 14 of this manual for the surplus distribution table for the year 2020 (see page 44 for details)

#### Resolution:



## DISCUSSION AND ELECTION ITEMS

**(1) The company's "procedures for obtaining or disposing of assets" amendments are submitted for approval**

(Proposed by the Board of Directors)

**Explanatory Notes:**

In order to meet the needs of operation and management, it is proposed to revise the company's "procedures for acquiring or disposing of assets". Please refer to Annex 15 of this manual for the comparison table of revised provisions (see pages 45 to 46 for details), and submit it to the shareholders meeting for approval.

**Resolution:**

**(2) The company's discussion on the cancellation of the stock release restriction on the original shares held by the affiliated company "iCatch Technology Co., Ltd." that adopts the equity method, is submitted for approval**

(Proposed by the Board of Directors)

**Explanatory Notes:**

(1) The company passed the following proposal at the extraordinary shareholders meeting on September 12, 2018: The company releases shares and cash from the original shares held by the subsidiary "iCatch Technology Co., Ltd." (hereinafter referred to as "iCatch Company") Transfer of capital increase options to all shareholders of the company. In order to cope with the time schedule of iCatch Company's application for stock listing and to meet the requirements of equity diversification, it is planned to abandon the subscription rights of iCatch Company's cash capital increase and sell the shares of iCatch Company in the following ways:

1. In order to comply with the requirements of applying for listing, the subscription price per share for each subsequent cash increase of iCatch Company shall not be lower than the net value per share of the company's latest financial report verified by an accountant. Investment Co., Ltd. (100% owned subsidiary of the company-hereinafter referred to as Sunplus Venture Capital Co., Ltd.) and Lingxu Investment Co., Ltd. (100% owned subsidiary of the company-hereinafter referred to as Lingxu Investment Company) intend to wholly or partially Relinquish the rights of the original shareholders to subscribe based on their shareholding ratio and transfer the relinquished rights to all shareholders of the company.

2. In the future, if the company disposes part of the shares of iCatch Company at one time or in installments, it will give priority to the shareholders of the company as the transferee. Those who do not subscribe to the shareholders of the company will be beneficial to the future operation and development of iCatch Company. Investor principle.

(2) Considering that iCatch Company is now an affiliate of the company that adopts the equity method. Although it is not a subsidiary of the company, the company is still the largest shareholder of iCatch Company. Based on the protection of the company's rights and interests, the long-term development considerations of iCatch Company and specific purposes, every time iCatch Company handles capital increase in cash, if the company, Sunplus Venture Capital Company and Lingxu Investment Company intend to abandon all or part of the original shareholders' holdings Proportionally obtain the right to subscribe, or if the company, Sunplus Ventures and Lingxu Investment Co., Ltd. will dispose of part of Sinding's equity at one time or in installments in the future, the disposal method is not limited to cash, share conversion or open market transactions, etc. Shareholders are requested to agree to change the proposal of the interim shareholders meeting on September 12, 2018 and agree to waive the preemptive right to subscribe for the shares of iCatch Company.

(3) The company's future disposal of iCatch Company's equity will be handled in accordance with the company's "procedures for acquiring or disposing of assets", and shall be submitted to the shareholders meeting for approval.

**Resolution:**

**(3) The re-election proposal for the 12th term of the company's directors (including independent directors) is submitted for re-election**

(Proposed by the Board of Directors)

**Explanatory Notes:**

- (1) The tenth term of the company's 11th directors (including independent directors) is three years, from June 11, 2018 to the expiration of June 10, 2021. It is proposed to be a shareholder in 2021. The regular meeting re-elected the 12th directors (including independent directors).
- (2) According to the company's articles of association, the 12th term of directors intends to elect seven directors (including four independent directors), and all newly elected independent directors will form an audit committee.
- (3) The term of office of the twelfth term of directors (including four independent directors) is three years, from June 7, 2021 to June 6, 2024, and they are eligible for re-election. The eleventh term of directors (including independent directors) will retire from office on June 7, 2021 when the twelfth term of directors is elected.
- (4) In accordance with Article 18 of the company's articles of association, seven directors (including four independent directors) are to be elected for the twelfth term, and the candidate nomination system is adopted. The company's board of directors was held on April 21, 2021 to review the qualifications of directors (including independent directors) candidates. The qualifications of directors (including independent directors) candidates were approved at the meeting. The relevant information is set out as follows:

Serial number	Account numbers	Name	Number of shares held	Main academic (jing) history	Remarks	Reasons for continuing to nominate independent directors for three consecutive terms
1	1	Huang Zhoujie	Master of Electrical Engineering, Tsinghua University, Chairman and CEO of Sunplus Technology Co., Ltd.	Director candidate		Not applicable
2	--	Zhan Wenxiong	National Taiwan University	Director candidate		Not applicable

			Institute of International Business Studies, Chairman and General Manager of Xinding Technology Co., Ltd.			
3	9	GLOBAL VIEW CO., LTD.	Director of Sunplus Technology Co., Ltd.	Director candidate		Not applicable
4	--	Wei Zhehe	Doctor of Electrical Engineering, University of Washington, Seattle, USA Professor, Department of Electronic Engineering, Jiaotong University	Independent director candidate		Considering that Mr. Wei Zhehe has corporate governance experience and is familiar with relevant laws and regulations, and possesses the professional technical capabilities of the IC design industry, which is obviously helpful to Sunplus Technology (Stock), Mr. Wei Zhehe is still nominated as one of the independent director candidates.
5	--	Huang	Master of	Independent		

		Zeren	Finance, National Taiwan University of Science and Technology, Certified Public Accountant and Director of Shengxin United Certified Public Accountants	t director candidate		
6	--	Chen Ruiqi	Bachelor of Law, National Taiwan University / Master of Science (Technology and Digital Learning Program), Chiao Tung University, Lawyer of Zhongtian International Law Firm	Independent director candidate		
7	--	Guo Congling	Master of Computer Engineering, Penn State University, CEO of Jingzhao Innovation Co., Ltd.	Independent director candidate		

(5) Please reselect

**Resolution:**

**Election results:**

**(4) The proposal to lift the restrictions on the competition of the company's new directors is submitted for approval**

(Proposed by the Board of Directors)

**Explanatory Notes:**

(1) According to Article 209 of the Company Law, the directors shall act for themselves or others within the business scope of the company, and shall explain the important

content of their actions to the shareholders meeting and obtain the resolutions approved by the shareholders meeting.

(2) The directors of the company may invest in or operate other companies with the same or similar business scope and act as directors or managers due to business needs. It is proposed to lift the restrictions on the prohibition of competition for new directors in the twelfth session. Please refer to Annex 16 of this handbook (see pages 47 to 49 for details) for the list of new directors who have lifted the competition restriction. Submit to the shareholders meeting for approval.

**Resolution:**

**TEMPORARY MOTION**

**MEETING ADJOURNED**

## BUSINESS REPORT

### 2020 Business Results

Sunplus consolidated net operating revenue totaled NT\$6,414 million and the gross profit were NT\$2,925 million in 2020. While R&D expense totaled NT\$1,624 million and the G&A expenses were NT\$488 million, marketing expense were NT\$297 million, Operating profit was NT\$516 million in 2020. Including total non-operating net income NT\$269 million, the profit before tax were NT\$785 million. Excluding the income tax expense NT\$166 million, the net profit of the year totaled NT\$619 million, attributable to owner of the Company were NT\$323 million which the earning per share after tax for 2020 was NT\$0.55.

The net sales from continuing operations in 2020 increased 16.9% compared to the same period last year. The gross profit margin is about 46% compared with the previous year 's 43%, a slight increase. 2020 operating net profit increased by 291.80% compared to 2019.

Off-line income increased from 112 million in 2019 to 269 million in 2020, Mainly because the net profit of financial assets measured at fair value through profit and loss in 2020 increased by 105 million compared with 2019.

The IFRS Consolidated Statement exposes other comprehensive gains and losses in 2020, Including the difference between the conversion of financial statements of foreign operating institutions, Unrealized gains and losses on equity instrument investments measured at fair value through other comprehensive income, determine the number of reassessments of the welfare plan, the shareholding of related enterprises recognized by equity method, the total net after-tax other comprehensive profit and loss in 2020 is NT\$6 million. The total consolidated profit and loss in 2020 was NT\$625 million, the consolidated profit and loss was attributed to NT\$327 million by the owner of the company.

### PRODUCTS R&D, TECHNOLOGIES AND OUTLOOK

Sunplus technology mergers and acquisitions of major individuals, including Sunplus Technology, Generplus Technology, SunplusIT Technology, Jumplux Technology, and mainland subsidiary.

Sunplus is currently focuses on the development, in addition to Automotive Infotainment System (In-Vehicle Infotainment), Display Audio chip, advanced driver assistance system (ADAS) automotive chip, In addition to airlyra's SoundBar chip, audio-visual entertainment system and other chip products, it also introduces the smart computing chip Plus1 suitable for AIoT applications. It also provides IP authorization for high-speed interfaces, data converters, and analogs.

With the popularity of smart phones, the convenience of being integrated with the car's infotainment system when getting on the car makes this system a standard equipment for the front of new cars! The growth momentum of this system will be the main source of growth for Sunplus's revenue and profit. The revolutionary breakthrough of the intelligent computing chip Plus1, which greatly reduces the threshold for the development of edge computing applications. It will be the best solution for a small number of diverse AIoT new applications, and countless innovative applications will be commercialized to benefit the crowd.

Generalplus Technology focuses on consumer electronics chips, product line includes voice, multimedia, and MCU chips, Product development market leadership. The main application products include interactive toys, education and learning, driving Recorder, Sports DV, Wireless Charging, Motor control, etc.. In 2020, a new generation of voice IC GPC74C series platform, advanced version GPC22 series and low-power GPL873 series will be launched. In terms of multimedia products, the introduction of 40nm R&D 32-bit SoC, including 3D image processing, H.264, voice processing, and deep learning algorithms, can be used for education and learning, driving records, sports photography, aerial photography and other applications. On the MCU side, developed a 32-bit Cortex-M0 sine wave drive motor control chip. For touch IC, complete high anti-interference and low radiation requirements to meet home appliances and industrial control applications.

Sunplus Innovation Technology focuses on human-machine interface device chips. 2020 is a year of severe challenges. The market has greatly increased demand due to the epidemic, but its production capacity is also severely tight. With its efforts, its annual revenue has increased by 93%. 59% came from PC cameras, mouse keyboards and storage, and 41% came from USB external camera devices, driving pullers, high-speed cameras, new retail and remote controls. In 2021, the field of machine vision intelligent imaging applications will continue, and we look forward to continued growth in 2021.

Jumplux Technology focuses on automotive electronics and high-speed storage. In 2020, affected by the epidemic, it will adjust the organization and product development direction, focusing on the peripheral IC and Serdes IP of the front-mounted car regulations, including MediaHub USB2.0 IC – SPD102, MediaHub USB3.2 Gen2 IC – SPD1023, MIPI APHY IP. The main customers of 2020 are the TIER1 auto brand, a Sino-foreign joint venture between North America and Europe. The SPD10X series has successfully achieved design introduction, and mainland brand automakers have also begun mass production. It is expected to add growth momentum in 2021.

Subsidiaries in China include Shanghai Sunplus, Sunplus prof-tek, Sunmedia, Sunplus-EHUE and Sunplus APP. Mainly to support the company's mainland customers in the company's engineering services and business promotion.

#### **External competition, regulations, and overall economic environment**

Sunplus Technology focuses on the development of automotive chips, audio chips, and intelligent computing chips, continuing its past leadership in the audio-visual market, which is conducive to the competitiveness of automotive audio-visual systems, connected car driving assistance systems, and AIoT Edge Computing.

Generplus Technology will be affected by the new crown pneumonia in 2020, the global economy will fluctuate sharply, and the US-China trade war will cause a substantial adjustment in the supply chain, bringing a completely different development pattern to the world than in the past. Looking forward to 2021, we will continue to invest more R&D resources, accelerate the development of new products, and respond to market changes.

In addition to continuing to develop towards a higher degree of integration, Sunplus Innovation Technology also actively develops intelligent imaging products to increase added value and create the greatest benefits for shareholders and employees.

Under the imbalance between supply and demand in the automotive semiconductor supply chain, Jumplux Technology will continue to work closely with TIER1 and car manufacturers, and actively cooperate with the supply chain to obtain a stable supply of goods.

Looking forward to 2021, although COVID-19 has seen the dawn of a vaccine, the short-term haze is still there. With the Biden administration coming to power, the US-China trade war may be expected to slow down. The market generally expects that the international economy will grow significantly. The company will pay close attention to changes in the international economic environment, adjust the pace of product research and development in a timely manner, and conform to market demand.

**Future company development strategy**

Sunplus Technology includes all of the merged individuals of the Group, will continue to deepen the core competitiveness of various fields, efforts to expand the market, Improve product value and observe market trends, adjust and optimize product lines and investments, Improve industry and industry performance, at the same time actively investing in advanced technology, open up new products and markets, reserve a new wave of growth momentum. Expect to continue to increase profits, return the long-term support of shareholders.

Chairman of the Board:

Manager:

Accountant:



**REPORT BY AUDIT COMMITTEE**

Sunplus' Board has prepared and submitted the 2020 business report, Financial statements and surplus distribution proposals, etc. The CPAs of Deloitte & Touche were retained to audit those financial statements and have submitted the audit report. The above-mentioned business report, financial statement and surplus distribution proposal have been reviewed by this audit committee. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Law, the Committee hereby submits this report.

Please check

Sincerely

**To Sunplus Technology**

Audit Committee Convenor: **Dr. Che-Ho Wei**

March 29, 2021

## SUNPLUS TECHNOLOGY CO. LTD

## Correspondence table for the revision of the operating procedures and conduct guidelines of the integrity management

Before revision	After revision	Reason description
<p>2. Applicable objects ...</p> <p>The company's personnel are presumed to be the behavior of the company's personnel by promising, requesting or accepting any illegitimate benefits from a third party.</p>	<p>2. Applicable objects ...</p> <p>The personnel of the company provided, promised, requested or received any illegitimate benefits by a third party, it is presumed that the personnel of the company did.</p>	<p>Refer to "OO Co., Ltd. Co., Ltd. Integrity Management Operation Procedures and Behavior Guidelines" to refer to Article 2 of the example and revise the provisions of this Article.</p>
<p>3. Dishonest behavior</p> <p>The dishonest behavior in this operating procedure and behavior guide refers to the company's personnel, in order to obtain or maintain benefits, directly or indirectly accept, promise or request any illegitimate benefits, or engage in other violations of integrity, illegality or violations. The act of fiduciary duty.</p>	<p>3. Dishonest behavior</p> <p>The integrity behavior in this operating procedure and behavior guide refers to the company's personnel directly or indirectly providing, accepting, promising or requesting any illegitimate benefits in order to obtain or maintain benefits, or engage in other violations of integrity, illegal or Acts that violate fiduciary obligations.</p>	<p>Refer to Article 3 of the "OO Co., Ltd. Co., Ltd. Co., Ltd. Integrity Management Operating Procedures and Behavior Guidelines" reference example to revise this article.</p>
<p>5. Specialized unit</p> <p>The office of the chairman of the board of directors of the company is designated by the dedicated unit (hereinafter referred to as the dedicated unit of the company) to handle the revision, implementation, interpretation, consulting service and notification content registration and file construction of this operating procedure and behavior guide and other related operations and supervision and implementation, and shall report to the company every year Board report:</p>	<p>5. Specialized units and duties</p> <p>The company designated the chairman's office as a dedicated unit (hereinafter referred to as the dedicated unit of the company), which is subordinate to the board of directors, and allocates sufficient resources and qualified personnel to handle the revision, implementation, interpretation, consulting services and notifications of the operating procedures and behavior guidelines Content registration, file creation and other related operations and supervision of implementation, mainly responsible for the following matters, and should report to the board of directors every year: ...</p>	<p>1. According to the letter No. 1090002299 of Taiwan Certificate Management Word 109.02.13 (1) In accordance with Article 17 of the "Code of Integrity Management of Listed OTC Companies", provide sufficient resources and qualified personnel for the dedicated unit, and amend the provisions of this Article. (2) Refer to Article 5 of the reference example of the "Operating Procedures and Behavior Guidelines for Integrity Management of oo Co., Ltd.", and amend the seventh paragraph.</p>

Before revision	After revision	Reason description
	7. Prepare and properly save the relevant documented information such as the integrity management policy and its compliance statement, implementation of the commitment and implementation status.	
<p>6. Prohibition of receiving illegitimate benefits. <del>The company absolutely prohibits the company's personnel from directly or indirectly requesting any gift, preferential or special treatment from suppliers, distributors or customers who have business dealings with the company or seeks to do business with the company, including official business or custom irrelevant special and extravagant meals or other forms of entertainment. The company personnel shall not accept any gifts or discounts from suppliers, distributors or customers. However, as required by local customs and courtesy, the value of which does not exceed NT\$3,000, or the company's ordering souvenirs or promotional gifts with the company's logo are not prohibited, but donations from the same object in the same year are not prohibited. The total market value is capped at NT\$30,000. Other items or cash should explain the company's regulations, be politely declined, and should be handled in accordance with the seventh point of this operating procedure and behavior guide. Without prior written report to the business group supervisor, the company's personnel during the company's celebration and social activities (except for the gift of the Welfare Committee), shall not accept the relevant</del></p>	<p>6. It is forbidden to provide or receive improper benefits. When the company's personnel directly or indirectly provide, promise, request or accept the benefits specified in Article 4, except for the following conditions, they shall comply with the "Code of Integrity Management of Listed OTC Companies" and this operating procedure and behavior guide. , And after handling in accordance with the relevant procedures, you can only do:</p> <ol style="list-style-type: none"> <li>1. Based on business needs, when visiting, receiving foreign guests, promoting business and communication and coordination at home (outside), according to local politeness, customs or customs.</li> <li>2. Participate in or invite others to organize normal social activities based on normal social etiquette, commercial purposes or promoting relationships.</li> <li>3. Customers are invited or invited to participate in specific business activities, factory visits, etc. due to business needs, and the cost-bearing method, number of participants, accommodation level and period of the pre-opening activities have been specified.</li> <li>4. Participate in folk festivals held in public and inviting</li> </ol>	<p>Refer to Article 6 of the "OO Co., Ltd. Co., Ltd. Co., Ltd. Co., Ltd. Integrity Management Operating Procedures and Behavior Guidelines" reference example to revise the prohibition on the provision or acceptance of improper benefits.</p>

Before revision	After revision	Reason description
<p><del>manufacturer's prizes or gifts. The personnel of the company are strictly prohibited from accepting any entertainment provided by suppliers, distributors, and customers during the journey, except when they are traveling for business and approved by the company. The company's personnel are not allowed to borrow money from suppliers, distributors, and customers related to the company's business, or any other paid or free lease or use of loans.</del></p>	<p>the general public to participate. 5. Rewards, assistance, condolences or condolences from the supervisor. 6. Others complying with company regulations.</p>	
	<p>8. Prohibition of Facilitation Payments and Processing Procedures The company shall not provide or promise any facilitating payment. If the personnel of the company provide or promise facilitating payments due to threats or intimidation, they should report the process to their direct supervisor and notify the company's dedicated unit. After receiving the notice in the preceding paragraph, the company's dedicated unit shall deal with it immediately and review the relevant situation to reduce the risk of recurrence. If any wrongdoing is found, the judicial unit should be notified immediately.</p>	<p>Refer to Article 8 of the reference example of the "OOO Co., Ltd. Co., Ltd. Integrity Management Operation Procedures and Behavior Guidelines" to update the prohibition of facilitation fees and handling procedures.</p>
	<p>9. Procedures for processing political donations The company's political contributions should be handled in accordance with the following regulations, and only after the approval of the job authorization method, the company's dedicated unit should be notified: 1. It should be confirmed that it complies with the relevant laws and regulations of the country where the recipient</p>	<p>According to the actual operation of the company, and with reference to the "OO Co., Ltd. Co., Ltd. Integrity Operation Procedures and Behavior Guide" reference sample Article 9 to update the processing procedures for political contributions.</p>

Before revision	After revision	Reason description
	<p>of the political donation is located, including the upper limit and form of the provision of political donations.</p> <p>2. Decisions should be recorded in writing.</p> <p>3. Political contributions should be recorded in the accounts in accordance with laws and related accounting procedures.</p> <p>4. When providing political contributions, you should avoid engaging in business dealings with relevant government units, applying for permits, or handling other matters involving the company's interests.</p>	
	<p>10. Handling procedures for charitable donations or sponsorships The charitable donation or support provided by the company shall be handled in accordance with the following matters, and only after verification in accordance with the job authorization method, the company's dedicated unit shall be notified:</p> <p>1. It shall comply with the laws and regulations of the place of operation.</p> <p>2. Decisions should be recorded in writing.</p> <p>3. The target of charitable donations should be charitable organizations, and bribery in disguised form is not allowed.</p> <p>4. The rewards that can be obtained due to sponsorship are clear and reasonable, and should not be the objects of the company's business dealings or people who have interests in the company's personnel.</p> <p>5. After charitable donation or sponsorship, it should be confirmed that the purpose of</p>	<p>According to the actual operation of the company, refer to Article 10 of the reference example of "OO Co., Ltd. Integrity Operation Procedures and Behavior Guidelines" to update the handling procedures for charitable donations or sponsorships.</p>

Before revision	After revision	Reason description
	the money flow is consistent with the purpose of the donation.	
<p><del>8.</del>Avoidance of interests The directors, managers and other interested parties of the company who are present or present at the board of directors who have an interest in the proposals listed on the board of directors and their own or the legal person they represent shall explain the important content of their interest in the current board of directors, if it is harmful When the company's interests are in doubt, it is not allowed to participate in discussion and voting, and shall be avoided during discussion and voting, and may not act for other directors to exercise their voting rights. Directors should also be self-disciplined and have to support each other. ...</p>	<p>11. Avoidance of interests Directors, managers, and other interested parties attending or attending the board of directors of the company who have an interest in matters of the board of directors, themselves or the legal person they represent, shall explain the important content of their interest in the current board of directors, if it is harmful to the company When there is a risk of interest, they shall not participate in discussion and voting, and shall be evaded during discussion and voting, and shall not act for other directors to exercise their voting rights. Directors should also be self-disciplined and have to support each other. A director's spouse, second relative, or other blood relatives, or a company that has a controlling affiliation with the director, who has an interest in the matters in the preceding paragraph shall be deemed as the directors have their own interest in the matter.</p>	<p>1. Article changes. 2. Since the eighth article, the articles have been changed. (If only the articles are revised but the content has not been revised, they are not included in the comparison table.) 3. According to the letter No. 1090002299 of Taiwan Certificate Management on 109.02.13 (1) Cooperate with Article 16 Clause 1 of the Procedures for Meetings of Directors of Public Offering Companies, and revise clause 1 of this article as appropriate. (2) In line with the third paragraph of Article 206 of the Company Law, the second paragraph of this article is added to specify that the spouse, second relative, or other blood relatives of the directors, or companies with controlling affiliation with the directors, have an interest in matters related to board meetings If the directors are deemed to have their own interests in the matter.</p>
	<p>14. Prevent products or services from harming interested parties The company should collect and understand the relevant laws and regulations and international standards that the products and services provided, and summarize the matters that should be paid attention to and announce them, so as to encourage the company's personnel to develop, purchase, manufacture, and provide products and services. Or the</p>	<p>Refer to Article 14 of the reference example of the "OOO Co., Ltd. Co., Ltd. Integrity Operation Procedures and Behavior Guidelines" to add relevant processing procedures for preventing product or service damage to stakeholders.</p>

Before revision	After revision	Reason description
	<p>sales process to ensure information transparency and security of products and services. The company formulates and publishes on the company's website a policy to protect the rights and interests of consumers or other interested parties to prevent products or services from directly or indirectly harming the rights, health and safety of consumers or other interested parties.</p> <p>When media reports or facts are sufficient to confirm that the company's products or services may endanger the safety and health of consumers or other interested parties, in principle, the batch of products should be recalled or the service should be stopped immediately, and the facts should be investigated and raised. Review the improvement plan. The company's dedicated unit shall report the previous situation, its handling method and subsequent review and improvement measures to the board of directors.</p>	
<p><del>13</del>–Declare the policy of honest management to the outside world ...</p>	<p>17. Follow and declare the integrity management policy ...</p>	<p>1. Article changes. 2. Revise the title of this article by referring to Article 16 of the reference sample of "OOO Co., Ltd.'s Integrity Operation Procedures and Behavior Guidelines".</p>
	<p>21. The contract expressly stipulates integrity management When the company signs a contract with others, it is necessary to fully understand the other party's integrity management status and incorporate compliance with the company's integrity management policy into the contract terms. The following items may be stipulated in the</p>	<p>According to the actual operation of the company, refer to Article 20 of the "OO Co., Ltd. Co., Ltd. Integrity Operation Procedures and Behavior Guide" reference example, and amend the provisions of this Article.</p>

Before revision	After revision	Reason description
	<p>contract:</p> <p>1. When any party knows that a person has violated the contract clauses prohibiting the receipt of commissions, rebates or other illegitimate benefits, it shall immediately follow the facts about the identity of such persons, the method provided, promise, request or receipt, amount or other illegitimate benefits Inform the other party, provide relevant evidence and cooperate with the other party's investigation. If one party suffers damage as a result, it may request damages from the other party, and the amount shall be deducted from the contract price payable.</p> <p>2. If any party is involved in dishonest conduct in business activities, the other party may unconditionally terminate or rescind the contract at any time.</p> <p>3. Set clear and reasonable payment content, including payment methods, relevant tax laws and regulations that need to be complied with, etc.</p>	
<p><del>17</del>-Handling of company personnel involved in dishonest conduct</p>	<p>22. Handling of company personnel involved in dishonest acts The company has set up measures for handling cases of reporting illegal and unethical or dishonest conduct, which covers the following matters:</p> <p>1. Report the pipeline.</p> <p>2. Designate a person or unit responsible for reporting and accepting reports, and formulate the types of reporting items and the standard operating procedures for investigations to which they belong.</p> <p>3. Records and preservation of report case acceptance,</p>	<p>1. Article changes.</p> <p>2. The company has established a "reporting system" to report illegal, unethical or dishonest behavior, and amend the provisions of this article.</p>



Before revision	After revision	Reason description
	<p>investigation process, investigation results and production of related documents.</p> <p>4. Confidentiality of the identity of the informant and the content of the report.</p> <p>5. Measures to protect the informant from being improperly handled due to the report.</p> <p>6. Incentive measures for whistleblowers.</p>	
<p>19. Establish rewards and punishments, appeal systems and disciplinary actions ...</p>	<p>24. Internal promotion, establishment of rewards and punishments, appeal systems and disciplinary actions The company's dedicated unit shall organize regular internal promotion every year, and arrange for the chairman, general manager or senior management to convey the importance of integrity to directors, employees and appointed persons.</p>	<p>1. Article changes.</p> <p>2. Refer to Article 23 of the reference example of "OOO Co., Ltd. Integrity Operation Procedures and Behavior Guidelines", revise the title of this article and update the regulations for internal promotion.</p>
<p>23. This operating procedure and behavior guide was formulated on April 10, 2013, and was revised for the first time on March 25, 2015, and on November 14, 2016. The second revision, the third revision on November 13, 2019.</p>	<p>28. This operating procedure and behavior guide was formulated on April 10th, 2013, and was revised for the first time on March 25th, 2015, and was revised for the first time on November 14th, 2016. The second revision, the third revision on November 13, 2019, and the fourth revision on December 29, 2020.</p>	<p>1. Article changes.</p> <p>2. Increase the revision date.</p>

## ACCOUNTANT AUDIT REPORT

Sunplus Technology Co., LTd public view:

### Check opinion

Sunplus Technology Co., Ltd. in the Republic of 2020 and December 31, 2019 individual balance sheet, And the Republic of 2020 and individual income statement for the period from 1 January to 31 December of 2019 、 Changes in Individual Interests 、 Individual cash flow statement 、 and the notes to the individual financial statements (Including summary of major accounting policies), the auditor has passed the audit.

Opinion by the accountant, The issuance of individual financial statements is made in all material respects in accordance with the preparation of the financial statements of securities issuers, sufficient to allow the expression of Sunplus Technology Co., Ltd. 2020 and December 31, 2019 of the individual financial status, and individual financial performance and individual cash flows from of 2020 and January 1 to December 31, 2019.

### Check the basis of opinion

The accountant shall carry out the verification work in accordance with the rules of the auditor's examination of the financial statements of the visas and the generally accepted auditing standards, The liability of the accountant under these criteria will be further explained in the account of the auditor's audit of the individual financial statements.

The personnel of the accountant subject to the independence of the accountant has been in accordance with the accounting profession ethics, with Sunplus Technology Co., Ltd. to maintain a transcendent independence, and perform other duties of the specification. The accountant believes that sufficient and appropriate evidence has been obtained, as the basis for the opinion of the audit.

### Key check items

The key check item is the professional judgment of the accountant, Sunplus technology company limited by 2020 of individual financial statements to check the most important matters. These matters are subject to the review of the overall financial statements and the formation of audit opinions, The accountant does not express his opinion separately on such matters.

The key check-ups of the individual financial statements of the year 2020 for Sunplus Technology Co., Ltd. are as follows:

#### Authenticity of specific customer income

Sunplus technology company limited sales of integrated circuit chips is significant, Accounting for 94% of total revenue.

In view of the decline in operating income in the year of 2020, the sales revenue of some of the customers has increased significantly. Therefore, the accountants listed the above-mentioned income as a key check, Relevant accounting policies and information for revenue recognition, please note Note 4 and Note 21.

1. The accountant confirms and evaluates whether the relevant internal control operations during the sales transaction are valid by understanding the relevant internal control system and operating procedures related to the sales transaction cycle.
2. The accountant selects samples from the sales details, examines the customer's original orders, sales electronic orders, shipping orders, logistics receipt documents or export orders, and sales invoices and checks whether the sales target and the recipient of the collection have abnormal circumstances. Confirm the authenticity of income.

#### Management and management units on the individual financial statements of the responsibility

The responsibility of the management department is prepared in accordance with the issuance of financial statements issued by the issuer of the financial statements of the individual financial statements, and to maintain the necessary internal controls related to the preparation of individual financial statements, to ensure that the individual financial statements do not have significant false statements that are attributable to fraud or error.

In the preparation of individual financial statements, the responsibility of the management team also includes the ability to assess the continued operation of Sunplus Technology Co., Ltd., relevant matters, as well as the continued use of accounting basis, unless the management intends to liquidate the Sunplus Technology Co., Ltd. or to stop business, or other programs that are not practicable except for liquidation or suspension.

The governance unit of the Sunplus Technology Co., Ltd. (including the Audit Committee) has the responsibility to supervise the financial reporting process.

#### The responsibility of the accountant to check the individual financial statements

The purpose of the auditor's examination of the consolidated financial statements is to determine whether the consolidated financial statements are reasonable assurance about fraud or incorrect misrepresentation, and to issue a verification report. Reasonable assurance is highly assurance. However it is not guarantee that a significant incorrect misrepresentation of the individual financial statements will be detected by the Regulations Governing Auditing standards. Misrepresentation may lead due to fraud or error. If the individual amount or the aggregate of misrepresentation is reasonably expected to affect the economic decisions made by the users of the individual financial statements, it is considered significant.

When the accountant checks in accordance with the Regulations Governing Auditing standards, it will use professional judgment and maintain professional suspicion. The accountant also performs the following tasks:

1. Identify and evaluate the individual financial statements due to the risk of fraud or incorrect misrepresentation; design and implement appropriate strategy to the risks assessed; and obtain adequate and appropriate audit evidence as the basis for the audit opinion. Fraud may involve conspiracy, falsification, intentional omission, false declaration or transcend internal control, therefore, the risk of incorrect misrepresentation due to fraud is higher than that caused by the incorrectness.

2. Based on the necessary understanding of the internal control of the audit we design the appropriate inspection procedures at the time while the purpose is not to express any opinion of the effectiveness on the internal control of Sunplus Technology Co., Ltd.
3. Assess the appropriateness of the accounting policies adopted by the management, and the rationality of the accounting estimates and related disclosures.
4. Make conclusions based on the evidence obtained, the appropriateness of the continuing management of the accounting foundation adopted by the management, and the ability of continuing operating Sunplus Technology Co., Ltd. may have significant concerns about the event or the situation that is a significant uncertainty. If the accountant considers that there are significant uncertainties in such events or circumstances, we must remind the related disclosure of the individual financial statements by the user in the audit report, or we have to correct the audit opinion at the inappropriate disclosure. The conclusion is based on the audit evidence obtained at the date of the audit reports, while future events or circumstances may lead Sunplus Technology Co., Ltd. to no longer have the ability to continue to operate.
5. Assess the overall expression, structure and content of the individual's financial statements (including the relevant notes), and whether the individual financial statements express properly relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information from the individual members of Sunplus Technology Co., Ltd. to express the opinions on the individual financial statements. The accountant is responsible for the audit case of the guidance, supervision and implementation, and is responsible for forming the audit opinion of Sunplus Technology Co., Ltd.

The matter communicated by the accountant and the management unit includes the planned scope and time, and the significant audit phenomenon (including significant loss of internal control identified in the audit process).

The accountant also provides to the management unit that the person of the office subject to independence of the accountant has followed the statement of independence in the accountant's professional ethics, and communicated with the management unit of all relationships that may be considered to affect the independence of the accountant and other matter. (including relevant protective measures).

The accountant decided to check the critical audit items from Sunplus Technology Co., Ltd. 2020 Annual Individual Financial Statements by the communication matters with the management unit. The accountant shall state such matters in the audit report unless the particular matter is prohibited disclosure, or in rare cases, the accountant decides not to communicate the particular matter in the audit report due to the reasonable expectation of the negative impact is greater than the increased public interests.

Deloitte & Touche

Accountant Zheng Zhi Lin

Financial Supervision and Management

Commission approval number

Gold and six cards of the word No.

0930160267

Accountant Mei Zhen Cai

Financial Supervision and Management

Commission approval number

Financial Management Committee No.

1010028123

March 29, 2021

## SUNPLUS TECHNOLOGY COMPANY LIMITED

### BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 774,025	8	\$ 321,084	4
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	203,922	2	515,989	6
Accounts receivable, net (Notes 4, 5, 9, 21 and 29)	172,035	2	141,845	2
Other receivables (Notes 4 and 29)	13,537	-	7,209	-
Inventories (Notes 4 and 10)	300,730	3	273,764	3
Other financial assets - current (Notes 15 and 25)	44,201	1	-	-
Other current assets (Note 15)	46,827	1	32,425	-
Total current assets	<u>1,555,277</u>	<u>17</u>	<u>1,292,316</u>	<u>15</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at FVTPL - non-current (Notes 4 and 7)	325,870	3	413,723	5
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	-	-	2,586	-
Investments accounted for using the equity method (Notes 4, 11 and 29)	6,305,683	68	6,049,939	69
Property, plant and equipment (Notes 4, 12 and 30)	700,554	7	688,706	8
Right-of-use assets (Notes 4 and 13)	173,774	2	179,559	2
Intangible assets (Notes 4 and 14)	243,470	3	86,258	1
Deferred tax assets (Notes 4 and 23)	2,485	-	2,485	-
Net defined benefit assets - non-current (Notes 4 and 19)	4,440	-	1,163	-
Other financial assets - non-current (Notes 15 and 30)	6,100	-	6,100	-
Other non-current assets (Note 15)	7,946	-	7,936	-
Total non-current assets	<u>7,770,322</u>	<u>83</u>	<u>7,438,455</u>	<u>85</u>
<b>TOTAL</b>	<u>\$ 9,325,599</u>	<u>100</u>	<u>\$ 8,730,771</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ 28,480	-	\$ 53,964	-
Contract liabilities - current (Note 21)	5,589	-	3,373	-
Account payable (Notes 17 and 29)	104,991	1	62,566	1
Lease liabilities - current (Notes 3, 4 and 13)	4,105	-	4,007	-
Current portion of long-term borrowings (Note 16)	25,000	-	-	-
Deferred revenue - current (Note 18)	44,201	1	-	-
Other current liabilities (Note 18)	259,397	3	189,019	2
Total current liabilities	<u>471,763</u>	<u>5</u>	<u>312,929</u>	<u>3</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 16)	205,000	2	-	-
Lease liabilities - non-current (Notes 3, 4 and 13)	173,319	2	177,424	2
Guarantee deposits	55,282	1	58,687	1
Other liabilities (Notes 11 and 18)	6,472	-	3,198	-
Total non-current liabilities	<u>440,073</u>	<u>5</u>	<u>239,309</u>	<u>3</u>
Total liabilities	<u>911,836</u>	<u>10</u>	<u>552,238</u>	<u>6</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital (Notes 4 and 20)				
Ordinary shares	5,919,949	64	5,919,949	68
Capital surplus	500,820	5	594,432	7
Retained earnings				
Legal reserve	1,712,390	18	1,942,388	22
Special reserve	276,189	3	308,452	4
Unappropriated earnings (accumulated deficits)	328,894	4	(262,261)	(3)
Total retained earnings	2,317,473	25	1,988,579	23
Other equity	(261,078)	(3)	(261,026)	(3)
Treasury shares	(63,401)	(1)	(63,401)	(1)
Total equity	<u>8,413,763</u>	<u>90</u>	<u>8,178,533</u>	<u>94</u>
<b>TOTAL</b>	<u>\$ 9,325,599</u>	<u>100</u>	<u>\$ 8,730,771</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

## SUNPLUS TECHNOLOGY COMPANY LIMITED

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 21 and 29)	\$ 1,168,660	100	\$ 1,235,269	100
OPERATING COSTS (Notes 10, 22 and 29)	<u>686,069</u>	<u>59</u>	<u>735,366</u>	<u>60</u>
GROSS PROFIT	<u>482,591</u>	<u>41</u>	<u>499,903</u>	<u>40</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing	53,428	4	46,290	4
General and administrative	173,458	15	179,275	14
Research and development	<u>608,122</u>	<u>52</u>	<u>543,782</u>	<u>44</u>
Total operating expenses	<u>835,008</u>	<u>71</u>	<u>769,347</u>	<u>62</u>
LOSS FROM OPERATIONS	<u>(352,417)</u>	<u>(30)</u>	<u>(269,444)</u>	<u>(22)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 22, 25 and 29)				
Interest income	691	-	2,490	-
Other income	60,147	5	59,443	5
Other gains and losses	3,356	-	48,381	4
Finance costs	(6,352)	-	(6,781)	-
Share of profit of associates	<u>618,480</u>	<u>53</u>	<u>186,007</u>	<u>15</u>
Total non-operating income and expenses	<u>676,322</u>	<u>58</u>	<u>289,540</u>	<u>24</u>
PROFIT BEFORE INCOME TAX	323,905	28	20,096	2
INCOME TAX EXPENSE (Notes 4 and 23)	<u>502</u>	<u>-</u>	<u>4,787</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>323,403</u>	<u>28</u>	<u>15,309</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 19):				
Remeasurement of defined benefit obligation	3,582	-	4,309	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI	42	-	(1,203)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	9,129	1	(15,559)	(1)

(Continued)

## SUNPLUS TECHNOLOGY COMPANY LIMITED

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss (Notes 4 and 20):				
Exchange differences arising on translation of foreign operations	\$ (29,597)	(3)	\$ (13,842)	(1)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>20,354</u>	<u>2</u>	<u>(66,063)</u>	<u>(5)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>3,510</u>	<u>-</u>	<u>(92,358)</u>	<u>(7)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 326,913</u>	<u>28</u>	<u>\$ (77,049)</u>	<u>(6)</u>
EARNINGS PER SHARE (Note 24)				
Basic earnings per share	<u>0.55</u>		<u>0.03</u>	
Diluted earnings per share	<u>0.55</u>		<u>0.03</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)



SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Share Capital Issued and Outstanding		Retained Earnings				Other Equity			Total Equity
			Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficits not yet Compensated)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Losses from Investments in Equity Instruments Measured at FVTOCI	Treasury Shares	
	Share (Thousands)	Amount								
BALANCE AT JANUARY 1, 2019	591,995	\$ 5,919,949	\$ 801,398	\$ 1,941,826	\$ 67,279	\$ 241,734	\$ (138,875)	\$ (303,968)	\$ (63,401)	\$ 8,465,942
Appropriation of the 2018 earnings										
Legal reserve	-	-	-	562	-	(562)	-	-	-	-
Special reserve	-	-	-	-	241,173	(241,173)	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	4,709	-	-	-	-	-	-	4,709
Issuance of cash dividends from capital surplus	-	-	(213,118)	-	-	-	-	-	-	(213,118)
Difference between consideration and carrying amount of the subsidiaries during actual disposal or acquisition	-	-	162	-	-	-	-	-	-	162
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(3,394)	-	-	-	(3,394)
Net profit for the year ended December 31, 2019	-	-	-	-	-	15,309	-	-	-	15,309
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	5,339	(79,905)	(17,792)	-	(92,358)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	20,648	(79,905)	(17,792)	-	(77,049)
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	1,281	-	-	-	-	-	-	1,281
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(279,514)	-	279,514	-	-
BALANCE AT DECEMBER 31, 2019	591,995	5,919,949	594,432	1,942,388	308,452	(262,261)	(218,780)	(42,246)	(63,401)	8,178,533
Appropriation of the 2019 earnings										
Legal reserve used to cover accumulated deficits	-	-	-	(229,998)	-	229,998	-	-	-	-
Special reserve	-	-	-	-	(32,263)	32,263	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	15,786	-	-	-	-	-	-	15,786
Issuance of cash dividends from capital surplus	-	-	(177,598)	-	-	-	-	-	-	(177,598)

Difference between consideration and carrying amount of the subsidiaries during actual disposal or acquisition	-	-	67,132	-	-	-	-	2,112	-	69,244
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(183)	-	-	-	(183)
Net profit for the year ended December 31, 2020	-	-	-	-	-	323,403	-	-	-	323,403
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	6,846	(9,243)	5,907	-	3,510
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	330,249	(9,243)	5,907	-	326,913
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	1,068	-	-	-	-	-	-	1,068
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(1,172)	-	1,172	-	-
<b>BALANCE AT DECEMBER 31, 2020</b>	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 500,820</u>	<u>\$ 1,712,390</u>	<u>\$ 276,189</u>	<u>\$ 328,894</u>	<u>\$ (228,023)</u>	<u>\$ (33,055)</u>	<u>\$ (63,401)</u>	<u>\$ 8,413,763</u>

The accompanying notes are an integral part of the financial statements.

## SUNPLUS TECHNOLOGY COMPANY LIMITED

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 323,905	\$ 20,096
Adjustments for:		
Depreciation expenses	88,621	86,185
Amortization expenses	51,838	42,652
Net loss (gain) on the fair value change of financial assets at FVTPL	17,474	(17,428)
Financial costs	6,352	6,781
Interest income	(691)	(2,490)
Dividend income	(6,243)	(3,702)
Share of profit of associates	(618,480)	(186,007)
Unrealized (realized) gain on the transactions with subsidiaries	2,410	(131)
Net loss (gain) on foreign currency exchange	(1,392)	1,062
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	(31,540)	27,310
Decrease (increase) in other receivables	(6,199)	6,870
Increase in inventories	(26,966)	(16,857)
Increase in other current assets	(5,473)	(7,347)
Increase in net defined benefit assets	(3,277)	(1,163)
Increase in contract liabilities	2,216	826
Increase (decrease) in trade payables	42,668	(44,951)
Increase in other current liabilities	56,699	6,979
Increase (decrease) in net defined benefit liability	3,582	(966)
Cash used in operations	(104,496)	(82,281)
Interest received	583	2,633
Dividends received	209,690	206,037
Interest paid	(6,279)	(6,862)
Income tax paid	(502)	(4,787)
Net cash generated from operating activities	<u>98,996</u>	<u>114,740</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from financial assets at FVTOCI	2,628	548
Purchase of financial assets at FVTPL	(30,000)	(293,720)
Proceeds from the sale of financial assets at FVTPL	412,446	309,084
Acquisition of associates	(18,292)	(177,633)
Capital reduction of investee using the equity method	170,000	-
Acquisition of property, plant and equipment	(90,407)	(83,624)
Payments for intangible assets	(214,835)	(45,662)
(Increase) decrease in refundable deposits	(10)	64
Net cash generated from (used in) investing activities	<u>231,530</u>	<u>(290,943)</u>

(Continued)

## SUNPLUS TECHNOLOGY COMPANY LIMITED

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ -	\$ 54,658
Repayments of short-term borrowings	(25,584)	-
Proceeds from long-term borrowings	230,000	-
Repayments of long-term borrowings	-	(115,000)
Proceeds from guarantee deposits received	1,685	1,406
Refund of guarantee deposits received	(2,349)	(5,483)
Repayment of the principal portion of lease liabilities	(4,007)	(3,913)
Dividends paid to owners of the Company	(177,598)	(213,118)
Partial disposal of interests in subsidiaries without a loss of control	<u>101,014</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>123,161</u>	<u>(281,450)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(746)</u>	<u>(1,818)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	452,941	(459,471)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>321,084</u>	<u>780,555</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 774,025</u>	<u>\$ 321,084</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

**ACCOUNTANT AUDIT REPORT**

Sunplus Technology Co., Ltd public view:

**Check opinion**

Sunplus Technology Co., Ltd. and its subsidiaries in 2020 and December 31, 2019 consolidated balance sheet, consolidated income statement for 2020 and the period from January 1 to December 31, 2019, consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement, As well as notes to the consolidated financial statements (including summary of significant accounting policies), the auditor has passed the audit.

In accordance with the opinion of the accountants, the opening of the consolidated financial statements shall be based on the guidelines for the preparation of the financial report of the securities issuer and the international financial reporting standards, international accounting standards, interpretations and explanatory notices approved and issued by the Financial Supervision Regulatory Commission. Enough to be able to express the combined financial position of Sunplus Technology Co., Ltd. and its subsidiaries for 2020 and December 31, 2019, and the combined financial performance and merger cash flow of 2020 and January 1 to December 31, 2019.

**Check the basis of opinion**

The accountant shall carry out the verification work in accordance with the rules of the auditor's examination of the financial statements of the visas and the generally accepted auditing standards. The liability of the accountant under these criteria will be further explained in the statements of the auditor's audit of the consolidated financial statements. The personnel subject to the independence of the accountant keep their detached independence with Sunplus Technology Co., Ltd. and its subsidiaries in accordance with the accountant's professional ethics and perform other duties of the specification. It is believed that the accountant has already obtain sufficient and appropriate audit evidence as the basis for the opinion of the audit.

**Key check items**

Critical audit items refer to the most important matters concerning the verification of the consolidated financial statements of the year 2020 by Sunplus Technology Co., Ltd. and its subsidiaries in accordance with the professional judgment of the accountant. These matters have been mentioned in the process of auditing the consolidated financial statements as a whole and forming an audit opinion. The accountant does not give their opinion separately on such matters.

The critical audit items of the consolidated financial statements for the year 2020 for Sunplus Technology Co., Ltd. and its subsidiaries are as follows:

## Income Recognition

The sales amount of IC chips from Sunplus Technology Co., Ltd. and its subsidiaries is significant, accounting for 95% of the total revenue. Among them, certain customers with significant sales growth this year and significant transaction amounts have a higher risk of the authenticity of sales revenue. The accountant has listed the aforementioned income recognition as a key review item. For the relevant accounting policies and information on income recognition, please refer to Notes 4 and 23 for details.

1. The accountant confirms and evaluates whether the relevant internal control operations during the sales transaction are valid by understanding the relevant internal control system and operating procedures related to the sales transaction cycle.
2. The accountant selects samples from the sales details, examines the customer's original orders, sales electronic orders, shipping orders, logistics receipt documents or export orders, and sales invoices and checks whether the sales target and the recipient of the collection have abnormal circumstances. Confirm the authenticity of income.

## Other Items

We have also audited the financial statements of the parent company, Sunplus Technology Corporation, as of and for the years ended December 31, 2020 and 2019, on which we have issued an unqualified report.

## The responsibility of Management level and Governance unit to the consolidated financial statements

The management responsibilities are in accordance with the guidelines for the preparation of the securities issuer's financial report and the international financial reporting standards, international accounting standards, interpretations and interpretations of the effective financial statements approved and issued by the Financial Regulatory Commission, and the consolidated financial statements maintained and consolidated. Reporting preparation of necessary internal controls to ensure that the consolidated financial statements are free from material misstatements due to fraud or errors.

In the preparation of the consolidated financial statements, the responsibilities of the Company's management also includes the ability to assess the continued operation of Sunplus Technology Co., Ltd. and its subsidiaries, the disclosure of relevant matters and the adoption of the continuing accounting basis. Unless the management intends to liquidate Sunplus Technology Co., Ltd. and its subsidiaries or cease to operate, or other programs that are not practicable except for liquidation or suspension.

The governance unit of Sunplus Technology Co., Ltd. and its subsidiaries (including the Audit Committee) has the responsibility to supervise the financial reporting process.

## The Consolidated Financial Statement Audited By Certified Public Accountant

The purpose of the consolidated financial statement audited by the Certified Public Accountant is to check if there is any material falsity arising from corrupt practices, maladministration, or mistakes, and then acquire reasonable assurance and submit the Audit Report. Reasonable assurance means high assurance. However, the Auditing tasks in accordance with the Generally Accepted Auditing Standards can't guarantee able to certainly detect material falsities described in the consolidated financial statement. The falsity may be caused by corrupt practices, maladministration, or mistakes. If such falsity on particular amount or aggregate amount, reasonably expected, will influence the economic decision made by the user as per the consolidated financial statement, it shall be deemed materiality.

While the Certified Public Accountant performs auditing in accordance with Generally Accepted Auditing Standards, use professional judgment and maintain professional suspicion. The Certified Public Accountant performs the following tasks as well:

1. Recognize and evaluate the risk of material falsities arising from corrupt practices, maladministration, or mistakes in the consolidated financial statement. Design and execute appropriate corresponding solutions for the evaluated risk, and acquire sufficient and suitable auditing evidences as a basis of auditing opinions given. Because corrupt practices or maladministration may be involved in conspiracy, counterfeit, intentionally omission, unreal statement, or out of internal controls, the undetectable risk of corrupt practices or maladministration is higher than that of mistakes.
2. Have necessary understanding of internal controls in relation to Auditing to design a suitable auditing process based on the situation at that time; however, the purpose is nothing to do with expressing opinions for the effectiveness of Sunplus and its subsidiaries' internal controls.
3. Evaluate the adequateness of the Accounting Policy adopted by the management hierarchy and the reasonability of Accounting Calculations and related disclosure.
4. Make a conclusion for the adequateness of continuous business accounting basis adopted by the management hierarchy and the possibility of any material uncertainty with regard to the ability of Sunplus and its subsidiaries' continuous business operation that may be effected by events or conditions of material doubts. If the Certified Public Accountant considers such events or conditions existing in material uncertainties, in his or her Audit Report, he or she must remind the user of consolidated finance statement that the user has to keep an eye on the related disclosure of the consolidated finance statement, or makes amendment on auditing opinions given if such disclosure is unsuitable. The conclusion by the Certified Public Accountant is based on the acquired auditing evidences at the end of the audit report date. However, Sun plus and its subsidiaries may lose the ability of the continuous business operation due to future events or conditions.
5. Evaluate the entire expression, structure, and content of consolidated finance statement and related annotations. And evaluate whether the related transactions and events are applicably described in the consolidated finance statement.
6. Acquire sufficient and suitable auditing evidences from the finance

Information of the entities of Sunplus and its subsidiaries. And Comment on the consolidated finance statement. The Certified Public Accountant takes charge of conducting, monitoring, and executing the Audit Case of Sunplus and its subsidiaries, and gives auditing opinions to Sunplus and its subsidiaries.

The communication items between the Certified Public Accountant and the governance unit include the plan of audit scope, audit time, and material audit findings inclusive of the significant deficiency of internal controls recognized during the Auditing Process.

The Certified Public Accountant also provides the governance unit with a statement of independence that he or she affiliating with an Accounting Firm is subject to the regulation of independence and complies with the independence in accordance with the CPA code of professional ethics. Besides, the Certified Public Accountant shall communicate with the governance unit concerning all items that may probably influence the relationship of CPA's independence and other items, including the associated measures of prevention and protection.

The Certified Public Accountant determines the key auditing items to the auditing of Sunplus and its subsidiaries' consolidated financial statement for the Year 2020 from the communication items with the governance unit. The Certified Public Accountant will describe such items in the Audit Report unless specific items are not allowed to be disclosed publicly by laws or the Certified Public Accountant decides not to communicate specific items which negative impact is much more than public interest expected reasonably in the Audit Report in a rare situation.

Deloitte & Touche

Accountant Zheng Zhi Lin

Accountant Mei Zhen Cai

Financial Supervision and Management  
Commission approval number  
Gold and six cards of the word No.  
0930160267

Financial Supervision and Management  
Commission approval number  
Financial Management Committee No.  
1010028123

March 29, 2021

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,400,482	27	\$ 3,020,628	26
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	901,857	7	1,090,679	10
Notes receivable and accounts receivable, net (Notes 4, 5, 9, 23 and 34)	1,204,798	10	832,633	7
Other receivables (Notes 4 and 34)	57,982	-	28,159	-
Inventories (Notes 4 and 10)	861,050	7	759,211	7
Other financial assets - current (Notes 17 and 35)	240,334	2	119,920	1
Other current assets (Notes 17 and 34)	<u>111,438</u>	<u>1</u>	<u>88,917</u>	<u>1</u>
Total current assets	<u>6,777,941</u>	<u>54</u>	<u>5,940,147</u>	<u>52</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,064,261	8	1,027,445	9
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	192,528	1	189,387	2
Investments accounted for using the equity method (Notes 4 and 12)	719,696	6	695,028	6
Property, plant and equipment (Notes 4, 13 and 35)	1,971,252	16	1,968,803	17
Right-of-use assets (Notes 4 and 14)	229,277	2	241,914	2
Investment properties (Notes 4 and 15)	1,015,544	8	1,066,797	9
Intangible assets (Notes 4 and 16)	328,591	3	176,233	2
Deferred tax assets (Notes 4 and 25)	33,037	-	28,754	-
Net defined benefit assets - non-current (Notes 4 and 21)	4,440	-	1,163	-
Other financial assets - non-current (Notes 17 and 35)	272,167	2	140,049	1
Other non-current assets (Note 17)	<u>11,855</u>	<u>-</u>	<u>14,047</u>	<u>-</u>
Total non-current assets	<u>5,842,648</u>	<u>46</u>	<u>5,549,620</u>	<u>48</u>
<b>TOTAL</b>	<u>\$ 12,620,589</u>	<u>100</u>	<u>\$ 11,489,767</u>	<u>100</u>



## LIABILITIES AND EQUITY

### CURRENT LIABILITIES

Short-term borrowings (Notes 18 and 35)	\$	314,209	3	\$	323,626	3
Contract liabilities - current (Note 23)		26,181	-		24,912	-
Accounts payable (Note 19)		450,216	4		352,155	3
Current tax liabilities (Notes 4 and 25)		155,138	1		52,169	1
Lease liabilities - current (Notes 4 and 14)		12,506	-		11,885	-
Deferred revenue - current (Notes 4, 20 and 28)		46,098	1		1,568	-
Current portion of long-term bank borrowings (Note 18)		25,000	-		-	-
Other current liabilities (Note 20)		<u>795,324</u>	<u>6</u>		<u>576,101</u>	<u>5</u>
Total current liabilities		<u>1,824,672</u>	<u>15</u>		<u>1,342,416</u>	<u>12</u>

### NON-CURRENT LIABILITIES

Long-term borrowings (Note 18)		205,000	2		-	-
Lease liabilities - non-current (Notes 4 and 14)		219,510	2		230,251	2
Deferred revenue - non-current (Notes 4, 20 and 28)		58,300	-		58,015	-
Net defined benefit liabilities - non-current (Notes 4 and 21)		60,319	-		64,258	1
Guarantee deposits (Note 34)		219,942	2		213,579	2
Other liabilities (Note 20)		<u>13,845</u>	<u>-</u>		<u>8,557</u>	<u>-</u>
Total non-current liabilities		<u>776,916</u>	<u>6</u>		<u>574,660</u>	<u>5</u>
Total liabilities		<u>2,601,588</u>	<u>21</u>		<u>1,917,076</u>	<u>17</u>

### EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 31)

Share capital						
Ordinary shares		<u>5,919,949</u>	<u>47</u>		<u>5,919,949</u>	<u>52</u>
Capital surplus		<u>500,820</u>	<u>4</u>		<u>594,432</u>	<u>5</u>
Retained earnings						
Legal reserve		1,712,390	13		1,942,388	17
Special reserve		276,189	2		308,452	2
Unappropriated earnings (accumulated deficits)		<u>328,894</u>	<u>3</u>		<u>(262,261)</u>	<u>(2)</u>
Total retained earnings		<u>2,317,473</u>	<u>18</u>		<u>1,988,579</u>	<u>17</u>
Other equity		<u>(261,078)</u>	<u>(2)</u>		<u>(261,026)</u>	<u>(2)</u>

Treasury shares	<u>(63,401)</u>	<u>(1)</u>	<u>(63,401)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	8,413,763	66	8,178,533	71
NON-CONTROLLING INTERESTS (Notes 4, 11, 22 and 31)	<u>1,605,238</u>	<u>13</u>	<u>1,394,158</u>	<u>12</u>
Total equity	<u>10,019,001</u>	<u>79</u>	<u>9,572,691</u>	<u>83</u>
TOTAL	<u>\$ 12,620,589</u>	<u>100</u>	<u>\$ 11,489,767</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 23 and 34)	\$ 6,414,140	100	\$ 5,486,660	100
OPERATING COSTS (Notes 10 and 24)	<u>3,489,044</u>	<u>54</u>	<u>3,137,755</u>	<u>57</u>
GROSS PROFIT	<u>2,925,096</u>	<u>46</u>	<u>2,348,905</u>	<u>43</u>
OPERATING EXPENSES (Notes 24 and 34)				
Selling and marketing expenses	297,145	5	237,703	5
General and administrative expenses	488,247	8	498,466	9
Research and development expenses	1,623,728	25	1,481,269	27
Expected credit gain (Note 9)	<u>(154)</u>	<u>-</u>	<u>(73)</u>	<u>-</u>
Total operating expenses	<u>2,408,966</u>	<u>38</u>	<u>2,217,365</u>	<u>41</u>
OTHER OPERATING INCOME AND EXPENSES	<u>37</u>	<u>-</u>	<u>201</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>516,167</u>	<u>8</u>	<u>131,741</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 14, 24, 28 and 34)				
Interest income	24,052	-	24,578	-
Other income	117,804	2	131,538	2
Other gains and losses	126,748	2	1,127	-
Finance costs	(15,746)	-	(24,849)	-
Share of profit (loss) of associates	<u>15,713</u>	<u>-</u>	<u>(19,915)</u>	<u>-</u>
Total non-operating income and expenses	<u>268,571</u>	<u>4</u>	<u>112,479</u>	<u>2</u>

PROFIT BEFORE INCOME TAX	784,738	12	244,220	4
INCOME TAX EXPENSE (Notes 4 and 25)	<u>165,911</u>	<u>2</u>	<u>69,468</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>618,827</u>	<u>10</u>	<u>174,752</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 22):				
Remeasurement of defined benefit plans	6,780	-	4,864	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(3,215)	-	(21,444)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	7,231	-	3,789	-

(Continued)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss (Notes 4 and 22):				
Exchange differences on translating the financial statements of foreign operations	\$ (7,150)	-	\$ (84,888)	(2)
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>2,072</u>	-	<u>(4,394)</u>	-
Other comprehensive income (loss) for the year, net of income tax	<u>5,718</u>	-	<u>(102,073)</u>	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 624,545</u>	<u>10</u>	<u>\$ 72,679</u>	<u>1</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 323,403	5	\$ 15,309	-
Non-controlling interests	<u>295,424</u>	<u>5</u>	<u>159,443</u>	<u>3</u>
	<u>\$ 618,827</u>	<u>10</u>	<u>\$ 174,752</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 326,913	5	\$ (77,049)	(2)
Non-controlling interests	<u>297,632</u>	<u>5</u>	<u>149,728</u>	<u>3</u>
	<u>\$ 624,545</u>	<u>10</u>	<u>\$ 72,679</u>	<u>1</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.55</u>		<u>\$ 0.03</u>	

Diluted

\$ 0.55

\$ 0.03

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
	Equity Attributable to Owners of the Company						Other Equity						
	Share Capital Issued and Outstanding		Retained Earnings				Unappropriated Earnings (Deficits not yet Compensated)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Share (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Income							
BALANCE AT JANUARY 1, 2019	591,995	\$ 5,919,949	\$ 801,398	\$ 1,941,826	\$ 67,279	\$ 241,734	\$ (138,875)	\$ (303,968)	\$ (63,401)	\$ 8,465,942	\$ 1,401,664	\$ 9,867,606	
Appropriation of 2018 earnings													
Legal reserve	-	-	-	562	-	(562)	-	-	-	-	-	-	
Special reserve	-	-	-	-	241,173	(241,173)	-	-	-	-	-	-	
Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	4,709	-	-	-	-	-	-	4,709	-	4,709	
Issuance of cash dividends from capital surplus	-	-	(213,118)	-	-	-	-	-	-	(213,118)	-	(213,118)	
Difference between the consideration and carrying amount of subsidiaries during actual disposal or acquisition	-	-	162	-	-	-	-	-	-	162	-	162	
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(3,394)	-	-	-	(3,394)	-	(3,394)	
Net profit for the year ended December 31, 2019	-	-	-	-	-	15,309	-	-	-	15,309	159,443	174,752	
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	5,339	(79,905)	(17,792)	-	(92,358)	(9,715)	(102,073)	
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	20,648	(79,905)	(17,792)	-	(77,049)	149,728	72,679	
Adjustment of capital surplus for the Company													
Cash dividends received by subsidiaries	-	-	1,281	-	-	-	-	-	-	1,281	-	1,281	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(157,234)	(157,234)	
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(279,514)	-	279,514	-	-	-	-	
BALANCE AT DECEMBER 31, 2019	591,995	5,919,949	594,432	1,942,388	308,452	(262,261)	(218,780)	(42,246)	(63,401)	8,178,533	1,394,158	9,572,691	
Appropriation of 2019 earnings													
Legal reserve used to cover accumulated deficits	-	-	-	(229,998)	-	229,998	-	-	-	-	-	-	
Special reserve	-	-	-	-	(32,263)	32,263	-	-	-	-	-	-	

Changes in capital surplus from investments in associates accounted for using the equity method	-	-	15,786	-	-	-	-	-	-	15,786	-	15,786
Issuance of cash dividends from capital surplus	-	-	(177,598)	-	-	-	-	-	-	(177,598)	-	(177,598)
Difference between the consideration and carrying amount of subsidiaries during actual disposal or acquisition	-	-	67,132	-	-	-	-	2,112	-	69,244	-	69,244
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(183)	-	-	-	(183)	-	(183)
Net profit for the year ended December 31, 2020	-	-	-	-	-	323,403	-	-	-	323,403	295,424	618,827
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	6,846	(9,243)	5,907	-	3,510	2,208	5,718
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	330,249	(9,243)	5,907	-	326,913	297,632	624,545
Adjustment of capital surplus for the Company												
Cash dividends received by subsidiaries	-	-	1,068	-	-	-	-	-	-	1,068	-	1,068
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(86,552)	(86,552)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(1,172)	-	1,172	-	-	-	-
BALANCE AT DECEMBER 31, 2020	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 500,820</u>	<u>\$ 1,712,390</u>	<u>\$ 276,189</u>	<u>\$ 328,894</u>	<u>\$ (228,023)</u>	<u>\$ (33,055)</u>	<u>\$ (63,401)</u>	<u>\$ 8,413,763</u>	<u>\$ 1,605,238</u>	<u>\$ 10,019,001</u>

The accompanying notes are an integral part of the consolidated financial statements.



## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 784,738	\$ 244,220
Adjustments for:		
Depreciation expenses	301,074	282,554
Amortization expenses	89,948	77,812
Expected credit loss reversed on trade receivables	(154)	(73)
Net gain on fair value change of financial assets at fair value through profit or loss	(122,742)	(17,879)
Finance costs	15,746	24,849
Interest income	(24,052)	(24,578)
Dividend income	(29,412)	(28,815)
Compensation costs of share-based payments	9,408	-
Share of profits of associates	(15,713)	19,915
Gain on disposal of property, plant and equipment	(28)	(161)
Gain on disposal of intangible assets	-	(39)
(Gain) loss on disposal of subsidiaries	(7,795)	43
Net (gain) loss on foreign currency exchange	(16,092)	8,984
Unrealized loss on transactions with associates and joint ventures	2,541	-
Gain on lease modification	(9)	(1)
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	(377,153)	114,248
Decrease in other receivables	5,655	41,197
Decrease (increase) in inventories	(101,839)	59,737
Increase in other current assets	(13,530)	(132)
Increase in net defined benefits assets - non-current	(3,277)	(1,163)
Increase (decrease) in trade payables	97,960	(130,606)
Increase in contract liabilities	1,269	17,401
Decrease in deferred revenue	(1,559)	(1,629)

Increase in other current liabilities	216,960	4,465
Increase (decrease) in defined benefits liabilities - non-current	<u>2,841</u>	<u>(10,191)</u>
Cash generated from operations	814,785	680,158
Interest received	19,314	26,584
Dividends received	41,756	45,274
Interest paid	(16,509)	(27,923)
Income tax paid	<u>(67,225)</u>	<u>(72,440)</u>
Net cash generated from operating activities	<u>792,121</u>	<u>651,653</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at FVTOCI	(10,004)	-
Proceeds from the sale of financial assets at FVTOCI	2,628	25,990
Purchase of financial assets at FVTPL	(1,447,591)	(1,588,698)
Proceeds from the sale of financial assets at FVTPL	1,687,133	1,572,327
Acquisition of associates	(2,500)	-
Net cash outflow on acquisition of subsidiaries (Note 29)	-	(48,215)

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

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	2020	2019
Proceeds from disposal of subsidiaries	\$ (866)	\$ (744)
Payments for property, plant and equipment	(194,880)	(138,970)
Proceeds from the disposal of property, plant and equipment	590	4,239
Increase in refundable deposits	(842)	(459)
Decrease in refundable deposits	3,004	1,871
Payments for intangible assets	(249,613)	(78,623)
Proceeds from disposal of intangible assets	-	484
Payments for investment properties	(5,073)	(1,488)
Decrease (increase) on other financial assets	<u>(196,789)</u>	<u>10,909</u>
Net cash used in investing activities	<u>(414,803)</u>	<u>(241,377)</u>

#### CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from short-term borrowings	-	15,000
Repayments of short-term borrowings	(26,656)	-
Proceeds from long-term borrowings	230,000	-
Repayments of long-term borrowings	-	(248,544)
Proceeds of guarantee deposits received	19,918	22,168
Refunds of guarantee deposits received	(4,987)	(33,729)
Repayment of principal portion of lease liabilities	(13,308)	(11,303)
Increase in other liabilities	2,014	4,758
Cash dividends paid	(176,530)	(211,837)
Dividends paid to non-controlling interests	(139,531)	(157,520)
Partial disposal of interests in subsidiaries without a loss of control	101,014	-
Decrease (increase) in non-controlling interests	<u>12,000</u>	<u>(2,184)</u>
Net cash generated from (used in) financing activities	<u>3,934</u>	<u>(623,191)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(1,398)</u>	<u>(2,178)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	379,854	(215,093)

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,020,628</u>	<u>3,235,721</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,400,482</u>	<u>\$ 3,020,628</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

**SUNPLUS TECHNOLOGY CO. LTD**  
Earnings distribution table  
**2020**

ITEMS	AMOUNT (NT\$)
Undistributed surplus at the beginning of the period	0
Surplus retained due to investment adjustment using equity method	(182,772)
Determine the remeasurement amount of the welfare plan and recognize it in the retained surplus	6,845,781
Disposal of equity instrument investments measured at fair value through other comprehensive profit and loss, and accumulated gains and losses are directly transferred to retained earnings	(1,171,835)
Undistributed surplus at the beginning of the adjustment period	5,491,174
Net profit for the period	323,402,808
Appropriate statutory surplus reserve	(32,889,399)
Turnover Special Surplus Reserve	15,110,925
Distributable surplus for the current period	311,115,508
Assign items:	
Shareholder dividends-cash dividends on ordinary shares (NT\$ 0.5255 per share)	(311,093,330)
Undistributed surplus at the end of the period	22,178

**Description:**

1. The company reduced the retained surplus NT\$ 182,772 due to the investment using the equity method, determined the remeasurement amount of the welfare plan and recognized it as NT \$ 6,845,781 increased in retained earnings, and punished the investment in equity instruments measured at fair value through other comprehensive profit and loss Transfer directly to the retained surplus to reduce NT \$ 1,171,835, and the undistributed surplus at the beginning of the adjustment period is NT\$5,491,174.
2. Shareholder dividends-cash dividends on ordinary shares NT\$311,093,330, a total of NT\$0.5255 dividends per share.
3. If the company's share capital changes afterwards, which affects the number of outstanding shares, and the shareholder dividend rate changes accordingly, it is proposed to request the shareholders meeting to authorize the chairman of the board to adjust it.

Chairman of the board:

Manager:

Accountant:

**SUNPLUS TECHNOLOGY CO. LTD**  
**Comparison table of amendments to the provisions of the procedures**  
**for obtaining or disposing of assets**

Before revision	After revision	Reason description
<p>Article 24</p> <p>The total amount of the company's individual purchase of real estate and its right to use assets or securities that are not for business use and the limit of investment in individual securities are as follows:</p> <p>1. The total purchase of real estate and its right to use assets not for business use shall be limited to 50% of the company's paid-in capital.</p> <p>2. The total amount of long-term investment securities of the company shall not exceed 80% of the net value of the company's latest financial report.</p> <p>3. The limit for long-term investment in individual securities is 30% of the company's net value in the most recent financial report.</p> <p>4. For short-term investments other than currency funds, notes and bonds with repurchase investments, the company may invest in individual short-term securities with a limit of 2% of the company's latest financial report net value, and the overall investment limit is the company's latest Ten percent of the net value of the financial report for the period. The net value mentioned in this procedure refers to the equity attributable to the owners of the parent company on the balance sheet as stipulated in the "Standards for the Preparation of Financial Reports for Securities Issuers".</p>	<p>Article 24</p> <p>The total amount of the company's individual purchase of real estate and its right to use assets or securities that are not for business use and the limit of investment in individual securities are as follows:</p> <p>1. The total purchase of real estate and its right to use assets not for business use shall be limited to 50% of the company's paid-in capital.</p> <p>2. The total amount of the company's long-term investment securities shall not exceed 200% of the company's total assets in the most recent financial report.</p> <p>3. The limit for long-term investment in individual securities is 60% of the company's total assets in the most recent financial report.</p> <p>4. For short-term investments other than currency funds, notes and bonds with repurchase investments, the company may invest in individual short-term securities with a limit of 2% of the company's total assets in the most recent financial report, and the overall investment limit is the company Ten percent of total assets in the most recent financial report. The total assets of this procedure are calculated based on the total assets in the most recent individual or individual financial report specified in the "Standards for the Preparation of Financial Reports for Securities Issuers".</p>	<p>1. Revise (1) Obtain long-term investments (2) Individual and total limits for short-term investments other than currency funds, bills and bonds with repurchase investments according to management requirements.</p> <p>2. Because this program has no "net value" Zigzag, so delete "Net Value" description.</p> <p>3. Increase the "total capital Definition of "Property".</p>

**SUNPLUS TECHNOLOGY CO. LTD**  
**Dismissal of the list of new directors' competitive restrictions**

<b>SUNPLUS Director</b>	<b>Adjunct Company</b>	<b>Adjunct position</b>
Zhoujie Huang	RUSSELL HOLDINGS LIMITED	Chairman
	VENTUREPLUS GROUP INC.	Chairman
	VENTUREPLUS MAURITIUS INC.	Chairman
	VENTUREPLUS CAYMAN INC.	Chairman
	RUSSELL HOLDINGS Limited	Chairman
	Shanghai Sunplus Technology Co. · Ltd.	Chairman
	Hong Kong Sunplus Technology Co. · Ltd.	Chairman
	Sunplus Venture Capital (Stock) Company	Chairman
	Lingxu Investment Co., Ltd.	Chairman
	Weiyang Investment Co., Ltd.	Chairman
	Sunplus Management Consulting Co., Ltd.	Chairman
	GENERALPLUS INTERNATIONAL (SAMOA) INC.	Chairman
	Sunplus Innovatipn Technology Inc.	Chairman
	SUNPLUS MMOBILE INC.	Chairman
	GENERALPLUS (MAURITIUS) INC.	Chairman
	Lingjia Technology (Shenzhen) Co., Ltd.	Chairman
	(SUNEXT TECHNOLOGY CO., LTD.)	Chairman and General Manager
	SUNPLUS MMEDIA INC.	Chairman and General Manager
	Sunplus Prof-tek INC.	Chairman
	Sunmedia INC.	Chairman
	Generalplus Technology Co., Ltd.	Chairman
	Pan Wenyuan Cultural and Educational Foundation	Director
	Huaju Industry Common Standard Promotion Foundation	Director
	MAGIC SKY LIMITED	Chairman
	Sunplus-EHUE	Chairman and General Manager
	Jumplux Technology	Chairman
	AWARD GLORY LTD.	Chairman
	SUNNY FANCY LTD.	Chairman
GIANT KINGDOM LTD.	Chairman	
GLOBAL VIEW CO., LTD.	director	



<b>SUNPLUS Director</b>	<b>Adjunct Company</b>	<b>Adjunct position</b>
	iCatchtek	director
	Zhuming Teaching Foundation	Chairman
	Zhuming Academic Foundation	Chairman
	GIANT ROCK INC.	Chairman
	Chongqing CQPlus1	Chairman
	Worldplus Holdings L.L.C	General manager
	GenkiTek Technology Co., Ltd.	Chairman
	GlintMed Innovation Co., Ltd.	Chairman
	Zhuming Medical Foundation	Director
	Alumni Association of Industrial Technology Research Institute	Director
	NCTU Alumni Association	Standing Supervisor
	Capella Microsystems	Chairman
	AkiraNET	Director
	Wenxiong Zhan	iCatchtek
ABILITY ENTERPRISE CO., LTD		Director
BIOSTAR MICROTECH INTERNATIONAL CORP.		Independent director
Hiyes		Supervisor
PAN JIT. PANJIT INTERNATIONAL INC.		Director
ECHEM SOLUTIONS CORP.		Chairman
OPALS CHEMICAL TECHNOLOGY LTD.		Director
NIEN HSING TEXTILE CO., LTD.		Independent director
E-PIN OPTICAL INDUSTRY CO., LTD.		Director
GLOBAL VIEW CO., LTD.	Radiant Innovation Inc.	Chairman
	British Cayman Islands GLOBAL VIEW CO.,LTD	Chairman
	NVTEK ELECTRONIC CO., LTD.	Director
Wei Zhehe	Genesis Photonics Inc.	Independent Director and Remuneration Committee
	Arcadyan Technology Corporation	Director
	Unizyx Holding Corp.	Director
	Department of Electronics Engineering National Yang Ming Chiao Tung University	Adjunct Professor
	National Information Infrastructure Enterprise Promotion Association	Chairman
	Macronix International Co., Ltd	Director
Huang Zeren	Shengxin United Accounting Firm	Certified Public Accountant and Director

<b>SUNPLUS Director</b>	<b>Adjunct Company</b>	<b>Adjunct position</b>
	GenMont	Independent Director, Audit Committee and Remuneration Committee
	SUN FON CONSTRUCTION CO., LTD.	Independent Director and Remuneration Committee
	Framy Inc.	Director
Chen Ruiqi	WTW-Taipei Commercial Law Firm	Lawyer

**PROCEDURES FOR ETHICAL MANAGEMENT AND GUIDELINES FOR  
CONDUCT OF SUNPLUS TECHNOLOGY COMPANY LIMITED (THE  
COMPANY)**

**Article 1 Purpose and scope**

The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of "the Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed Companies" and the applicable laws and regulations of the places where the Company and its business groups and organizations operate, with a view to provide all personnel of the Company with clear directions for the performance of their duties.

**Article 2 Applicable subjects**

For the purposes of these Procedures and Guidelines, the term "personnel of the Company" refers to any director, managerial officer, employee, mandatary or person having substantial control, of the Company or business groups and organizations.

Any promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

If the Company group has set the relevant operating procedures and behavior guidelines, such operating procedures and behavior guidelines are followed.

**Article 3 Unethical conduct**

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their

directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

**Article 4 Types of benefits**

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

**Article 5 Responsible unit**

The Company shall designate the Broad of Directors Office as the solely responsible unit (hereinafter, "responsible unit") in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall also submit annual reports to the board of directors:

1. To assist in integrating integrity and ethical values into the Company's business strategy and to ensure compliance with the relevant laws and regulations to ensure integrity.
2. To establish a program of prevention of dishonesty and to provide standard operational procedures and conduct guidelines for work-related activities within the programs.
3. To plan internal organization, compilation and management, and place mutual supervision and checks on business activities with high risks of dishonesty in the business scope.
4. Promotion and coordination of good faith policy advocacy.
5. Planning the reporting system to ensure the effectiveness of the implementation.
6. To assist the Board of Directors and the management to check and evaluate the effectiveness of the preventive measures established in respect of the integrity management and to regularly report on the compliance
7. Prepare and properly preserve the relevant documented information such as the integrity management policy and its compliance statement, implementation of the commitment and implementation status.

**Article 6 Prohibition of providing or receiving improper benefits**

When the company's personnel directly or indirectly provide, promise, request or accept the benefits specified in Article 4, except for the following conditions, they shall comply with the "Code of Integrity Management of Listed OTC Companies" and

this operating procedure and behavior guide , And after handling in accordance with relevant procedures, you can only do:

1. Based on business needs, when visiting, receiving foreign guests, promoting business and communication and coordination at home (outside), according to local politeness, customs or customs.
2. Participate in or invite others to organize normal social activities based on normal social etiquette, commercial purposes or promoting relationships.
3. Customers are invited or invited to participate in specific business activities, factory tours, etc. due to business needs, and the cost-bearing method, number of participants, accommodation level and period of the pre-opening activities have been specified.
4. Participate in folk festivals that are held in public and invite the general public to participate.
5. Rewards, assistance, condolences or condolences from the supervisor.
6. Others complying with company regulations.

**Article 7 Procedures for handling the acceptance of improper benefits**

Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party,, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.

3. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Company shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved by CEO of the Company.

**Article 8 Prohibition of facilitation payments and procedures**

The company shall not provide or promise any facilitating payment.

If the personnel of the company provide or promise facilitating payments due to threats or intimidation, they should report the process to their direct supervisor and notify the company's dedicated unit.

After receiving the notice in the preceding paragraph, the responsible unit of the company shall deal with it immediately and review the relevant situation to reduce the risk of recurrence. If any wrongdoing is found, the judicial unit should be notified immediately.

**Article 9 Procedures for handling political contributions**

The company's political contributions shall be handled in accordance with the following regulations, and only after the approval of the job authorization method, the company's dedicated unit shall be notified:

1. It should be confirmed that it complies with the relevant laws and regulations of the country where the recipient of the political contribution is located, including the upper limit and form of the political contribution.
2. Decisions should be recorded in writing.
3. Political contributions should be recorded in the accounts in accordance with laws and related accounting procedures.
4. When providing political contributions, you should avoid engaging in business dealings with relevant government units, applying for permits, or handling other matters involving the company's interests.

**Article 10 Charitable donation or sponsorship procedures**

The charitable donation or support provided by the company shall be handled in accordance with the following matters, and only after verification in accordance with the job authorization method, the company's dedicated unit shall be notified:

1. It shall comply with the laws and regulations of the place of operation.

2. Decisions should be recorded in writing.
3. The target of charitable donations should be charitable organizations, and no bribery in disguise is allowed.
4. The rewards that can be obtained as a result of sponsorship are clear and reasonable, and should not be the objects of the company's business dealings or people who have interests in the company's personnel.
5. After charitable donation or sponsorship, it should be confirmed that the purpose of the money flow is consistent with the purpose of the donation.

#### **Article 11 Recusal**

When the Company director, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

#### **Article 12 Unit in charge of confidentiality regime and its responsibilities**

The Company shall designate the Legal & Intellectual Property Department ("The Department") charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the Company's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure

the sustained effectiveness of the confidentiality procedures.

All personnel of this Corporation shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.

**Article 13 Prohibition against unfair trade**

The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

**Article 14 Prevent products or services from harming stakeholders**

The company shall collect and understand the relevant laws and regulations and international standards to be followed by the products and services provided, and summarize the matters that should be paid attention to and announce them, so as to encourage the company's personnel to develop, purchase, manufacture, and provide products and services. Or the sales process to ensure the transparency and security of information about products and services.

The company has formulated and published on the company's website a policy to protect the rights and interests of consumers or other interested parties to prevent products or services from directly or indirectly harming the rights, health and safety of consumers or other interested parties.

When media reports or facts are sufficient to confirm that the company's products or services may endanger the safety and health of consumers or other interested parties, in principle, the batch of products should be recalled or the service should be stopped immediately, and the facts should be investigated and raised. Review the improvement plan.

The company's dedicated unit shall report to the board of directors the previous situation, its handling methods and subsequent review and improvement measures.

**Article 15 Prohibition against insider trading**

The Company's personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which



they have learned to engage in insider trading. Personnel are also prohibited from divulging the undisclosed information to any other party in order to prevent another party from using such information to engage in insider trading. A director's spouse, second relative and other blood relatives, or a company with a controlling affiliation with the director, who has an interest in the matters of the preceding meeting shall be deemed as the directors have their own interest in the matter.

**Article 16 Non-disclosure agreement**

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

**Article 17 Announcement of policy of ethical management to outside parties**

The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the Company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

**Article 18 Ethical management evaluation prior to development of commercial relationships**

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has involved in a record of unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of unethical conduct such as bribery or illegal political contributions.

**Article 19 Statement of ethical management policy to counterparties in commercial dealings**

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit.

**Article 20 Avoidance of commercial dealings with unethical operators**

All personnel of the Company shall avoid business transactions with the agent, supplier, customer, or other counterparty in commercial interactions who has recorded of unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

**Article 21 Contract stipulates integrity management**

When the company signs a contract with others, it is necessary to fully understand the other party's integrity management status and incorporate compliance with the company's integrity management policy into the contract terms. The following items may be stipulated in the contract:

1. When any party knows that a person has violated the contract clauses prohibiting the receipt of commissions, rebates or other illegitimate benefits, it shall immediately follow the facts about the identity of such persons, the manner in which they have

provided, promised, requested or received, the amount or other illegitimate benefits Inform the other party, provide relevant evidence and cooperate with the other party's investigation. If one party suffers damage as a result, it may request damages from the other party, and the amount shall be deducted from the contract price payable.

2. If any party is involved in dishonest conduct in business activities, the other party may unconditionally terminate or terminate the contract at any time.
3. Set clear and reasonable payment content, including payment methods, relevant tax laws and regulations to be complied with, etc.

#### **Article 22 Handling of unethical conduct by personnel of this Corporation**

The company has set up measures to deal with cases of reporting illegal, unethical or dishonest behavior, which covers the following matters:

1. Report the pipeline.
2. Designate a person or unit responsible for reporting and accepting reports, and formulate the categories of the reporting items and their standard operating procedures for investigation.
3. Records and preservation of report case acceptance, investigation process, investigation results and production of related documents.
4. Confidentiality of the identity of the informant and the content of the report.
5. Measures to protect the informant from being improperly handled due to the report.
6. Incentive measures for whistleblowers.

Upon discovering or receiving a complaint about any personnel's involvement in unethical conduct, the Company shall, according to the whistle blowing system, ascertain the relevant facts without delay;

if it is verified that there is indeed a violation of applicable laws and regulations or the Company's policy and procedures of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.

With respect to the unethical conduct that has occurred, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent a recurrence of the same unethical conduct.

The responsible unit of the Company shall submit to the board of directors a report on the unethical conduct, actions taken, and subsequent reviews and corrective measures.

**Article 23 Actions upon event of unethical conduct by others towards Company**

If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

**Article 24 Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures**

The dedicated unit of the company shall organize regular internal promotion every year, and arrange for the chairman, general manager or senior management to convey the importance of integrity to the directors, employees and persons appointed.

The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall, according the seriousness of the matter, disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

**Article 25 Commitment and execution**

The company analyzes and evaluates the risk of dishonesty in the business scope, and has already signed the "Integrity Commitment Letter" for operators with higher risk of dishonest behavior in the business scope, and also targets suppliers with higher risk of dishonest behavior within the business scope. And the client requested to sign the "Declaration of Integrity", the above-mentioned commitments and declarations, documented information has been produced and properly preserved.

**Article 26 Accounting and internal control**

The Company establishes an effective accounting system and internal control system for business activities with high risk of dishonest behavior, and must not have a foreign account or keep a secret account, and review it at any time to ensure that the design and implementation of the system continues to be effective.

The audit department of the company annually formulates relevant audit plans based on the results of the risk assessment, including the audit object, scope, project, frequency, etc., and checks the prevention plan in relevant internal control loops (such as sales/procurement/payroll). In accordance with the situation, the results of the abnormal check are reported to the senior management and the integrity management unit, and the audit report is submitted to the board of directors.

**Article 27 Enforcement**

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to audit committee and reported to the shareholders meeting. When the Procedures are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

**Article 28 Amendment**

These Procedures and Guidelines are enacted on April 10th, 2013, amended on March 23th, 2015, November 14, 2016, and November 13, 2019, December 29, 2020

## **Procedures for Acquisition and Disposal of Assets” (The “Procedures”) of Sunplus Technology Company Limited**

### **Chapter I General Principles**

**Article1** The Company shall handle the acquisition or disposal of assets in compliance with these Procedures.

**Article2** The term "assets" as used in these Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Usage-right property.
6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
7. Other major assets.

**Article3** Terms used in these Procedures are defined as follows:

1. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
3. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the

competent authority shall apply.

**Article4** Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following criteria:

1. Have not been sentenced to more than one year in prison for breach of the Securities Exchange Law, the Company Law, the Banking Law, the Insurance Law, the Financial Holding Company Law, the Commercial Accounting Law, or the fraud, breach of trust, encroachment, forgery of documents or business crimes. Announcement is confirmed. However, if the execution is completed, the probation period expires or the pardon has been completed for three years, this is not the limit.
2. The situation in which the party to the transaction may not be a related person or a person with a substantive relationship.
3. If the company should obtain the valuation report of two or more professional valuers, different professional valuers or appraisers may not be related to each other or have substantive relationships.

**Article5** Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

#### **Chapter II Appraisal Procedures of Acquiring or Disposing Assets**

**Article6** In acquiring or disposing of real property equipment or usage-right property where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

**Article 7** The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

**Article 8** Where the Company acquires or disposes of intangible assets or usage-right property or membership and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300million or more, except in transactions with a domestic



government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

**Article 9** The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 16, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

**Article 10** The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.

**Article 11** The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

### **Chapter III Operating Procedures of Acquiring or Disposing Assets**

**Article 12** Where the Company acquires or disposes of preceding equipment,

usage-right property, memberships, intangible assets and so forth, the terms of trading, the degree of authority delegated and implement shall be in accordance with the "Rules Governing the Management of Procurement, Payment and Warehouse", "Rules Governing the Management of Assets" and "Rules Governing the Implementation of Authorization".

**Article13** Where the Company acquires or disposes of securities and real properties due to expanding operations or other reason, the terms of trading, the degree of authority delegated and implement shall be in accordance with the "Rules Governing the Management of Investment Operations" and "Rules Governing the Implementation of Authorization".

**Article14** Where the Company could serve as board of director by acquiring the shareholding of other companies, the implement shall follow the "Rules Governing the Management of Investment Control".

**Article15** Procedure when participating in a merger, demerger, acquisition or transfer of shares:

1. The companies participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

- (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal

advisor, the execution of a contract, and the convening of a board of directors meeting.

(3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

2. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

3. The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

(1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

(2) An action, such as a disposal of major assets, that affects the company's financial operations.

(3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

- (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
4. The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
- (1) Handling of breach of contract.
- (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- (4) The manner of handling changes in the number of participating entities or companies.
- (5) Preliminary progress schedule for plan execution, and anticipated completion date.
- (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
5. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

#### **Chapter IV Public Announcement and Regulatory Filing Procedures**

**Article 16** Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on information reporting website designated by Financial Supervisory Commission, R.O.C. (FSC), in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real property or usage-right property from or to a related party, or acquisition or disposal of assets other than real property or usage-right property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or

NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.

2. Merger, demerger, acquisition, or transfer of shares.

3. Where an asset transaction other than any of those referred to in the preceding two subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

(1) Trading of government bonds.

(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.

(3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.

(4) Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.

(5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.

The amount of transactions above shall be calculated as follows:

The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.

3. The cumulative transaction amount of real property or usage-right property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.

4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

**Article 17** Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be

made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information

**Article 18** Information required announcing and reporting publicly in accordance with the provisions of this chapter on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 16, paragraph 1, requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

#### **Chapter V Related Party Transactions**

**Article19** When the Company engages in any acquisition, or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions in accordance with Article 6~8 and this chapter are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Article 6~8. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 herein. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

**Article20** When the Company intends to acquire or dispose of real property or usage-right property from or to a related party, or when it intends to acquire or dispose of assets other than real property or usage-right property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been recognized by the audit committee and approved by the board of directors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property or usage-right property from a related party, information regarding appraisal of the reasonableness of the preliminary

transaction terms in accordance with Article 21 and Article 22.

4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 16, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been recognized by the audit committee and approved by the board of directors need not be counted toward the transaction amount:

1. Obtain or dispose of the equipment for business use or its right to use assets.
2. Acquiring or disposing of the right to use real estate for business use.

With respect to the acquisition or disposal of business-use equipment between the company and its parent or subsidiaries, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

When a matter is submitted for discussion by the board of directors pursuant to the first paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting, and shall be announced subject to mutatis mutandis application of Article 28 in these Procedures.

**Article 21** The Company that acquires real property or usage-right property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be



higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased or rented in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property or usage-right property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or usage-right property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 20 and the preceding three paragraphs do not apply:

1. The related party acquired the real property or usage-right property through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or usage-right property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party or through engaging a related party to build real property, either on the company's own land or on rented land.
4. With the parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, obtain the real estate use right assets for business use.

**Article 22** When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 23.

However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this

restriction shall not apply: :

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

**Article 23** Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 21 and Article 22 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article of Act against the difference between the real property transaction price and the

appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.

2. Those independent directors of audit committee shall comply with Article 218 of the Company Act. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or usage-right property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

#### **Chapter VI Other Important Matters**

**Article 24** Total amounts of real property or usage-right property and securities acquired by the Company for business use, and limits on individual securities as below:

1. The total amounts of real property or usage-right property for business use may not be higher than 50 percent or more of paid-in capital.
2. The total amount of securities for investment of a long-term nature may not be higher than 80 percent of the net worth on the latest financial statement.
3. The amount for each investment of a long-term nature shall be limited to 30 percent of the net worth on the latest financial statement.
4. Except the bond fund and money fund for investment of a short-term nature, the amount of each individual securities for investment of a short-term nature acquired by the Company shall be limited to 2 percent of the net worth on the latest financial statement, and the total amount of securities acquired by the Company may not be higher than 10 percent of the net worth on the latest financial statement.

The "net worth" in these Procedures 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.

**Article25** The Company shall see to it that its subsidiaries to make and implement its procedures for the acquisition or disposal of assets in compliance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” by the competent authority. The overseas subsidiaries shall apply the rules, in addition, in compliance with the regulations by local government.

**Article26** Penalties for mangers and personnel violating these Procedures or “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” by the competent authority to causes loss to the Company shall be in accordance with the “Rules Governing the Management of Employment”.

#### **Chapter VII Additional Provisions**

**Article27** The company shall establish the audit committee in accordance with Securities and Exchange Act. Any amendment of the procedures and major transaction of acquisition and disposal of assets or usage-right property from or to a related party, or when it intends to acquire or dispose of assets other than real property or usage-right property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. 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.

**Article28** When any amendment of Procedures and major transactions or other matters shall be approved by the board of directors for a resolution, the company shall submit the director's dissenting opinion to the audit committee if any director expresses dissent and it is contained in the minutes or a written statement, When any amendment of the procedures and transaction of either acquisition or disposal is submitted for discussion by the board of directors pursuant to the 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.

A public report of preceding opinion shall be made on the information reporting website designated by the competent authority within 2 days commencing immediately from the date of board meeting.

**Article 29** 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.

## APPENDIX 3

### Sunplus Technology Co., Ltd. Constitution

#### Chapter 1 General

Article 1: The company is organized in accordance with the provisions of the Company Law Co., Ltd. and named Ling Yang Technology Co., Ltd.

Article 2: The company's business is as follows:

1. The design, manufacture, testing and sales of various integrated circuits.
2. Design, manufacture, testing and sales of various integrated circuit modules.
3. Research, development and sales of various application software.
4. Research, development and sales of various intellectual property assets.
5. Various integrated circuit trading and agency services.
6. CC01080 Electronic Components Manufacturing.
7. I501010 Product Design.
8. F401010 International Trade.
9. I301010 Information Software Services.
10. I301020 Information Processing Services.

Article 3: The company establishes its head office in the Science Park of Hsinchu Science Park. If necessary, it may obtain a branch office at home and abroad after being approved by the board of directors and approved by the competent authority.

Article 4: The announcement method of the company shall be handled in accordance with Article 28 of the company law.

#### Chapter 2 Shares

Article 5: The company's capital is rated at NT\$100 million and divided into up to 100 million (including 10,000 shares warrants, special shares with warrants or corporate bonds with warrants The use of stock options), NT\$ per share, points issued. When the shares of the company are purchased by the company in accordance with the law, the authorized board of directors shall be authorized by law.

Article 5-1: Delete.

Article 5-2: When Taiwan's Central Depository and Clearing Corporation Limited requests the merger of large-value denomination securities, the company may cooperate with the.

Article 6: The shares of the company shall be signed or sealed by more than three directors and issued by a visa issued by a visa agency. The company may not be required to print the shares according to the provisions of Article 162 bis of the company law, but it is necessary to contact the centralized securities company.

Article 7: The Company's stock handling operations shall be handled in accordance with the guidelines for the handling of the company's stocks in the publicly issued stock companies. When the relevant laws and regulations are changed, they shall be executed at any time in accordance with the law after the change.

Article 8: Delete.

Article 9: Delete.

Article 10: Delete.

Article 11: Within 60 days prior to the regular shareholders' meeting, within 30 days prior to the temporary meeting of shareholders, or within five days prior to the company's decision to distribute dividends and bonuses or other benefits, the transfer of shares shall be stopped.

#### Chapter 3 Shareholders' Meeting

Article 12: There are two types of regular meetings and temporary meetings of shareholders' meetings. The regular meetings are held once a year. They are convened by the board of directors within six months after the end of each fiscal year, and temporary meetings are convened according to law when necessary. The conduct of the shareholders' meeting shall be handled in accordance with the Rules of Procedure of the Shareholders' Meeting of the Company.

Article 13: When shareholders are unable to attend the shareholders meeting for any reason. They shall draw up a power of attorney issued by the company, and entrust the agency according to Article 177 of the Corporations Act and the "Regulations on the Power of

Attrition of the Public Issuance Companies to Attend Shareholders Meeting” promulgated by the competent authority. People attend.

- Article 14: When the shareholders' meeting is held, the chairman of the board of directors shall be the chairperson. When the chairman of the board of directors is absent, the chairman of the board of directors shall appoint one person to act as the agent.
- Article 15: The shareholders of the company shall have one voting right for each share held except for the case in which the shares as prescribed in Article 179 of the Company Law have no voting rights.
- Article 16: Resolutions of the shareholders' meeting shall, except as otherwise provided by the company law. Be attended by shareholders representing more than half of the total number of shares outstanding, and shall be agreed upon by a majority of the voting rights of shareholders present. When the company convenes a shareholder meeting, Shareholders who elect to exercise their voting rights electronically and exercise voting rights electronically shall be deemed to be present in person, and relevant matters shall be handled in accordance with the provisions of the law.
- Article 17: The resolutions of the shareholders' meeting shall be made into minutes, signed or sealed by the chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The distribution of the above-mentioned minutes shall be handled in accordance with the provisions of the company law. The record of the minutes of the minutes of the proceedings, the minutes of the minutes, the attendance book of the attending shareholders, and the power of attorney to attend shall be processed in accordance with Article 183 of the Company Law.

#### Chapter 4 Directors

- Article 18: The company has 6 to 9 directors, and the election of the directors shall be based on the provisions of Article 192 of the Company Law to adopt the nomination system for candidates. The implementation of related matters is subject to the Company Law and the Securities Exchange Act. The statutory regulations apply. The number of members shall be determined by the board of directors and the shareholder's meeting shall select the names of the candidates for directorship of the company for a term of three years. They shall be eligible for re-election. If a representative of a legal person's shareholder is elected as a director, the legal person may relocate it at any time, but it shall be limited to making up for the original term of office.
- The company may, if permitted by relevant laws and regulations, insure liability insurance for the liability for compensation in accordance with the law for the scope of the business performed by the directors during the term of office. After the company has insured or renewed the liability insurance for the directors, the amount and underwriting of the liability insurance Important contents such as scope and insurance rate, etc., submitted to the latest report of the board of directors.
- In the aforementioned number of directors, there are three to five independent directors, and the nomination system with independent directors is adopted. The shareholders' committee selects candidates from the list of independent director candidates. The professional qualifications of the independent directors, shareholding, part-time restrictions, nomination and selection methods, and other matters that should be followed, in accordance with the relevant regulations of the securities regulatory authority
- The company sets up an audit committee in accordance with the provisions of Article 14-4 of the Securities Exchange Act. It is composed of all independent directors. The exercise of its powers and related matters is handled in accordance with relevant laws and regulations, and is set by the board of directors.
- Article 18-1: When the directors of the company perform the duties of the company, regardless of the company's operating profit or loss, the company may be remunerated, and its remuneration is authorized by the board of directors to negotiate with the normal level of the industry. If the company has a surplus, it shall distribute the remuneration according to Article 29 of the Articles of Association.
- Article 19: When the director's shortfall is up to one-third, the board of directors shall convene the shareholders' meeting for a by-election within 60 days to cover the original term of office.
- Article 20: When the term of office of a director expires but does not result in a re-election, except as otherwise provided in the company law, he/she shall extend his/her duties until the re-election of the directors to take office.
- Article 21: Board of Directors The Board of Directors shall have more than two-thirds of the

directors present and the consent of more than half of the directors present, elect one chairman of the board of directors and perform all matters relating to the company in accordance with resolutions, articles of association, resolutions of shareholders and the board of directors.



Article 22: The company's operating principles and other important matters are decided by the board of directors. In addition to the first meeting of the board of directors in accordance with the provisions of Article 203 of the company law, the board of directors is called by the chairman of the board of directors. When the director is unable to perform his duties, he is appointed by the chairman of the board of directors. If no director is designated, one of the directors will push one person to act on his behalf. In addition, the directors may authorize other directors to represent the board in writing and may exercise their voting rights on all matters raised at the meeting. However, the agent is authorized by one person.

Article 22-1: The convening of the board of directors shall state the cause and inform the directors of the meeting 7 days before the meeting. However, when there is an emergency, it must be called at any time.

Board of Directors' convening notices can be written, e-mailed or faxed.

Article 23: The proceedings of the board of directors shall be made into minutes, signed or sealed by the chairman, and distributed to all directors within 20 days after the meeting. The distribution of the above-mentioned minutes shall be handled in accordance with the provisions of the company law. The method of record of the board of directors, the minutes of proceedings, the attendance book of the directors, and the power of attorney's attendance shall be kept for the period of time according to Article 207 of the Company Law.

Article 24: This section is deleted

#### Chapter 5 Managers and Staff

Article 25: The company has a number of managers, the appointment or dismissal by the board of directors with more than half of the attendance and the majority of the directors agreed to the resolution. Its remuneration is handled in accordance with the provisions of Article 29 of the company law.

Article 25-1: The company may, subject to relevant laws and regulations, obtain resolutions from the board of directors and purchase liability insurance for managers, so as to reduce the risk of managers being accused by shareholders or other related parties in performing their duties according to law.

Article 26: The company may be appointed by the board of directors in accordance with the provisions of Article 25 of the constitution to hire important staff.

Article 27: Delete.

#### Chapter 6 Final accounts

Article 28: At the end of the fiscal year, the company shall compile the following lists and submit it to the regular shareholders for approval: 1. Business report. 2. The financial statements. 3. The distribution of surplus or loss provision. 4. Other legal orders should be made of the list.

The former statement of accounts is legally announced.

Article 28-1: If the company is profitable for the year, it shall pay no less than 1 percent of the employee's compensation and not more than 1 percent. V is the director's entertainment. However, when the company still has accumulated losses (including the adjustment of undistributed earnings), it should reserve the amount of compensation in advance.

The employee compensation in the preceding paragraph can be obtained from stocks or cash, and the object of the employee's payment can include the employees of the subordinate company that meet the conditions set by the board of directors. The preceding directors' remuneration can only be paid in cash.

The first two items should be decided by the board of directors and report to the shareholders meeting.

Article 29: If the company has a surplus after the final accounting, it shall first allocate 10% of the statutory surplus reserve in addition to the legal income from the profit-making business and the loss in previous years, but the statutory surplus reserve has reached the total amount of capital. This is not the limit. In accordance with the law or the competent authority to provide or revolve special surplus reserves, the remaining surplus, together with the accumulated undistributed surplus in the previous period, is the dividend of the shareholders. The board of directors shall allocate a resolution to the shareholders' meeting for resolution after distribution. The ratio of the surplus provided by the Surplus to the cash dividends of the shareholders may be adjusted according to the resolutions of the shareholders meeting, depending on the actual profit and funding conditions of the year. The aforementioned cash dividends shall not be less than 10% of the total

dividends of the shareholders who should be distributed, but if the cash dividend is less than 0 per share. Five yuan will not be granted.

If there is an accumulated surplus in the previous year or in the current year but the after-tax surplus in the current year is less than the deduction for the shareholder's equity, the same amount of special surplus reserve shall be included in the undistributed surplus accumulated in the previous year and deduct it before it is proposed for allocation.

Article 30: The organization procedures and business chapters of the company shall be determined by the board of directors.

Article 31: The company may endorse the external endorsement and may lend funds to others for the needs of the business. Its operating methods are determined by the board of directors according to law.

Article 31-1: When the Company is a limited liability shareholder of its company, its total investment may not be restricted by Article XIII of the company law and may not exceed 40 percent of the paid-in capital.

Article 32: The matters not determined in the Articles of Association shall be handled in accordance with the provisions of the company law and other laws and regulations.

Article 33: This Charter was established on July 30, 1990.

The first revision was made on August 7, 1990.

The second revision was made on February 7, 1992.

The third amendment was made on June 12, 1993.

The fourth revision was made on July 30, 1994.

The fifth amendment was made on September 28, 1994.

The sixth amendment was made on June 14, 1995.

The seventh revision was made on May 25, 1996.

The eighth amendment was made on May 31, 1997.

The ninth revision was made on November 20, 1997.

The tenth revision was made on April 30, 1998.

The eleventh revision was made on June 7, 1999.

The twelfth revision was made on July 28, 1999.

The thirteenth revision was made on May 19, 2000.

The 14th revision was made on June 12, 2001.

The fifteenth revision was made on May 17, 2002.

The 16th revision was made on May 6, 2003.

The seventeenth revision was made on June 1, 2004.

The 18th revision was made on June 13, 2005.

The nineteenth revision was made on June 9, 2006.

The 20th revision was made on June 15, 2007.

The twenty-first revision was made on June 13, 2008.

The twenty-second revision was made on June 10, 2011.

The 23rd revision was made on June 18, 2012.

The 24th revision was made on June 11, 2014.

The 25th revision was made on June 12, 2015.

The 26th revision was made on June 13, 2016.

The 27th revision was made on June 12, 2020.

meeting

**Election Procedures for Board of Directors of  
Sunplus Technology Company Limited (The "Company")**

**Article1**

The Election of Board of Directors of Sunplus Technology Company Limited (the "Company"), shall be proceeded with in accordance with this "Election Procedures for Board of Directors" (the "Procedures"), unless the Company Act and Article of Incorporation of the Company provides otherwise.

**Article2**

The Company shall adopt the candidate nomination system for election of the directors in accordance with Article 192-1 of the Company Act.

**Article3**

The open-ballot, cumulative voting method will be used for election of the director at this Corporation. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Independent and non-independent directors shall be elected at the same time but on separate ballots.

When the Company holds a shareholders meeting, as provided by the Competent Authority of Securities and Exchange, adopt the electronic transmission as one of the methods for exercising the voting power. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice.

**Article4**

The ballot boxes for the election of board of directors shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commence.

**Article5**

In the election of board of directors, the candidates receiving ballots representing the highest numbers of voting rights will be elected sequentially to be independent director, nonindependent director according to their respective numbers of votes. When two or more persons receive the same numbers of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

**Article6**

Before the election begins, the chair shall appoint a number of persons to be vote monitoring and counting personnel.

**Article7**

The ballot shall be prepared by the board of directors. The Attendance card number and the number of voting rights shall be printed on such ballot.

**Article8**

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder,

the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

**Article9**

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared in accordance with these Procedures.
2. The ballot is blank or the writing is unclear and indecipherable.
3. The numbers of candidate entered in the ballot are more than the numbers to be elected.
4. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number).
5. Either the candidate is a shareholder but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate is a non-shareholder but a cross-check shows that the candidate's name and identity card number do not match.
6. The name of the candidate entered in the ballot is identical to that of another candidate, but no shareholder account number (or identity card number) is provided in the ballot to identify such individual.

**Article10**

The voting rights shall be calculated on site immediately after the end of the poll, and the chairman shall announce the results of the poll.

**Article11**

The board of directors of the Company shall issue notifications to the person elected to be director individually.

**Article12**

In regard to all matters not provided in these Procedures, the "Company Act" of the Republic of China or other related regulations shall govern.

**Article13**

These Procedures and any amendments hereto, shall be implemented after approval by a shareholders meeting.

**Article14**

These Procedures were approved and enacted on June 25th, 1994 by shareholders' meeting.

The 1st Amendment was on May 17th, 2002.

The 2nd Amendment was on June 13th, 2008.

The 3rd Amendment was on June 11th, 2014.

The 4th Amendment was on June 12th, 2015.

## APPENDIX 5

2008.06.13

Adopted by the shareholders' meeting

### SUNPLUS TECHNOLOGY RULES OF SHAREHOLDERS' MEETING

**Article 1** Shareholders' Meeting of the Company, except as otherwise provided in the Act, according to the rules of the line.

**Article 2** The shareholders referred to in these Rules refer to the proxies held by the shareholders themselves and the shareholders entrusted to attend. Shareholders are entrusted to attend the agent as a legal person, the legal person may only appoint one person to attend the shareholders' meeting.

**Article 3** Attendance should be accompanied by attendance, paid registration card to sign in. registration card to the company, deemed registration card contained in the shareholder or agent personally attended, the company does not accept the responsibility.

**Article 4** Attendance and voting of the shareholders' meeting, should be based on the calculation of shares. When a legal person is entrusted to attend the shareholders' meeting, the legal person has to appoint only one representative to attend.

Where a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, the same bill had to be pushed by one person. The exercise of its voting rights, is still calculated by its holdings of shares.

**Article 5** The place where the shareholders' meeting of the Company will be held, at the place where the Company or the factory location or the Convenience Share is present and suitable for the convening of the Shareholders' Meeting, the meeting should not start at 9 am or later than 3 pm.

**Article 6** The shareholders will be convened by the board of directors, its president by the chairman of the board, when chairman on leave or for any reason unable to exercise the powers, by the chairman of the designated director of a proxy, the chairman of the board does not appoint an agent, by the directors assigned to each other a proxy.

The shareholders will be convened by the convener of the convener other than the board of directors, the chairman shall be held by the convener. When the convener has more than two people, should be designated one by one for each other.

**Article 7** Has a meeting time, the Chairman shall declare a meeting, but no shareholders who represent more than half of the total number of issued shares are present, the chairman may announce a postponement of the meeting, the number of delays is limited to two times, the delay time shall not exceed one hour. Delayed two times still insufficient, The chairman must announce to cancel the meeting, but if more than one third of the total number of issued shares is present at the meeting, it shall also be a fake resolution in accordance with Paragraph 1 of Article 175 of the Company Law, but for the special provisions of the provisions of the company law, its resolution made, should be in accordance with the provisions of the company law.

Before the meeting was over, if the number of shares represented by the shareholders is more than half of the total number of issued shares, the chairman will be made a false resolution, in accordance with the provisions of Article 174 of the Company Law, to the General Assembly.

**Article 8** The shareholders will be convened by the board of directors, the agenda is set by the Board of Directors, the meeting should be based on the scheduled agenda, without the resolution of the shareholders may not be changed. The shareholders will be convened by the convener of the convener other than the board of directors, apply the provisions of the preceding paragraph. The first two items are scheduled for the agenda (with temporary motion) before the end, not by resolution, the President shall not adjourn the

meeting, but if the order is chaotic, or something else, it is difficult for the meeting to proceed normally, the President may adjourn the meeting by resolution.

After the meeting, the shareholders shall not elect the chairman to continue the meeting at the original site or another place. But the chairman violates the rules of procedure, announced the dissolution of the meeting, to vote for more than half of the shareholders to vote for the election of one person as chairman, continue to meet.

**Article 9** If the number of shareholders proposed to be counted, the chairman is not accepted. When the motion is voted on, if the amount has been reached, the bill is still passed.

**Article 10** Speaking of attending the shareholders, must be preceded by a statement, attendance card number and name, by the chairman to speak. The attendees only made speeches and did not speak, as no speech, the content of the statement is inconsistent with the statement, subject to the content of the statement. Shareholders are authorized by the agent in the power of attorney or otherwise, do not ask whether the company knows, in the case of a statement or vote by an agent.

**Article 11** Shareholders' inquiries on the matters reported on the Agenda, shall be read or reported by the Chairman or its designated person after all the report has been completed, have to speak. each person can't speak more than twice, not more than five minutes each time, but by the chairman of the permit, be extended for five minutes, And to extend the time limit.

Shareholders' recognition of the agenda, to discuss each of the matters, and the provisional motion, the time and number of statements should be stated in the preceding paragraph.

The shareholders of the provisional agenda for the motion of the non-motion of the consultation to speak, the time and the number of the use of the provisions of the first paragraph.

Shareholders speak in violation of the preceding paragraph or beyond the scope of the subject, The president may stop his statement. Speech of attending the shareholders, the other shareholders are subject to the consent of the president and the shareholders who speak, do not speak to interfere, the president of the violator shall stop.

**Article 12** After attending the shareholders to speak, the Chairman has personally or appointed the relevant person to reply.

**Article 13** Not for the motion, not to discuss or vote. When discussing the motion, the president has to suspend the discussion, Proposed to stop the motion, if the president declares a poll by way of voting, voted on the bill at the same time, but should vote separately.

**Article 14** When the motion is voted on, if there is no objection by the president, as passed, its effectiveness and voting the same. When there is an amendment or an alternative to the same motion, by the president and in the same order as the original order, if the case has been passed, other motions are deemed to be rejected, do not vote again.

**Article 15** Vote on the motion, except as otherwise provided in the Company Law and the Articles of Association, with the consent of the majority of the shareholders to vote.

**Article 16** The bill of directors and the counting of votes, designated by the president, but the prisoners should have shareholder status.

**Article 17** The company may appoint an appointed lawyer, accountants or related personnel to attend the shareholders' meeting. The management staff of the shareholders' meeting shall wear a recognition certificate or armband.

**Article 18** The Company shall record or video the whole process of the meeting of the shareholders' meeting,

and save for at least one year.

**Article 19** The president has commanded the captain or security officer to assist in maintaining the order of the venue. When the captain or security officer is present to assist in maintaining order, should wear "pickets" words armbands or identification cards.

Shareholders should obey the president, the commander of a conservationist or maintenance officer. For those who obstruct the shareholders' meeting, not stopped from the person, the president, the picker or the security officer may be excluded.

**Article 20** The meeting is in progress, president discretionary time to declare rest.

**Article 21** This rule the unspecified matters, in accordance with the provisions of the Company Law and other relevant laws and regulations.

**Article 22** These rules shall be implemented after the adoption of the Shareholders' Meeting, the same as the amendment.

**APPENDIX 6****SHAREHOLDING OF DIRECTORS AND SUPERVISORS**

1. Sunplus' paid-in capital is NT\$5,919,949,190; total issued shares are 591,994,919 shares.
2. According to Article 26 of "Securities and Exchange Act", the amount of shares held by all board directors may not be less than 18,943,837 shares, the company sets up the Audit Committee, so there is no supervisor of the law should be held by the number of shares applicable.
3. As at the closing date of this shareholders' meeting, the number of shares held by individual and all directors is listed in the table below. Has been in line with the provisions of Article 26 of the Securities and Exchange Act.

<b>Title</b>	<b>Name</b>	<b>Shareholding</b>
Director	Chou-Chye Huang	92,737,817
Director	Wen-Shiung Jan	0
Director	Global View Co., Ltd.	10,038,049
Director	Wei-Min Lin	0
Independent Director	Che-Ho Wei	0
Independent Director	Tse-Jen Huang	0
Independent Director	Yao-Ching Hsu	0
<b>Total</b> <sup>(note 1)</sup>		<b>102,775,866</b>

*Note: Shares held by the independent directors are not counted in the above calculations.*



**APPENDIX 7**

**THE IMPACT OF DIVIDEND CAPITALIZATION UPON BUSINESS PERFORMANCE,  
SHAREHOLDERS' EQUITY, AND EPS**

The company has not compiled and announced the 2021 annual financial forecast, do not need to expose this information.

(End of this translation)