



**SUNPLUS TECHNOLOGY CO., LTD.  
2019 ANNUAL GENERAL SHAREHOLDERS' MEETING**

**MEETING AGENDA**

*(Translation in English–Original in Chinese)*

Date: June 10, 2019

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.**  
**2019 Annual General Shareholders' Meeting**  
**Meeting Procedure**

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

**Sunplus Technology Co., Ltd.**  
**2019 Annual General Shareholders' Meeting**  
**Meeting Agenda**

- I. Time: 9:00a.m., June 10, 2019 (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) 2018 Business Report
  - (2) Report by Audit Committee
  - (3) Remuneration to Directors and Employee Bonus in 2018
- VI. Recognition Items
  - (1) 2018 Annual Business Report and Financial Statements
  - (2) 2018 The company's surplus distribution
- VII. Discussion Items
  - (1) For the allocation of capital reserve cash
  - (2) Amendments to the Company's "Acquisition or Disposal of Asset Handling Procedures"
  - (3) Amendments to the Company's Endorsement Guarantee Operation Procedures
  - (4) Amendments to the Company's "Measures for Funds and Others"
  - (5) Restriction on the termination of competition of directors of the Company
- VIII. Extemporaneous Motions
- IX. Meeting Adjourned

## **REPORT ITEMS**

### **(1) 2018 Business Report**

#### **Explanatory Notes:**

The Business Report is attached hereto as ANNEX 1 (See pages 09 to 10 for details).

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

#### **Explanatory Notes:**

The Report by Audit Committee is attached hereto as ANNEX 2 (See pages 11 for details).

### **(3) Remuneration to Directors and Employee Bonus in 2018**

#### **Explanatory Notes:**

- (1) According to the Company's "Payroll Committee Rules" and "Articles of Association" provisions.
- (2) 2018 The BOD proposed NT\$79,590 for employee compensation and NT\$119,384 for Board of directors, all paid in cash.

## **RECOGNITION ITEMS**

### **(1) To Accept 2018 Business Report and Financial Statements**

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

1. Sunplus' 2018 Financial Statements were audited by independent auditors of Deloitte & Touche and the Company's audit committee and approved by Board Meeting on 2019/03/20.
2. The 2018 Business Report, the Independent Auditors' Report and Financial Statements are attached hereto as ANNEX 1 (see pages 09 to 10) and ANNEX 3 to 12 (see pages 12 to 31).

#### **Resolution:**

### **(2) To Accept the 2017 Distribution of Earning**

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

1. The Company increased the retained earnings by 294,288,165 yuan due to the impact of retrospective application and retrospective reorganization, and reduced the retained earnings by 22,605,858 yuan using the equity method investment. The re-measurement of the defined benefit plan was recognized as an increase of 1,452,634 yuan in retained earnings, and the disposal was through other comprehensive gains and losses. For equity instrument investments measured at fair value, cumulative gains and losses are transferred directly to retained earnings by 37,070,133 yuan, and adjusted undistributed surplus is NT\$236,117,975.
2. The company's profit after tax for the year of 2007, after the statutory surplus reserve of NT\$561,634 and the special surplus reserve of NT\$241,172,672, no dividends are available for distribution this year.
3. 2018 annual surplus distribution table, please refer to Appendix 13 of this manual (see page 32 for details).

#### **Resolution:**

## DISCUSSION ITEMS

### **(1) Adoption of Additional Paid In Capital for Cash dividend distribution, drew approval**

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

1. The capital reserve of the Company is NT\$213,118,171 in excess of the amount of the issued shares, Shareholding of the shareholders of the Company on the basis of capital reserve, each shareholder will be entitled to receive a cash dividend of NT\$0.36 per share.
2. The ex-dividend date will be determined by Chairman after the shareholders meeting 2019 approve the distribution of 2018 earnings.
3. If the capital and outstanding shares change afterward, the Chairman is authorized by the shareholders' meeting to adjust the payout.

#### **Resolution:**

### **(2) The company's "acquisition or disposal of asset handling procedures" amendment, drew approval**

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

In accordance with the management requirements of the Company 2018/11/26, and the management requirements of the Company, the Bank has revised the relevant provisions of the "Acquisition and Disposal of Assets Processing Procedures" of the Company. Annex 14 of the manual (see pages 33 to 52 for details), submitted to the shareholders meeting for review.

#### **Resolution:**

### **(3) The company's "endorsement guarantee operation procedures" amendments, drew approval**

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

Amendment to the "Guidelines for the Treatment of Capital Loans and Endorsements of Public Offering Companies" by the Financial Management Committee on March 7, 2008, the Financial Management Certificate No. 1080304826, and amending the relevant provisions of the "Endorsement Guarantee Procedures" of the Company. Please refer to Appendix 15 of this manual (see pages 53 to 55 for details) and submit it to the shareholders meeting for review.

#### **Resolution:**

### **(4) Amendments to the Company's "Measures for Funds and Others", drew approval**

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

Amendment to the "Guidelines for the Treatment of Capital Loans and Endorsements of Public Offering Companies" by the Financial Management Committee on March 7, 2008, the Financial Management Certificate No. 1080304826, and amending the relevant provisions of the "Measures for Funds and Others" For the revised comparison table, please refer to Annex 16 of this manual (see pages 56 to 58 for details) and submit it to the shareholders meeting for review.

#### **Resolution:**

**(5) Restriction of the limitation of the company's directors' competition, drew approval**

(Proposed by the Board of Directors)

**Explanatory Notes:**

(1) According to Article 209 of the Company Law, the directors are themselves or others as belonging to the business scope of the company, and the shareholders' meeting shall explain the important contents of their actions and obtain the resolution of the shareholders' meeting.

(2) The directors of the Company intend to lift the restrictions on their competition due to the business needs or the investment or operation of other companies with the same or similar business scope as the company's business scope. The directors of the Company have their own annual shareholder standings. Please refer to Appendix 17 (see page 59) for the list of new post-approval positions for other companies, and submit them to the shareholders meeting for review.

**Resolution:**

**TEMPORARY MOTION**

**MEETING ADJOURNED**

## BUSINESS REPORT

### 2018 Business Results

Sunplus consolidated net operating revenue totaled NT\$6,078 million and the gross profit were NT\$2,429 million in 2018. While R&D expense totaled NT\$1,699 million and the G&A expenses were NT\$533 million, marketing expense were NT\$287 million, Operating net loss was NT\$90 million in 2018. Including total non-operating net income NT\$294million, the profit before tax were NT\$204 million. Excluding the income tax expense NT\$62 million, the net profit of the year totaled NT\$142 million, attributable to owner of the Company were NT\$6 million which the earning per share after tax for 2017 was NT\$0.01.

The net sales from continuing operations in 2018 decline 10.89% compared to the same period last year. Gross profit margin maintained at approximately 40% comparable to the previous year. The net income outside the industry was mainly due to the interests of the molecular companies in 2018, which recognized NT\$171 million.

The IFRS Consolidated Statement exposes other comprehensive gains and losses in 2018, Including the difference between the conversion of financial statements of foreign operating institutions, reserve for the sale of financial assets unrealized gains and losses, determine the number of reassessments of the welfare plan, the shareholding of related enterprises and joint ventures recognized by equity method, the total net profit and loss for other consolidated losses in 2018 is NT\$131 million. Total after 2018 net profit, the total consolidated profit and loss in 2017 was NT\$11 million, the consolidated profit and loss was attributed to the loss of NT\$121 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 advanced driver assistance system (ADAS) automotive chip products and systems platform, has been launched with advanced driving support system function (ADAS) of the wafer platform products, and car information entertainment system (Display Audio), BoomBox, SoundBar, portable entertainment systems and other products. It also introduces the intelligent computing chip Plus1 for AIoT applications, and also provides IP authorization such as high-speed interface, data converter and analog.

With the popularity of smart phones, the convenience of getting on the car and the car infotainment system, the system has quickly become the standard equipment for the new car. Even if the global new car market grows slower, it will not affect the growth of the system. Will become the main growth driver of Sunplus Technology's revenue and profit. The revolutionary breakthrough of the intelligent computing chip Plus1, which greatly reduces the research and development threshold of high-speed computing, will be the best solution for a small number of different AIOT new applications, and the popularity of related applications in the future can be expected.

Generalplus Technology focuses on consumer electronics chips, the product line includes voice, multimedia, and microcontrollers, Product development market leadership. The main application products include interactive toys, education and learning, driving Recorder, Sports DV, Gaming Keyboard and Wireless Charging. In 2018, the company introduced a new high-end voice controller with built-in 96KB flash memory, 8-channel 12-bit ADC, 8-channel audio synthesis unit and integrated high-power push-pull audio amplifier. In the aspect of driving recorder, the image recognition hardware acceleration module is strengthened to achieve the high-speed operation requirement of artificial intelligence for learning and identification. In terms of MCU, the development and mass production of 32-bit dual-motor control chips was completed. In terms of wireless charging, the company is compatible with the Apple 7.5W solution, and the Qi 15W has also passed the certification. Currently, the development of the power RX SoC is in the hands.

Sunplus Innovation Technology focuses on computer peripheral application chip development, including human-machine interface device chips, network camera chips, optical sensors, RF wireless transmission chips, remote control ICs, and more. Most of the sales in 2018 came from PC-related mouse keyboard and camera chip solutions, and a small part came from high-stakes, set-top boxes, rear pull and remote control chips. Will continue to invest in non-PC applications and maintain PC market share in 2019.

In response to the growing demand for automotive electronics and high-speed storage, Jumplux Technology has developed ASICs with system customers. In 2018, it focused on the application of Apple CarPlay and Baidu CarLife and passed the AECQ100 certification to obtain the certification of the car manufacturer.

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 niche-type automotive wafers and intelligent computing chips, continuing its leading position in the audio-visual market, and is beneficial to the competitiveness of automotive audio-visual systems, vehicle-adaptive driving assistance systems, and AIOT.

Generplus Technology's consumer product line has been leading the market for many years, and will launch new product series such as smart interactive robots and computer vision applications.

In addition to continuing to develop in a more integrated direction, Sunplus Innovation Technology is also actively developing non-PC related products to establish a foundation for growth and profitability.

Jumplux Technology actively participates in the automotive USB Media Hub to support Apple CarPlay and Baidu CarLife to meet the needs of the Chinese automotive market. And committed to the development of UFS bridge chip.

Looking forward to 2019, the haze of the US-China trade war is gradually dissipating, and the unfavorable factors dragging down the international economy are expected to decrease. However, Trump's trade barrierism is still huge, and the uncertainty of the future of the international economy is very high. It will also affect the overall competition of the technology industry. The company will pay close attention to the changes in the international economic environment.

## **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 2018 business report, financial statements and the proposals. The CPAs of Deloitte & Touche were retained to audit those financial statements and have submitted the audit report. The Audit Committee has, have reviewed the business report, financial statements and the proposals as being correct and accurate. 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 20, 2019

## ACCOUNTANT AUDIT REPORT

Sunplus Technology Co., Ltd public view:

### Check opinion

Sunplus Technology Co., Ltd. in the Republic of 2018 and December 31, 2017 individual balance sheet, And the Republic of 2018 and individual income statement for the period from 1 January to 31 December of 2017 、 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. 2018 and December 31, 2017 of the individual financial status, and individual financial performance and individual cash flows from of 2018 and January 1 to December 31, 2017.

### 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 2018 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 2018 for Sunplus Technology Co., Ltd. are as follows:

### Income recognition

Sunplus technology company limited sales of integrated circuit chips is significant, Accounting for 90% of total revenue, please note 21.

In view of the decline in operating income of the Republic of China in the year of 2007, the sales revenue of some of the customers has increased significantly. Therefore, the accountants listed the above-mentioned income as a key check, and the relevant income

recognized the relevant accounting policies and information. Please refer to Note 4 and Note 23.

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. 2018 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 Yu Feng Huang

Securities and Futures Commission approval  
number

Taiwan financial card six words No.  
0920123784 number

March 20, 2019

## BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

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

| ASSETS  | 2018                |            | 2017                |            |
|---|---------------------|------------|---------------------|------------|
|   | Amount              | %          | Amount              | %          |
| <b>CURRENT ASSETS</b>   |                     |            |                     |            |
| Cash and cash equivalents (Notes 3, 4 and 6)  | \$ 780,555          | 9          | \$ 1,722,569        | 18         |
| Financial assets at fair value through profit or loss (FVTPL) - current (Notes 3, 4, 7 and 31)                  | 661,494             | 7          | -                   | -          |
| Available-for-sale financial assets - current (Notes 3, 4, 5 and 9)   | -                   | -          | 602,003             | 6          |
| Accounts receivable, net (Notes 3, 4, 5, 11 and 32)   | 171,387             | 2          | 200,733             | 2          |
| Other receivables (Notes 3, 4, 25 and 32)   | 14,226              | -          | 51,268              | -          |
| Inventories (Notes 4 and 12)  | 256,907             | 3          | 276,908             | 3          |
| Other financial assets (Notes 3, 16 and 33)   | -                   | -          | 59,520              | 1          |
| Other current assets (Note 16)  | 24,851              | -          | 29,734              | -          |
| Total current assets  | <u>1,909,420</u>    | <u>21</u>  | <u>2,942,735</u>    | <u>30</u>  |
| <b>NON-CURRENT ASSETS</b>   |                     |            |                     |            |
| Financial assets at fair value through profit or loss (FVTPL) - non-current (Notes 3, 4, 7 and 31)              | 266,154             | 3          | -                   | -          |
| Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 3, 4, 8 and 31) | 4,337               | -          | -                   | -          |
| Available-for-sale financial assets - non-current (Notes 3, 4, 9 and 31)  | -                   | -          | 74,435              | 1          |
| Financial assets carried at cost (Notes 3, 4, 5 and 10)   | -                   | -          | 201,923             | 2          |
| Investments accounted for using the equity method (Notes 4, 13 and 32)  | 5,981,209           | 67         | 5,762,269           | 59         |
| Property, plant and equipment (Notes 3, 4, 5, 14 and 33)  | 687,187             | 8          | 682,943             | 7          |
| Intangible assets (Notes 4, 5 and 15)   | 86,495              | 1          | 62,141              | 1          |
| Deferred tax assets (Notes 4, 5 and 25)   | 2,485               | -          | 2,485               | -          |
| Other financial assets (Notes 3, 16 and 33)   | 6,100               | -          | 6,100               | -          |
| Other non-current assets (Note 16)  | 8,000               | -          | 8,000               | -          |
| Total non-current assets  | <u>7,041,967</u>    | <u>79</u>  | <u>6,800,296</u>    | <u>70</u>  |
| <b>TOTAL</b>  | <u>\$ 8,951,387</u> | <u>100</u> | <u>\$ 9,743,031</u> | <u>100</u> |
| <b>LIABILITIES AND EQUITY</b>   |                     |            |                     |            |
| <b>CURRENT LIABILITIES</b>  |                     |            |                     |            |
| Short-term bank borrowings (Note 17)  | \$ -                | -          | \$ 59,520           | 1          |
| Contract liabilities - current (Note 23)  | 2,547               | -          | -                   | -          |
| Account payable (Note 18)   | 108,075             | 1          | 136,811             | 1          |
| Provisions - current (Notes 3, 4 and 19)  | -                   | -          | 7,300               | -          |
| Current portion of long-term bank loans (Notes 17 and 33)   | 115,000             | 1          | 175,000             | 2          |
| Other current liabilities (Notes 3 and 20)  | 188,041             | 2          | 226,187             | 2          |
| Total current liabilities   | <u>413,663</u>      | <u>4</u>   | <u>604,818</u>      | <u>6</u>   |
| <b>NON-CURRENT LIABILITIES</b>  |                     |            |                     |            |
| Long-term bank loans, net of current portion (Notes 17 and 33)  | -                   | -          | 100,000             | 1          |
| Net defined benefit liabilities (Notes 4 and 21)  | 5,275               | -          | 10,864              | -          |
| Guarantee deposits  | 64,131              | 1          | 61,113              | 1          |
| Other non-current liabilities, net of current portion (Note 23)   | 2,376               | -          | -                   | -          |
| Total non-current liabilities   | <u>71,782</u>       | <u>1</u>   | <u>171,977</u>      | <u>2</u>   |
| Total liabilities   | <u>485,445</u>      | <u>5</u>   | <u>776,795</u>      | <u>8</u>   |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>   |                     |            |                     |            |
| Share capital (Notes 4 and 22)  |                     |            |                     |            |
| Common shares   | 5,919,949           | 66         | 5,919,949           | 61         |
| Capital surplus   | 801,398             | 9          | 835,241             | 9          |
| Retained earnings   |                     |            |                     |            |
| Legal reserve   | 1,941,826           | 21         | 1,900,505           | 20         |
| Special reserve   | 67,279              | 1          | 22,995              | -          |
| Unappropriated earnings   | 241,734             | 3          | 413,209             | 4          |
| Total retained earnings   | <u>2,250,839</u>    | <u>25</u>  | <u>2,336,709</u>    | <u>24</u>  |
| Other equity  | (442,843)           | (5)        | (62,262)            | (1)        |
| Treasury shares (Note 22)   | (63,401)            | -          | (63,401)            | (1)        |
| Total equity  | <u>8,465,942</u>    | <u>95</u>  | <u>8,966,236</u>    | <u>92</u>  |
| <b>TOTAL</b>  | <u>\$ 8,951,387</u> | <u>100</u> | <u>\$ 9,743,031</u> | <u>100</u> |

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

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**ANNEX 5**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|  | 2018             |             | 2017             |             |
|--|------------------|-------------|------------------|-------------|
|  | Amount           | %           | Amount           | %           |
| NET OPERATING REVENUE (Notes 4, 23 and 32)   | \$ 1,238,780     | 100         | \$ 1,365,802     | 100         |
| OPERATING COSTS (Notes 12, 21 and 24)  | <u>809,472</u>   | <u>66</u>   | <u>892,547</u>   | <u>65</u>   |
| GROSS PROFIT   | <u>429,308</u>   | <u>34</u>   | <u>473,255</u>   | <u>35</u>   |
| OPERATING EXPENSES (Notes 21, 24 and 32)   |                  |             |                  |             |
| Selling and marketing expenses   | 31,670           | 3           | 43,754           | 3           |
| General and administrative expenses  | 176,445          | 14          | 220,785          | 16          |
| Research and development expenses  | <u>460,807</u>   | <u>37</u>   | <u>482,210</u>   | <u>36</u>   |
| Total operating expenses   | <u>668,922</u>   | <u>54</u>   | <u>746,749</u>   | <u>55</u>   |
| LOSS FROM OPERATIONS   | <u>(239,614)</u> | <u>(20)</u> | <u>(273,494)</u> | <u>(20)</u> |
| NONOPERATING INCOME AND EXPENSES (Notes 4, 13, 24, 27 and 32)  |                  |             |                  |             |
| Other income   | 52,856           | 4           | 39,506           | 3           |
| Other gains and losses   | 152,227          | 12          | 424,700          | 31          |
| Finance costs  | (4,864)          | -           | (8,337)          | (1)         |
| Share of profit of associates and joint ventures   | <u>47,155</u>    | <u>4</u>    | <u>239,083</u>   | <u>18</u>   |
| Total nonoperating income and expenses   | <u>247,374</u>   | <u>20</u>   | <u>694,952</u>   | <u>51</u>   |
| PROFIT BEFORE INCOME TAX   | 7,760            | -           | 421,458          | 31          |
| INCOME TAX EXPENSE (Notes 4 and 25)  | <u>2,144</u>     | <u>-</u>    | <u>-</u>         | <u>-</u>    |
| NET PROFIT FOR THE YEAR  | <u>5,616</u>     | <u>-</u>    | <u>421,458</u>   | <u>31</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   | 3,443            | -           | (4,088)          | -           |
| Unrealized losses from investments in equity instruments at FVTOCI   | (94,350)         | (8)         | -                | -           |
| Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method | (18,667)         | (1)         | (1,534)          | -           |
| Items that may be reclassified subsequently to profit or loss (Notes 4 and 22)                                     |                  |             |                  |             |

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|   | 2018                |             | 2017              |             |
|---|---------------------|-------------|-------------------|-------------|
|   | Amount              | %           | Amount            | %           |
| Exchange differences on translating foreign operations  | 18,919              | 2           | (42,119)          | (3)         |
| Unrealized loss on available-for-sale financial assets  | -                   | -           | (278,167)         | (21)        |
| Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method | <u>(35,694)</u>     | <u>(3)</u>  | <u>13,624</u>     | <u>1</u>    |
| Other comprehensive loss for the year, net of income tax  | <u>(126,349)</u>    | <u>(10)</u> | <u>(312,284)</u>  | <u>(23)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR   | <u>\$ (120,733)</u> | <u>(10)</u> | <u>\$ 109,174</u> | <u>8</u>    |
| EARNINGS PER SHARE (Note 26)  |                     |             |                   |             |
| Basic   | <u>\$ 0.01</u>      |             | <u>\$ 0.72</u>    |             |
| Diluted   | <u>\$ 0.01</u>      |             | <u>\$ 0.72</u>    |             |

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED

## ANNEX 6

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars)

|   | Share Capital Issued and Outstanding |              | Retained Earnings |               |                 |                            | Other Equity   |  |  | Treasury Shares | Total Equity |
|---|--------------------------------------|--------------|-------------------|---------------|-----------------|----------------------------|--|--|--|-----------------|--------------|
|   | Share<br>(Thousands)                 | Amount       | Capital Surplus   | Legal Reserve | Special Reserve | Unappropriated<br>Earnings | Exchange<br>Differences on<br>Translating<br>Foreign<br>Operations | Unrealized<br>Gain (Loss) on<br>Available-for-sale<br>Financial Assets | Unrealized Losses<br>from Investments<br>in Equity<br>Instruments<br>Measured at<br>FVTOCI |                 |              |
|   |                                      |              |                   |               |                 |                            |  |  |  |                 |              |
| BALANCE, JANUARY 1, 2017  | 591,995                              | \$ 5,919,949 | \$ 911,110        | \$ 1,890,531  | \$ 21,927       | \$ 99,738                  | \$ (62,062)  | \$ 306,462   | \$ -   | \$ (63,401)     | \$ 9,024,254 |
| Appropriation of the 2016 earnings  |                                      |              |                   |               |                 |                            |  |  |  |                 |              |
| Legal reserve   | -                                    | -            | -                 | 9,974         | -               | (9,974)                    | -  | -  | -  | -               | -            |
| Special reserve   | -                                    | -            | -                 | -             | 1,068           | (1,068)                    | -  | -  | -  | -               | -            |
| Cash dividends for common shares  | -                                    | -            | -                 | -             | -               | (88,681)                   | -  | -  | -  | -               | (88,681)     |
| Difference between share price and book value from disposal of subsidiaries,<br>associates and joint ventures accounted for using the equity method | -                                    | -            | -                 | -             | -               | (18)                       | -  | -  | -  | -               | (18)         |
| Issuance of share dividends from capital surplus  | -                                    | -            | (207,317)         | -             | -               | -                          | -  | -  | -  | -               | (207,317)    |
| Difference between share price and book value from disposal of subsidiaries   | -                                    | -            | 129,668           | -             | -               | -                          | -  | -  | -  | -               | 129,668      |
| Changes of equity of subsidiaries   | -                                    | -            | -                 | -             | -               | (2,624)                    | -  | -  | -  | -               | (2,624)      |
| Net profit for the year ended December 31, 2017   | -                                    | -            | -                 | -             | -               | 421,458                    | -  | -  | -  | -               | 421,458      |
| Other comprehensive loss for the year ended December 31, 2017, net of income tax  | -                                    | -            | -                 | -             | -               | (5,622)                    | (60,038)   | (246,624)  | -  | -               | (312,284)    |
| Total comprehensive income (loss) for the year ended December 31, 2017  | -                                    | -            | -                 | -             | -               | 415,836                    | (60,038)   | (246,624)  | -  | -               | 109,174      |
| Disposal of treasury shares   | -                                    | -            | 1,780             | -             | -               | -                          | -  | -  | -  | -               | 1,780        |
| BALANCE, DECEMBER 31, 2017  | 591,995                              | 5,919,949    | 835,241           | 1,900,505     | 22,995          | 413,209                    | (122,100)  | 59,838   | -  | (63,401)        | 8,966,236    |
| Effect of retrospective application and retrospective restatement   | -                                    | -            | -                 | -             | -               | 294,288                    | -  | (59,838)   | (230,011)  | -               | 4,439        |
| BALANCE, JANUARY 1, 2018 AS RESTATED  | 591,995                              | 5,919,949    | 835,241           | 1,900,505     | 22,995          | 707,497                    | (122,100)  | -  | (230,011)  | (63,401)        | 8,970,675    |
| Appropriation of the 2017 earnings  |                                      |              |                   |               |                 |                            |  |  |  |                 |              |
| Legal reserve   | -                                    | -            | -                 | 41,321        | -               | (41,321)                   | -  | -  | -  | -               | -            |
| Special reserve   | -                                    | -            | -                 | -             | 44,284          | (44,284)                   | -  | -  | -  | -               | -            |
| Cash dividends for common shares  | -                                    | -            | -                 | -             | -               | (327,551)                  | -  | -  | -  | -               | (327,551)    |
| Changes in capital surplus from investments in associates and joint ventures<br>accounted for using the equity method                               | -                                    | -            | 50,782            | -             | -               | -                          | -  | -  | -  | -               | 50,782       |

|   |                |                     |                   |                     |                  |                   |                     |             |                     |                    |                     |
|---|----------------|---------------------|-------------------|---------------------|------------------|-------------------|---------------------|-------------|---------------------|--------------------|---------------------|
| Issuance of share dividends from capital surplus  | -              | -                   | (86,846)          | -                   | -                | -                 | -                   | -           | -                   | -                  | (86,846)            |
| Difference between share price and book value from disposal of subsidiaries                                   | -              | -                   | (271)             | -                   | -                | -                 | -                   | -           | -                   | -                  | (271)               |
| Changes of equity of subsidiaries   | -              | -                   | -                 | -                   | -                | (22,606)          | -                   | -           | -                   | -                  | (22,606)            |
| Net profit for the year ended December 31, 2018   | -              | -                   | -                 | -                   | -                | 5,616             | -                   | -           | -                   | -                  | 5,616               |
| Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax                     | -              | -                   | -                 | -                   | -                | 1,453             | (16,775)            | -           | (111,027)           | -                  | (126,349)           |
| Total comprehensive income (loss) for the year ended December 31, 2018  | -              | -                   | -                 | -                   | -                | 7,069             | (16,775)            | -           | (111,027)           | -                  | (120,733)           |
| Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries                      | -              | -                   | 2,492             | -                   | -                | -                 | -                   | -           | -                   | -                  | 2,492               |
| Disposals of investments in equity instruments designated as at fair value through other comprehensive income | -              | -                   | -                 | -                   | -                | (37,070)          | -                   | -           | 37,070              | -                  | -                   |
| <b>BALANCE, DECEMBER 31, 2018</b>   | <u>591,995</u> | <u>\$ 5,919,949</u> | <u>\$ 801,398</u> | <u>\$ 1,941,826</u> | <u>\$ 67,279</u> | <u>\$ 241,734</u> | <u>\$ (138,875)</u> | <u>\$ -</u> | <u>\$ (303,968)</u> | <u>\$ (63,401)</u> | <u>\$ 8,465,942</u> |

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED

ANNEX 7

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

|  | 2018           | 2017           |
|--|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                |                |
| Income before income tax   | \$ 7,760       | \$ 421,458     |
| Adjustments for:   |                |                |
| Depreciation expenses  | 45,232         | 45,365         |
| Amortization expenses  | 42,802         | 32,582         |
| Bad-debt expense   | -              | 30,558         |
| Net gain on the fair value change of financial assets designated as at fair value through profit or loss | 13,218         | -              |
| Financial costs  | 4,864          | 8,337          |
| Interest income  | (6,885)        | (5,379)        |
| Dividend income  | (4,568)        | (6,559)        |
| Share of profit of subsidiaries, associates and joint ventures   | (47,155)       | (239,083)      |
| Gain on disposal of investments  | -              | (516,435)      |
| Gain on disposal of subsidiaries   | (119,154)      | -              |
| Impairment loss recognized on financial assets   | -              | 96,567         |
| Impairment loss recognized on non-financial assets   | -              | 21,577         |
| Realized gain on the transactions with subsidiaries  | (2,287)        | (404)          |
| Net loss on foreign currency exchange  | 203            | 6,494          |
| Changes in operating assets and liabilities:   |                |                |
| Decrease (increase) in other receivables   | 22,170         | (3,563)        |
| Decrease in trade receivables  | 29,387         | 117,072        |
| Decrease (increase) in inventories   | 20,001         | (19,678)       |
| Decrease in other current assets   | 4,883          | 40,071         |
| Decrease in contract liabilities   | (996)          | -              |
| Decrease in trade payables   | (28,717)       | (7,993)        |
| Decrease in provisions   | -              | (1,854)        |
| Decrease in other current liabilities  | (34,475)       | (55,517)       |
| Decrease in defined benefit liabilities  | (2,146)        | (2,229)        |
| Cash generated from operations   | (55,863)       | (38,613)       |
| Interest received  | 7,398          | 5,422          |
| Dividends received   | 278,568        | 353,024        |
| Interest paid  | (5,018)        | (8,888)        |
| Income tax paid  | (1,680)        | -              |
| Net cash generated from operating activities   | <u>223,405</u> | <u>310,945</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                |                |
| Purchase of financial assets at FVTPL  | (454,704)      | -              |
| Proceeds from the sale of financial assets at FVTPL  | 313,976        | -              |
| Purchases of available-for-sale financial assets   | -              | (275,420)      |
| Proceeds of the sale of available-for-sale financial assets  | -              | 1,128,917      |
| Capital returned to the Company - financial assets carried at cost                                       | -              | 3,183          |
| Purchase of investments accounted for using the equity method  | (346,554)      | (393,281)      |
| Payments for property, plant and equipment   | (41,358)       | (14,568)       |
| Payments for intangible assets   | (65,360)       | (48,365)       |

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

|   | 2018              | 2017                |
|---|-------------------|---------------------|
| Decrease in other assets - non-current  | 59,520            | 4,980               |
| Decrease in refundable deposits   | <u>-</u>          | <u>58</u>           |
| Net cash (used in) generated from investing activities                                | <u>(534,480)</u>  | <u>405,504</u>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |                     |
| (Repayments) proceeds of short-term borrowings  | (59,520)          | 22,020              |
| Repayments of long-term borrowings  | (160,000)         | (670,832)           |
| Proceeds from guarantee deposits received   | 1,860             | 48,146              |
| Refunds of guarantee deposits received  | (752)             | (48,249)            |
| Dividends paid to owners of the Company   | <u>(414,397)</u>  | <u>(295,998)</u>    |
| Net cash used in financing activities   | <u>(632,809)</u>  | <u>(944,913)</u>    |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF<br>CASH HELD IN FOREIGN CURRENCIES | <u>1,870</u>      | <u>(6,712)</u>      |
| NET DECREASE IN CASH AND CASH EQUIVALENTS   | (942,014)         | (235,176)           |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR                                | <u>1,722,569</u>  | <u>1,957,745</u>    |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR                                      | <u>\$ 780,555</u> | <u>\$ 1,722,569</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 2018 and December 31, 2017 consolidated balance sheet, consolidated income statement for 2018 and the period from January 1 to December 31, 2017, 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 2018 and December 31, 2017, and the combined financial performance and merger cash flow of 2018 and January 1 to December 31, 2017.

### 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 2018 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 2018 for Sunplus Technology Co., Ltd. and its subsidiaries are as follows:

## Income Recognition

The amount of integrated circuit chip sales by Sunplus Technology Co., Ltd. and its subsidiaries is significant, accounting for 94% of total revenue. In view of the decline in operating income of the Republic of China in the year of 2007, the sales revenue of some of the customers has increased significantly. Therefore, the accountants listed the above recognition as a key check, and the relevant income recognized the relevant accounting policies and information. Please note 4 and 25.

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, 2018 and 2017, 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, Sunplus 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 2018 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 Yu Feng Huang

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

Securities and Futures Commission approval  
number  
Taiwan financial card six words No.  
0920123784 number

March 20, 2019

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

| ASSETS   | 2018                 |            | 2017                 |            |
|--|----------------------|------------|----------------------|------------|
|  | Amount               | %          | Amount               | %          |
| <b>CURRENT ASSETS</b>  |                      |            |                      |            |
| Cash and cash equivalents (Notes 3, 4 and 6)   | \$ 3,235,721         | 27         | \$ 4,156,277         | 31         |
| Financial assets at fair value through profit or loss - current (Notes 3, 4, 7 and 35)                 | 1,313,747            | 11         | 9,468                | -          |
| Available-for-sale financial assets - current (Notes 3, 4 and 9)                                       | -                    | -          | 1,633,531            | 12         |
| Notes and accounts receivable, net (Notes 3, 4, 5, 11, 25 and 36)                                      | 954,030              | 8          | 1,197,626            | 9          |
| Other receivables (Notes 3, 4 and 6)   | 70,960               | 1          | 164,712              | 1          |
| Inventories (Notes 4 and 12)   | 818,948              | 7          | 1,007,962            | 8          |
| Other financial assets - current (Notes 3, 18 and 37)  | 153,575              | 1          | 291,373              | 2          |
| Other current assets (Note 18)   | <u>91,321</u>        | <u>1</u>   | <u>100,961</u>       | <u>1</u>   |
| Total current assets   | <u>6,638,302</u>     | <u>56</u>  | <u>8,561,910</u>     | <u>64</u>  |
| <b>NON-CURRENT ASSETS</b>  |                      |            |                      |            |
| Financial assets at fair value through profit or loss - non-current (Notes 3, 4, 7 and 35)             | 737,867              | 6          | 89,280               | 1          |
| Financial assets at fair value through other comprehensive income - non-current (Notes 3, 4, 8 and 35) | 246,208              | 2          | -                    | -          |
| Available-for-sale financial assets - non-current (Notes 3, 4, 9 and 35)                               | -                    | -          | 189,263              | 1          |
| Financial assets carried at cost (Notes 3, 4 and 10)   | -                    | -          | 519,259              | 4          |
| Investments accounted for using the equity method (Notes 4 and 14)                                     | 729,219              | 6          | 379,351              | 3          |
| Property, plant and equipment (Notes 4, 5, 15 and 37)  | 2,052,359            | 17         | 2,164,154            | 16         |
| Investment properties (Notes 4 and 16)   | 1,039,314            | 9          | 1,139,051            | 8          |
| Intangible assets (Notes 4, 5 and 17)  | 178,521              | 2          | 196,131              | 1          |
| Deferred tax assets (Notes 4 and 27)   | 30,254               | -          | 31,215               | -          |
| Other financial assets - non-current (Notes 3, 18 and 37)  | 127,215              | 1          | 84,426               | 1          |
| Other non-current assets (Notes 18 and 36)   | <u>147,725</u>       | <u>1</u>   | <u>125,939</u>       | <u>1</u>   |
| Total non-current assets   | <u>5,288,682</u>     | <u>44</u>  | <u>4,918,069</u>     | <u>36</u>  |
| <b>TOTAL</b>   | <u>\$ 11,926,984</u> | <u>100</u> | <u>\$ 13,479,979</u> | <u>100</u> |
| <b>LIABILITIES AND EQUITY</b>  |                      |            |                      |            |
| <b>CURRENT LIABILITIES</b>   |                      |            |                      |            |
| Short-term borrowings (Notes 19 and 37)  | \$ 311,215           | 3          | \$ 444,111           | 3          |
| Contract liabilities - current (Notes 3 and 25)  | 7,511                | -          | -                    | -          |
| Accounts payable (Note 20)   | 484,810              | 4          | 723,983              | 5          |
| Current tax liabilities (Notes 4 and 27)   | 56,972               | -          | 60,946               | 1          |
| Provisions - current (Notes 4 and 21)  | -                    | -          | 11,555               | -          |
| Deferred revenue - current (Notes 4, 22 and 30)  | 1,629                | -          | 1,663                | -          |
| Current portion of long-term loans bank (Notes 19 and 37)  | 250,046              | 2          | 175,000              | 1          |
| Other current liabilities (Notes 3 and 22)   | <u>572,546</u>       | <u>5</u>   | <u>772,858</u>       | <u>6</u>   |
| Total current liabilities  | <u>1,684,729</u>     | <u>14</u>  | <u>2,190,116</u>     | <u>16</u>  |
| <b>NON-CURRENT LIABILITIES</b>   |                      |            |                      |            |
| Long-term borrowings (Notes 19 and 37)   | -                    | -          | 249,143              | 2          |
| Deferred revenue - non-current, net of current portion (Notes 4, 22 and 30)                            | 61,894               | -          | 64,844               | -          |
| Net defined benefit liabilities - non-current (Notes 4 and 23)   | 79,313               | 1          | 101,000              | 1          |
| Guarantee deposits received (Notes 33 and 36)  | 230,177              | 2          | 230,702              | 2          |
| Other liabilities  | <u>3,265</u>         | <u>-</u>   | <u>889</u>           | <u>-</u>   |
| Total non-current liabilities  | <u>374,649</u>       | <u>3</u>   | <u>646,578</u>       | <u>5</u>   |
| Total liabilities  | <u>2,059,378</u>     | <u>17</u>  | <u>2,836,694</u>     | <u>21</u>  |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 24 and 29)</b>                               |                      |            |                      |            |
| Share capital  |                      |            |                      |            |
| Common shares  | <u>5,919,949</u>     | <u>50</u>  | <u>5,919,949</u>     | <u>44</u>  |
| Capital surplus  | <u>801,398</u>       | <u>7</u>   | <u>835,241</u>       | <u>6</u>   |
| Retained earnings  |                      |            |                      |            |
| Legal reserve  | 1,941,826            | 16         | 1,900,505            | 14         |
| Special reserve  | 67,279               | 1          | 22,995               | -          |
| Unappropriated earnings  | <u>241,734</u>       | <u>2</u>   | <u>413,209</u>       | <u>3</u>   |
| Total retained earnings  | <u>2,250,839</u>     | <u>19</u>  | <u>2,336,709</u>     | <u>17</u>  |
| Other equity   | <u>(442,843)</u>     | <u>(4)</u> | <u>(62,262)</u>      | <u>-</u>   |
| Treasury shares (Note 37)  | <u>(63,401)</u>      | <u>1</u>   | <u>(63,401)</u>      | <u>-</u>   |
| Total equity attributable to owners of the Company   | 8,465,942            | 71         | 8,966,236            | 67         |
| <b>NON-CONTROLLING INTERESTS (Notes 4, 13, 24 and 32)</b>  | <u>1,401,664</u>     | <u>12</u>  | <u>1,677,049</u>     | <u>12</u>  |
| Total equity   | <u>9,867,606</u>     | <u>83</u>  | <u>10,643,285</u>    | <u>79</u>  |
| <b>TOTAL</b>   | <u>\$ 11,926,984</u> | <u>100</u> | <u>\$ 13,479,979</u> | <u>100</u> |

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

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**ANNEX 10**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

|  | 2018             |            | 2017             |           |
|--|------------------|------------|------------------|-----------|
|  | Amount           | %          | Amount           | %         |
| NET OPERATING REVENUE (Notes 4, 25, and 36)  | \$ 6,077,733     | 100        | \$ 6,820,237     | 100       |
| OPERATING COSTS (Notes 12 and 26)  | <u>3,648,349</u> | <u>60</u>  | <u>4,083,471</u> | <u>60</u> |
| GROSS PROFIT   | <u>2,429,384</u> | <u>40</u>  | <u>2,736,766</u> | <u>40</u> |
| OPERATING EXPENSES (Notes 26 and 36)   |                  |            |                  |           |
| Selling and marketing expenses   | 286,562          | 5          | 308,054          | 4         |
| General and administrative expenses  | 532,943          | 9          | 599,899          | 9         |
| Research and development expenses  | <u>1,699,345</u> | <u>28</u>  | <u>1,779,383</u> | <u>26</u> |
| Total operating expenses   | <u>2,518,850</u> | <u>42</u>  | <u>2,687,336</u> | <u>39</u> |
| OTHER OPERATING INCOME AND EXPENSES  | <u>(324)</u>     | <u>-</u>   | <u>(2,245)</u>   | <u>-</u>  |
| (LOSS) PROFIT FROM OPERATIONS  | <u>(89,790)</u>  | <u>(2)</u> | <u>47,185</u>    | <u>1</u>  |
| NON-OPERATING INCOME AND EXPENSES (Notes 4, 14, 26, 30 and 36)   |                  |            |                  |           |
| Other income   | 116,463          | 2          | 97,685           | 1         |
| Other gains and losses   | 246,002          | 4          | 424,967          | 6         |
| Finance costs  | (23,823)         | -          | (26,226)         | -         |
| Share of profit of associates  | <u>(44,862)</u>  | <u>(1)</u> | <u>91,044</u>    | <u>1</u>  |
| Total non-operating income and expenses  | <u>293,780</u>   | <u>5</u>   | <u>587,470</u>   | <u>8</u>  |
| PROFIT BEFORE INCOME TAX   | 203,990          | 3          | 634,655          | 9         |
| INCOME TAX EXPENSE (Notes 4 and 27)  | <u>61,667</u>    | <u>1</u>   | <u>83,427</u>    | <u>1</u>  |
| NET PROFIT FOR THE YEAR  | <u>142,323</u>   | <u>2</u>   | <u>551,228</u>   | <u>8</u>  |
| OTHER COMPREHENSIVE INCOME (LOSS)  |                  |            |                  |           |
| Items that will not be reclassified subsequently to profit or loss (Notes 4 and 24):                         |                  |            |                  |           |
| Remeasurement of defined benefit plans   | 1,845            | -          | (5,947)          | -         |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | (103,685)        | (2)        | -                | -         |

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|  | 2018              |            | 2017              |            |
|--|-------------------|------------|-------------------|------------|
|  | Amount            | %          | Amount            | %          |
| Share of the other comprehensive loss of associates accounted for using the equity method      | (8,556)           | -          | (75)              | -          |
| Items that may be reclassified subsequently to profit or loss (Notes 4 and 24):                |                   |            |                   |            |
| Exchange differences on translating foreign operations   | (18,061)          | -          | (62,931)          | (1)        |
| Unrealized (loss) gain on available-for-sale financial assets                                  | -                 | -          | (256,849)         | (4)        |
| Share of other comprehensive income (loss) of associates accounted for using the equity method | <u>(2,904)</u>    | <u>-</u>   | <u>5,635</u>      | <u>-</u>   |
| Other comprehensive loss income for the year, net of income tax                                | <u>(131,361)</u>  | <u>(2)</u> | <u>(320,167)</u>  | <u>(5)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR  | <u>\$ 10,962</u>  | <u>-</u>   | <u>\$ 231,061</u> | <u>3</u>   |
| NET PROFIT ATTRIBUTABLE TO:  |                   |            |                   |            |
| Owners of the Company  | \$ 5,616          | -          | \$ 421,458        | 6          |
| Non-controlling interests  | <u>136,707</u>    | <u>2</u>   | <u>129,770</u>    | <u>2</u>   |
|  | <u>\$ 142,323</u> | <u>2</u>   | <u>\$ 551,228</u> | <u>8</u>   |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:   |                   |            |                   |            |
| Owners of the Company  | \$ (120,733)      | (2)        | \$ 109,174        | 1          |
| Non-controlling interests  | <u>131,695</u>    | <u>2</u>   | <u>121,887</u>    | <u>2</u>   |
|  | <u>\$ 10,962</u>  | <u>-</u>   | <u>\$ 231,061</u> | <u>3</u>   |
| EARNINGS PER SHARE (Note 28)   |                   |            |                   |            |
| Basic  | <u>\$ 0.01</u>    |            | <u>\$ 0.72</u>    |            |
| Diluted  | <u>\$ 0.01</u>    |            | <u>\$ 0.72</u>    |            |

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ANNEX 11

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

|  | Equity Attributable to Owners of the Company |              |                 |                   |                 |                         |  |   |   |                 |              |                          |               |
|--|--|--------------|-----------------|-------------------|-----------------|-------------------------|--|---|---|-----------------|--------------|--------------------------|---------------|
|  | Share Capital Issued and Outstanding         |              |                 |                   |                 |                         | Other Equity   |   |   |                 |              |                          |               |
|  | Share  |              | Capital Surplus | Retained Earnings |                 |                         | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Available-for-sale Financial Assets | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Treasury Shares | Total        | Noncontrolling Interests | Total Equity  |
|  | (Thousands)                                  | Amount       |                 | Legal Reserve     | Special Reserve | Unappropriated Earnings |  |   |   |                 |              |                          |               |
| BALANCE, JANUARY 1, 2017   | 591,995                                      | \$ 5,919,949 | \$ 911,110      | \$ 1,890,531      | \$ 21,927       | \$ 99,738               | \$ (62,062)  | \$ 306,462  | \$ -  | \$ (63,401)     | \$ 9,024,254 | \$ 1,663,923             | \$ 10,688,177 |
| Offset of the 2016 deficit   |  |              |                 |                   |                 |                         |  |   |   |                 |              |                          |               |
| Legal reserve  | -  | -            | -               | 9,974             | -               | (9,974)                 | -  | -   | -   | -               | -            | -                        | -             |
| Special reserve  | -  | -            | -               | -                 | 1,068           | (1,068)                 | -  | -   | -   | -               | -            | -                        | -             |
| Cash dividends for common shares   | -  | -            | -               | -                 | -               | (88,681)                | -  | -   | -   | -               | (88,681)     | -                        | (88,681)      |
| Difference between stock price and book value from disposal of subsidiaries, associates and joint ventures accounted for using the equity method | -  | -            | -               | -                 | -               | (18)                    | -  | -   | -   | -               | (18)         | -                        | (18)          |
| Issuance of share dividends from capital surplus   | -  | -            | (207,317)       | -                 | -               | -                       | -  | -   | -   | -               | (207,317)    | -                        | (207,317)     |
| Difference between share price and book value from disposal of subsidiaries  | -  | -            | 129,668         | -                 | -               | -                       | -  | -   | -   | -               | 129,668      | -                        | 129,668       |
| Net profit for the year ended December 31, 2017  | -  | -            | -               | -                 | -               | 421,458                 | -  | -   | -   | -               | 421,458      | 129,770                  | 551,228       |
| Other comprehensive loss for the year ended December 31, 2017, net of income tax   | -  | -            | -               | -                 | -               | (5,622)                 | (60,038)   | (246,624)   | -   | -               | (312,284)    | (7,883)                  | (320,167)     |
| Total comprehensive income (loss) for the year ended December 31, 2017   | -  | -            | -               | -                 | -               | 415,836                 | (60,038)   | (246,624)   | -   | -               | 109,174      | 121,887                  | 231,061       |
| Changes of equity of subsidiaries  | -  | -            | -               | -                 | -               | (2,624)                 | -  | -   | -   | -               | (2,624)      | -                        | (2,624)       |
| Adjustment of capital surplus for the Company  |  |              |                 |                   |                 |                         |  |   |   |                 |              |                          |               |
| Cash dividends received by subsidiaries  | -  | -            | 1,780           | -                 | -               | -                       | -  | -   | -   | -               | 1,780        | -                        | 1,780         |
| Decrease in non-controlling interests  | -  | -            | -               | -                 | -               | -                       | -  | -   | -   | -               | -            | (108,761)                | (108,761)     |
| BALANCE, DECEMBER 31, 2017   | 591,995                                      | 5,919,949    | 835,241         | 1,900,505         | 22,995          | 413,209                 | (122,100)  | 59,838  | -   | (63,401)        | 8,966,236    | 1,677,049                | 10,643,285    |
| Effect of retrospective application and retrospective restatement  | -  | -            | -               | -                 | -               | 294,288                 | -  | (59,838)  | (230,011)   | -               | 4,439        | 1,478                    | 5,917         |
| BALANCE, JANUARY 1, 2018 AS RESTATED   | 591,995                                      | 5,919,949    | 835,241         | 1,900,505         | 22,995          | 707,497                 | (122,100)  | -   | (230,011)   | (63,401)        | 8,970,675    | 1,678,527                | 10,649,202    |
| Offset of the 2017 deficit   |  |              |                 |                   |                 |                         |  |   |   |                 |              |                          |               |
| Legal reserve  | -  | -            | -               | 41,321            | -               | (41,321)                | -  | -   | -   | -               | -            | -                        | -             |
| Special reserve  | -  | -            | -               | -                 | 44,284          | (44,284)                | -  | -   | -   | -               | -            | -                        | -             |
| Cash dividends for common shares   | -  | -            | -               | -                 | -               | (327,551)               | -  | -   | -   | -               | (327,551)    | -                        | (327,551)     |
| Changes in capital surplus from investments in associates accounted for using the equity method  | -  | -            | 50,782          | -                 | -               | -                       | -  | -   | -   | -               | 50,782       | -                        | 50,782        |
| Issuance of share dividends from capital surplus   | -  | -            | (86,846)        | -                 | -               | -                       | -  | -   | -   | -               | (86,846)     | -                        | (86,846)      |
| Difference between share price and book value from disposal of subsidiaries  | -  | -            | (271)           | -                 | -               | -                       | -  | -   | -   | -               | (271)        | -                        | (271)         |
| Changes of equity of subsidiaries  | -  | -            | -               | -                 | -               | (22,606)                | -  | -   | -   | -               | (22,606)     | -                        | (22,606)      |
| Net profit for the year ended December 31, 2018  | -  | -            | -               | -                 | -               | 5,616                   | -  | -   | -   | -               | 5,616        | 136,707                  | 142,323       |
| Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax  | -  | -            | -               | -                 | -               | 1,453                   | (16,775)   | -   | (111,027)   | -               | (126,349)    | (5,012)                  | (131,361)     |

|   |                |                     |                   |                     |                  |                   |                     |             |                     |                    |                     |                     |                     |
|---|----------------|---------------------|-------------------|---------------------|------------------|-------------------|---------------------|-------------|---------------------|--------------------|---------------------|---------------------|---------------------|
| Total comprehensive income (loss) for the year ended December 31, 2018  | -              | -                   | -                 | -                   | -                | 7,069             | (16,775)            | -           | (111,027)           | -                  | (120,733)           | 131,695             | 10,962              |
| Adjustment of capital surplus for the Company   |                |                     |                   |                     |                  |                   |                     |             |                     |                    |                     |                     |                     |
| Cash dividends received by subsidiaries   | -              | -                   | 2,492             | -                   | -                | -                 | -                   | -           | -                   | -                  | 2,492               | -                   | 2,492               |
| Disposals of investments in equity instruments designated as at fair value through other comprehensive income | -              | -                   | -                 | -                   | -                | (37,070)          | -                   | -           | 37,070              | -                  | -                   | -                   | -                   |
| Decrease in noncontrolling interests  | -              | -                   | -                 | -                   | -                | -                 | -                   | -           | -                   | -                  | -                   | (408,558)           | (408,558)           |
| BALANCE, DECEMBER 31, 2018  | <u>591,995</u> | <u>\$ 5,919,949</u> | <u>\$ 801,398</u> | <u>\$ 1,941,826</u> | <u>\$ 67,279</u> | <u>\$ 241,734</u> | <u>\$ (138,875)</u> | <u>\$ -</u> | <u>\$ (303,968)</u> | <u>\$ (63,401)</u> | <u>\$ 8,465,942</u> | <u>\$ 1,401,664</u> | <u>\$ 9,867,606</u> |

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ANNEX 12

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars)

|  | 2018           | 2017           |
|--|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES   |                |                |
| Income before income tax   | \$ 203,990     | \$ 634,655     |
| Adjustments for:   |                |                |
| Depreciation expenses  | 275,786        | 259,983        |
| Amortization expenses  | 82,237         | 97,645         |
| Bad-debt expenses  | -              | 29,376         |
| Net gain on fair value change of financial assets designated as of fair value through profit or loss | (67,736)       | (4,901)        |
| Finance costs  | 23,823         | 26,226         |
| Interest income  | (26,314)       | (22,111)       |
| Dividend income  | (23,564)       | (23,230)       |
| Compensation costs of employee share options   | 37             | 220            |
| Share of profits of associates   | 44,862         | (91,044)       |
| Loss on disposal of property, plant and equipment  | 324            | 2,245          |
| Gain on disposal of subsidiaries   | (170,897)      | -              |
| Gain on disposal of investments  | (11,724)       | (642,140)      |
| Impairment loss recognized on financial assets   | -              | 203,363        |
| Impairment loss recognized non-financial assets  | -              | 25,190         |
| Net loss on foreign currency exchange  | 34,248         | 9,184          |
| Amortization of prepaid lease payments   | 2,810          | 2,778          |
| Changes in operating assets and liabilities:   |                |                |
| Decrease in financial assets held for trading  | -              | 15,053         |
| Decrease in trade receivables  | 114,488        | 48,582         |
| Decrease (increase) in other receivables   | 11,333         | (90,911)       |
| Increase in inventories  | (17,157)       | (149,572)      |
| (Increase) decrease in other current assets  | (6,368)        | 41,058         |
| Decrease in trade payables   | (89,495)       | (6,586)        |
| Increase in contract liabilities   | 27,331         | -              |
| Decrease in provisions   | -              | (779)          |
| Decrease in deferred revenue   | (3,659)        | (1,641)        |
| Decrease in other current liabilities  | (151,849)      | (38,882)       |
| Decrease in accrued pension liabilities  | (4,309)        | (3,213)        |
| Cash generated from operations   | 248,197        | 320,548        |
| Interest received  | 25,125         | 24,445         |
| Dividends received   | 97,629         | 64,377         |
| Interest paid  | (21,745)       | (27,065)       |
| Income tax paid  | (65,287)       | (67,373)       |
| Net cash generated from operating activities   | <u>283,919</u> | <u>314,932</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES   |                |                |
| Purchases of available-for-sale financial assets   | -              | (1,921,210)    |
| Proceeds of the sale of available-for-sale financial assets  | -              | 2,745,491      |
| Purchases of financial assets measured at cost   | -              | (89,341)       |
| Proceeds of the disposal of financial assets measured at cost  | -              | 54,099         |
| Returned capital to the Company - financial assets measured at cost                                  | -              | 3,183          |
| Purchase of financial assets at FVTOCI   | (105,213)      | -              |
| Purchase of financial assets at FVTPL  | (1,764,316)    | -              |
| Proceeds from the sale of financial assets at FVTPL  | 2,060,690      | -              |
| Proceeds from the sale of financial assets at FVTOCI   | 4,930          | -              |

(Continued)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars)**

|  | 2018                | 2017                |
|--|---------------------|---------------------|
| Acquisition of associates  | (110,368)           | -                   |
| Proceeds from disposal of subsidiaries   | (159,571)           | 219,242             |
| Payments for property, plant and equipment   | (173,729)           | (99,960)            |
| Proceeds of the disposal of property, plant and equipment                                    | 568                 | 162                 |
| Increase in refundable deposits  | (2,039)             | -                   |
| Decrease in refundable deposits  | 62                  | 748                 |
| Payments for intangible assets   | (84,655)            | (124,521)           |
| Payments for investment properties   | (3,891)             | (6,592)             |
| Decrease in investment properties  | 10,016              | -                   |
| Decrease (increase) on other non-current assets  | 10,635              | (143,170)           |
| Decrease in other assets - non-current   | <u>3,570</u>        | <u>1,476</u>        |
| Net cash (used in) generated from investing activities                                       | <u>(313,311)</u>    | <u>639,607</u>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                     |                     |
| Repayments of short-term borrowings  | (132,566)           | (105,832)           |
| Repayments of long-term borrowings   | (179,088)           | (1,021,586)         |
| Proceeds of guarantee deposits received  | 47,914              | 107,187             |
| Refunds of guarantee deposits received   | (18,331)            | (77,857)            |
| Dividends paid to interests  | (411,905)           | (294,218)           |
| Dividends paid to non-controlling interests  | (169,798)           | (200,179)           |
| Decrease in non-controlling interests  | <u>(31,266)</u>     | <u>(1,000)</u>      |
| Net cash used in financing activities  | <u>(895,040)</u>    | <u>(1,593,485)</u>  |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF<br/>CASH HELD IN FOREIGN CURRENCIES</b> |                     |                     |
|  | <u>3,876</u>        | <u>(8,272)</u>      |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>   | (920,556)           | (647,218)           |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>                                | <u>4,156,277</u>    | <u>4,803,495</u>    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                                      | <u>\$ 3,235,721</u> | <u>\$ 4,156,277</u> |

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

(Concluded)

**SUNPLUS TECHNOLOGY CO. LTD**  
**PROPOSAL FOR EARNINGS DISTRIBUTION**  
**2019**

| ITEMS  | AMOUNT (NT\$) |
|--|---------------|
| Undistributed surplus at the beginning of the period   | 53,167        |
| Impact of retrospective application and retrospective reprogramming  | 294,288,165   |
| Adjustment of undistributed surplus at the beginning of the period   | 294,341,332   |
| Adjustment of retained earnings due to investment using equity method  | (22,605,858)  |
| Determining the benefit plan re-measurement recognized in the retained surplus   | 1,452,634     |
| Disposal of equity instrument investments measured at fair value through other comprehensive gains and losses, cumulative gains and losses transferred directly to retained earnings | (37,070,133)  |
| Adjusted undistributed surplus   | 236,117,975   |
| After-tax net profit in 2018   | 5,616,331     |
| Provision of statutory surplus reserve   | (561,634)     |
| Special surplus reserve  | (241,172,672) |
| Current period available for distribution of surplus   | 0             |
| Undistributed surplus at the end of the period   | 0             |

**Description:**

1. The Company increased its retained earnings by \$294,288,165 due to the impact of retrospective application and retrospective reorganization, use equity method to reduce retained earnings by \$22,605,858, determine the benefit plan to re-measure the increase in retained earnings of \$1,452,634, disposal of equity instrument investments measured at fair value through other comprehensive gains and losses, accumulated gains and losses transferred directly to retained earnings decreased by \$37,070,133.
2. The company's net profit after tax in 2007, the statutory surplus reserve of NT\$561,634 and special surplus reserve of NT\$241,172,672, no dividends will be available for distribution this year.

Chairman of the board:

Manager:

Accountant:

**SUNPLUS TECHNOLOGY CO. LTD**  
**Obtain or dispose of the asset processing procedure amendments**

| Before revision   | After revision   | Reason description  |
|---|--|---|
| <p>Article 1<br/>The company obtains or disposes of assets and shall handle it in accordance with the provisions of this procedure. However, other laws and regulations provide for it.</p>   | <p>Article 1<br/>The company obtains or disposes of assets and shall handle it in accordance with the provisions of this procedure</p>   | <p>1. According to the current book, "other laws and regulations stipulate otherwise" means that the publicly issued banking, insurance, ticketing, securities and futures industries and other financial related businesses acquire or dispose of assets, and priority should be applied to the relevant industries. The law stipulates.</p> <p>2. The company's non-financial related business, so delete the text description.</p> |
| <p>Article 2<br/>The applicable scope of the assets referred to in this procedure is as follows:<br/>1. Stocks, bonds, corporate bonds, financial bonds, etc., commend the fund's securities, depositary receipts, subscription (sales) warrants, beneficiary securities and asset-based securities investments.<br/>2. Real estate (including land, houses and buildings, investment real estate, land use rights) and equipment.<br/>Third, the membership card.<br/>4. Intangible assets such as patents, copyrights, trademarks, and concessions.<br/>5. Assets acquired or disposed of in accordance with legal mergers,</p> | <p>Article 2<br/>The applicable scope of the assets referred to in this procedure is as follows:<br/>1. Stocks, bonds, corporate bonds, financial bonds, etc., commend the fund's securities, depositary receipts, subscription (sales) warrants, beneficiary securities and asset-based securities investments.<br/>2. Real estate (including land, houses and buildings, investment real estate) and equipment.<br/>Third, the membership card.<br/>4. Intangible assets such as patents, copyrights, trademarks, and concessions.<br/>5. Right to use assets.<br/>6. Assets acquired or disposed of</p> | <p>1. In accordance with the provisions of the IFRS16 Lease Bulletin, add a fifth paragraph to expand the scope of the right to use assets and move the current second land use right to the fifth paragraph.</p> <p>2. The current paragraphs 5 to 6 are moved to paragraphs 6 to 7.</p>   |

| Before revision   | After revision   | Reason description  |
|---|--|---|
| <p>divisions, acquisitions or transfer of shares.</p> <p>6. Other important assets.</p>   | <p>in accordance with legal mergers, divisions, acquisitions or transfer of shares.</p> <p>7. Other important assets.</p>  |   |
| <p>Article 4</p> <p>The company's valuation report or the opinion of an accountant, lawyer or securities underwriter, the professional valuer and its appraisers, accountants, lawyers or securities underwriters and parties to the transaction may not be related parties</p> | <p>Article 4</p> <p>The company's valuation report or the opinion of an accountant, lawyer or securities underwriter, the professional valuer and its appraisers, accountants, lawyers or securities underwriters shall meet the following requirements:</p> <p>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.</p> <p>2. The situation in which the party to the transaction may not be a related person or a person with a substantive relationship.</p> <p>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</p> | <p>Defining the negative qualifications of external experts</p> |

| Before revision  | After revision  | Reason description  |
|--|---|---|
|  | each other or have substantive relationships  |   |
| <p>Article 6</p> <p>The company obtains or disposes of real estate or equipment. Except for transactions with government agencies, construction of local land, construction of land leases, or acquisition or disposal of equipment for business use, the transaction amount reaches 20% of the company's paid-in capital. For NT\$300 million or more, the valuation report issued by the professional valuer shall be obtained before the date of the fact, and the following provisions shall be met:</p> <p>1. For special reasons, when the price, price or special price is used as the reference basis for the transaction price, the transaction shall be approved by the board of directors first, and the future transaction conditions shall be changed according to the opening procedure.</p> <p>2. If the transaction amount reaches NT\$1 billion or more, more than two professional valuers should be invited to make an estimate.</p> <p>3. The valuation result of the professional valuer is one of the following circumstances, except that the valuation result of the acquired assets is higher than the transaction amount, or the valuation result of the disposal of the assets is lower</p> | <p>The transaction amount shall reach 20% of the company's paid-in capital or NT\$300 million in the transaction of government agencies, construction of local land, construction of land lease, or acquisition or disposal of equipment for business use or its right to use assets. The above shall obtain the valuation report issued by the professional valuer before the date of the fact, and meet the following requirements:</p> <p>1. For special reasons, when the price is limited, the specific price or the special price is used as the reference basis for the transaction price, the transaction shall be approved by the board of directors first; and then the transaction conditions shall be changed.</p> <p>2. If the transaction amount reaches NT\$1 billion or more, more than two professional valuers should be invited to make an estimate.</p> <p>3. The valuation result of the professional valuer is one of the following circumstances, except that the valuation result of the acquired assets is higher than the transaction amount, or the valuation result of the disposal of the assets is lower than the transaction amount, and the</p> | <p>1. Due to transactions with foreign government agencies, the relevant regulations and bargaining mechanism are relatively unclear. Therefore, the first amendment to the transaction with domestic government agencies may be exempted from the expert report.</p> <p>2. In accordance with the provisions of the IFRS16 Lease Bulletin, the right to use assets shall be included in the provisions of this Article</p> |

| Before revision   | After revision  | Reason description  |
|---|---|---|
| <p>than the transaction amount, and the accountant should be consulted by the accountant of the Republic of China. The Research and Development Foundation (hereinafter referred to as the Accounting Research and Development Foundation) issued the provisions of the Auditing Standards No. 20, and expressed specific opinions on the reasons for the differences and the transaction price:</p> <p>(1) The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.</p> <p>(2) The difference between the valuation results of two or more professional valuers is more than 10% of the transaction amount.</p> <p>4. The date of the report issued by the professional valuer and the date of establishment of the contract shall not exceed three months. However, if the current value of the same period announcement is applied and it has not exceeded six months, the original professional valuer may issue a written opinion.</p> | <p>accountant should be consulted by the accountant of the Republic of China. The Research and Development Foundation (hereinafter referred to as the Accounting Research and Development Foundation) issued the provisions of the Auditing Standards No. 20, and expressed specific opinions on the reasons for the differences and the transaction price:</p> <p>(1) The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.</p> <p>(2) The difference between the valuation results of two or more professional valuers is more than 10% of the transaction amount.</p> <p>4. The date of the report issued by the professional valuer and the date of establishment of the contract shall not exceed three months. However, if the current value of the same period announcement is applied and it has not exceeded six months, the original professional valuer may issue a written opinion</p> |   |
| <p>Article 8<br/>If the company obtains or disposes of the membership card or intangible assets transaction amount up to 20% of the company's paid-up capital or NT\$300 million or</p>   | <p>Article 8<br/>If the company obtains or disposes of intangible assets or its right-of-use assets or membership card transaction amount up to 20% of the company's paid-up</p>  | <p>1. In accordance with the provisions of the IFRS16 Lease Bulletin, the right to use assets shall be included in the provisions of this Article.</p> <p>2. Due to transactions with foreign</p> |

| Before revision   | After revision   | Reason description  |
|---|--|---|
| <p>more, in addition to trading with government agencies, the accountant should be consulted before the factual date. The reasonableness of the price shall be expressed, and the accountant shall handle it in accordance with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation</p>   | <p>capital or NT\$300 million, it shall be subject to the facts except for transactions with domestic government agencies. Recently, the accountant was asked to express their opinions on the reasonableness of the transaction price. The accountant should also handle the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.</p>   | <p>government agencies, the relevant regulations and bargaining mechanism are relatively unclear. Therefore, the amendments can only be exempted from the expert report by trading with domestic government agencies</p>            |
| <p>Article 8-1<br/>The calculation of the amount of the first three transactions shall be handled in accordance with the second paragraph of Article 15, and the alleged one year shall be based on the date on which the fact of the transaction occurred, and shall be retroactively calculated for one year, and have been obtained in accordance with the provisions of this Standard. The valuation report or accountant's opinion issued by the professional valuer is exempt from credit</p> | <p>Article 9<br/>The calculation of the amount of the first three transactions shall be handled in accordance with the provisions of Paragraph 2 of Article 16. The alleged one year is based on the date on which the fact of the transaction occurred, and is retroactively calculated for one year. It has been obtained in accordance with the provisions of this Code. The valuation report or accountant's opinion issued by the professional valuer is exempt from credit</p> | <ol style="list-style-type: none"> <li>1. Changes in the order.</li> <li>2. Since the ninth article, the articles are all extended to the first. (Only revised and not revised, not included in the comparison table.)</li> </ol>   |
| <p>Article 11<br/>The Company obtains or disposes of the aforementioned equipment, membership card, intangible assets, etc., its trading conditions, authorization quota and execution, and the Company's "Purchasing, Payment and Warehousing Management Measures", "Property Management Measures" and "Title</p>  | <p>Article 12<br/>The Company obtains or disposes of the aforementioned equipment, right-of-use assets, membership certificates, intangible assets, etc., the trading conditions, the authorization amount and the execution, the Company's "Purchasing, Payment and Warehousing Management</p>  | <ol style="list-style-type: none"> <li>1. Changes in the order.</li> <li>2. In accordance with the provisions of the IFRS16 Lease Bulletin, the right to use assets shall be included in the provisions of this Article.</li> </ol> |

| Before revision  | After revision   | Reason description   |
|--|--|--|
| <p>Authorization Management Measures” Handle</p>   | <p>Measures”, “Property Management Measures” and “ The Administrative Measures for Job Authorization is handled</p>  |  |
| <p>Article 15<br/>If the assets are obtained or disposed of, the following information shall be submitted to the designated website of the FCC for reporting within 2 days from the date of the factual occurrence according to the nature of the competent authority:<br/>1. Obtain or dispose of immovable property from the related party, or acquire or dispose of other assets other than immovable property with the related person and the transaction amount shall reach 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million. the above. However, the sale and purchase of public debt, the purchase of bonds, the sale of bonds, the purchase or purchase of money market funds issued by domestic securities investment trusts are not limited.<br/>2. Consolidation, division, acquisition or share transfer.<br/>3. The types of assets acquired or disposed of are equipment for business use, and the transaction objects are not related parties, and the transaction amount is one of the following:<br/>(1) If the company's paid-up capital</p> | <p>Article 16<br/>If the assets are obtained or disposed of, the following information shall be submitted to the designated website of the FCC for reporting within 2 days from the date of the factual occurrence according to the nature of the competent authority:<br/>1. Obtaining or disposing of the real property or its right-of-use assets from the related party, or other assets other than the acquirer's acquisition or disposal of the real property or its right-of-use assets, and the transaction amount reaches 20% of the company's paid-in capital, and the total assets are 100. Ten or more than NT\$300 million. However, the trading of domestic bonds, bonds with buy back, sale back conditions, purchase or purchase of money market funds issued by domestic securities investment trusts are not limited.<br/>2. Consolidation, division, acquisition or share transfer.<br/>3. Obtaining or disposing of equipment for business use or its right to use assets, and the transaction object is not a related person, the transaction amount is</p> | <p>. Changes in the order.<br/>2. Due to the different credits of foreign governments, the amendments are limited to domestic public debt.<br/>3. In accordance with the provisions of the IFRS16 Lease Bulletin, the right to use assets shall be included in the provisions of this Article.<br/>4. Incorporate non-relevant persons into this specification to facilitate compliance by the company.<br/>5. The investment in securities is the securities transaction, and the subject matter of the transaction or the institution is consistently included at home and abroad. Therefore, the term "at home and abroad" is deleted.<br/>6. Considering the behavior of investing as a professional in the foreign primary market to subscribe for ordinary corporate bonds, which is a regular act and its commodity nature is pure; and the domestic securities investment trust enterprise and the futures trust enterprise grants the financial management committee to supervise, and purchase or buy back The fund raised by the fund</p> |

| Before revision   | After revision   | Reason description  |
|---|--|---|
| <p>does not reach NT\$10 billion, the transaction amount will reach NT\$500 million.</p> <p>(2) If the company's paid-up capital amount reaches NT\$10 billion or more, the transaction amount will reach NT\$1 billion.</p> <p>3. Real estate commission, land lease commission construction, joint construction, joint construction, joint construction, and sales of real estate. The company expects to invest up to NT\$500 million.</p> <p>5. Asset transactions other than the first four paragraphs, financial institutions disposition of creditor's rights or investment in mainland China, the transaction amount of the company's paid-in capital of 20% or NT\$300 million. However, the following situations are not limited to this:</p> <p>(1) Buying and selling public debt.</p> <p>(2) Investing in securities, trading in securities at the stock exchanges of securities companies or securities firms at home or abroad, or ordinary corporate bonds issued in the domestic primary market, and general financial bonds not involving equity, or securities firms</p> <p>Due to the needs of the underwriting business, the securities company recommended by the company to be recommended by the securities company to be subscribed by the securities counter of the Republic of China Securities Counter.</p> | <p>up to one of the following provisions:</p> <p>(1) If the company's paid-up capital does not reach NT\$10 billion, the transaction amount will reach NT\$500 million.</p> <p>(2) If the company's paid-up capital amount reaches NT\$10 billion or more, the transaction amount will reach NT\$1 billion.</p> <p>4. Real estate acquisition by land construction, land lease construction, joint housing construction, joint construction, and joint construction, and the transaction object is not related.</p> <p>The company expects to invest up to NT\$5. More than 100 million yuan.</p> <p>5. Asset transactions other than the first four paragraphs, financial institutions disposition of creditor's rights or investment in mainland China, the transaction amount of the company's paid-in capital of 20% or NT\$300 million. However, the following situations are not limited to this:</p> <p>(1) Buying and selling domestic public debts.</p> <p>(2) Those who invest in a professional, buy or sell securities on the stock exchange or securities firm's business premises, or subscribe for ordinary corporate bonds issued in the primary market and general financial bonds not involving equity</p> | <p>(excluding the overseas fund) is also a recurring act of investing as a professional. Therefore, it is a waiver of the exemption from the investment of the professional to open the securities before the sale and purchase, and considers the higher risk of the subordinated bonds, and also clearly refers to the ordinary Corporate bonds and general financial bonds not involving equity do not include subordinated bonds.</p> |

| Before revision  | After revision  | Reason description |
|--|---|--------------------|
| <p>(3) Trading in bonds with the conditions for repurchase and sale, purchase or purchase of money market funds issued by domestic securities investment trusts.</p> <p>The transaction amount of the preceding paragraph is calculated as follows:</p> <ol style="list-style-type: none"> <li>1. The amount of each transaction.</li> <li>2. The amount of transactions acquired or dispositioned by the same counterpart in the same nature within one year.</li> <li>3. The amount of the same development plan real estate that is accumulated or disbursed (acquired and disbursed separately) within one year.</li> <li>4. The amount of the same marketable securities accumulated or disbursed (acquired and disbursed separately) within one year.</li> </ol> <p>The term referred to in the preceding paragraph is based on the date on which the fact of the transaction occurred, and is retroactively calculated for one year. It has been re-instated in accordance with the provisions of this procedure.</p> <p>If the items to be announced in accordance with the regulations should be corrected if there are any errors or omissions in the announcement, all items shall be re-issued and declared within two days from the date of notification.</p> | <p>(excluding subordinated bonds) Or purchase or buy back a securities investment trust fund or futures trust fund, or a securities firm that is required by the underwriting business to serve as a securities for the securities company recommended by the securities company of the Republic of China.</p> <p>(3) Buying and selling bonds with purchase and return conditions, purchasing or buying back money market funds issued by domestic securities investment trusts.</p> <p>The transaction amount of the preceding paragraph is calculated as follows:</p> <ol style="list-style-type: none"> <li>1. The amount of each transaction.</li> <li>2. The amount of transactions that are acquired or dispositioned by the same counterpart in the same nature within one year.</li> <li>3. The amount of accumulated acquisition or disposal (acquisition and disposal) within the same year for the same development plan real estate or its right to use assets.</li> <li>4. The amount of the same marketable securities accumulated or disbursed (acquired and disbursed separately) within one year.</li> </ol> <p>The term referred to in the preceding paragraph is based on the date on which the fact of the transaction occurred, and is retroactively calculated for one</p> |                    |

| Before revision   | After revision  | Reason description  |
|---|---|---|
| <p>To obtain or dispose of assets, the relevant contract, the proceedings, the examination book, the valuation report, the accountants, lawyers or securities underwriters shall be placed in the company and shall be kept for at least five years, unless otherwise stipulated by other laws.</p>   | <p>year. It has been re-instated in accordance with the provisions of this procedure.</p> <p>If the items to be announced in accordance with the regulations should be corrected if there are any errors or omissions in the announcement, all items shall be re-issued and declared within two days from the date of notification.</p> <p>To obtain or dispose of assets, the relevant contract, the proceedings, the examination book, the valuation report, the accountants, lawyers or securities underwriters shall be placed in the company and shall be kept for at least five years, unless otherwise stipulated by other laws.</p> |   |
| <p>Article 17</p> <p>The subsidiaries of the Company are not domestic public issuance companies, and the company that obtains or disposes of assets with the provisions of this chapter shall be notified by the Company.</p> <p>The subsidiary of the preceding paragraph shall apply the reporting standard for the first paragraph of Article 15 concerning the 20% of the paid-up capital or 10% of the total assets, which shall be subject to the paid-in capital or total assets of the Company.</p> | <p>Article 18</p> <p>The subsidiaries of the Company are not domestic public issuance companies, and the company that obtains or disposes of assets with the provisions of this chapter shall be notified by the Company.</p> <p>The subsidiary of the preceding paragraph shall apply the reporting standard for the amount of paid-in capital or total assets to be declared in the first paragraph of Article 16. The amount of paid-in capital or total assets of the company shall prevail</p>   | <ol style="list-style-type: none"> <li>1. Changes in the order.</li> <li>2. The declaration standard of the subsidiary company shall be consistent with that of the parent company, so the text description shall be revised</li> </ol> |
| <p>Article 18</p> <p>The Company and its related parties obtain or dispose of assets. In</p>  | <p>Article 19</p> <p>The Company and its related parties obtain or dispose of assets.</p>   | <p>Change of order.</p>   |

| Before revision   | After revision   | Reason description   |
|---|--|--|
| <p>addition to matters such as Articles 6 to 8 and the provisions of this chapter, and the reasonableness of the terms of the transaction, the transaction amount shall be more than 10% of the company's total assets. Obtain the valuation report or accountant's opinion issued by the professional valuer in accordance with Articles 6 to 8. The calculation of the transaction amount of the preceding paragraph shall be handled in accordance with the provisions of Article 8. The 10% of the total assets are calculated based on the total assets in the most recent individual or individual financial reports as required by the securities issuer's financial reporting standards</p> | <p>In addition to matters such as Articles 6 to 8 and the provisions of this chapter, and the reasonableness of the terms of the transaction, the transaction amount shall be more than 10% of the company's total assets. Obtain the valuation report or accountant's opinion issued by the professional valuer in accordance with Articles 6 to 8. The calculation of the transaction amount of the preceding paragraph shall be handled in accordance with the provisions of Article 9. The 10% of the total assets are calculated based on the total assets in the most recent individual or individual financial reports as required by the securities issuer's financial reporting standards</p> |  |
| <p>Article 19<br/>The Company obtains or disposes of the real property from the related party, or acquires or disposes of other assets other than the real property, and the transaction amount reaches 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million. In addition to the sale and purchase of public debt, bonds with buy-backs, back-selling conditions, purchase or purchase of money market funds issued by domestic securities</p>  | <p>Article 20<br/>The Company obtains or disposes of the real property or its right-of-use assets from the related party, or other assets other than the acquirer's acquisition or disposal of the real property or its right-of-use assets, and the transaction amount reaches 20% of the company's paid-up capital and 100% of the total assets. In the case of 10 or more NT\$300 million, the following materials shall be submitted in addition to</p>  | <ol style="list-style-type: none"> <li>1. Changes in the order.</li> <li>2. Due to the different credits of foreign governments, the amendments are limited to domestic public debt.</li> <li>3. In accordance with the provisions of the IFRS16 Lease Bulletin, the right to use assets shall be included in the provisions of this Article.</li> <li>4. Considering that the public issuance company and its parent company, subsidiaries, or its directly or indirectly 100% owned</li> </ol> |

| Before revision  | After revision  | Reason description  |
|--|---|---|
| <p>investment trusts, the following information shall be submitted to the Audit Committee and the board of directors for approval. Contract and payment:</p> <p>1.The purpose, necessaryness and expected benefits of obtaining or disposing of assets.</p> <p>Second, the reason for selecting the person to be the transaction object.</p> <p>3. To obtain real estate from the related parties and to assess the relevant information on the reasonableness of the predetermined trading conditions in accordance with Articles 20 and 21.</p> <p>4. The date and price of the relationship, the transaction object and its relationship with the company and its stakeholders.</p> <p>V. Estimated cash receipts and expenditures for each month in the coming year starting from the contract month, and assess the necessity of the transaction and the rationality of the use of funds.</p> <p>6. The valuation report issued by the professional valuer obtained in accordance with the provisions of the preceding article, or the opinion of the accountant.</p> <p>7. The restrictions and other important matters of this transaction.</p> <p>2.The calculation of the transaction amount of the preceding paragraph shall be handled in accordance with the second paragraph of Article 15,</p> | <p>the domestic bonds, the bonds with the purchase and return conditions, the purchase or purchase of the money market funds issued by the domestic securities investment trusts. After the approval of the Audit Committee and the Board of Directors, the transaction contract and payment must be signed:</p> <p>1.The purpose, necessity and expected benefits of obtaining or disposing of assets.</p> <p>Second, the reason for selecting the person to be the transaction object.</p> <p>3. To obtain real estate or its right to use assets from related parties, and to assess the relevant information on the reasonableness of the predetermined trading conditions in accordance with Articles 21 and 22.</p> <p>4. The date and price of the relationship, the transaction object and its relationship with the company and its related parties.</p> <p>V. Estimated cash receipts and expenditures for each month in the coming year starting from the contract month, and assess the necessity of the transaction and the rationality of the use of funds.</p> <p>6. The valuation report issued by the professional valuer obtained in accordance with the provisions of the preceding article, or the opinion of the accountant.</p> | <p>subsidiaries, due to the overall planning of the business, there is a transfer of the overall purchase or lease of equipment for business use (including The necessary and necessary requirements for the sale and purchase and sublease, or the possibility of sub-letting the leased property, and the risk of such transactions is relatively low, relaxing the equipment acquired or disposed of for use by the companies, their right-of-use assets or for business use. Real estate use rights assets, authorized to the chairman to handle first.</p> |

| Before revision  | After revision  | Reason description |
|--|---|--------------------|
| <p>and the alleged one year shall be based on the date on which the fact of the transaction occurred, and the retrospective calculation shall be carried out one year ahead, and the audit has been submitted in accordance with the provisions of this Standard. The committee and the board of directors pass the partial exemption.</p> <p>The company and its parent company or subsidiary, obtain or dispose of the equipment for business use, the board of directors may authorize the chairman to make a decision within a certain amount, and then report to the board of directors for the most recent period.</p> <p>In the case of reporting to the board of directors in accordance with the first paragraph, the opinions of the independent directors should be fully considered. If the independent directors have objections or reservations, they should be stated in the proceedings of the board of directors and the provisions of Article 27 of this procedure should be approved. Apply for announcement.</p> | <p>7. The restrictions and other important matters of this transaction.</p> <p>The calculation of the transaction amount of the preceding paragraph shall be handled in accordance with the provisions of Paragraph 2 of Article 16. The alleged one year shall be based on the date on which the fact of the transaction occurred, and the retrospective calculation shall be carried out one year ahead, and the audit has been submitted in accordance with the provisions of this Standard. The committee and the board of directors pass the partial exemption.</p> <p>The Company and its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, engage in the following transactions with each other. The board of directors may authorize the chairman to make a decision within a certain amount and then report to the most recent period. Board of directors</p> <p>:</p> <ol style="list-style-type: none"> <li>1. Obtain or dispose of equipment for business use or its right to use assets.</li> <li>2. Acquiring or disposing of the right to use real estate for business use.</li> </ol> <p>In the case of reporting to the</p> |                    |

| Before revision   | After revision  | Reason description  |
|---|---|---|
|   | <p>board of directors in accordance with the first paragraph, the opinions of the independent directors should be fully considered. If the independent directors have objections or reservations, they should be stated in the proceedings of the board of directors and the provisions of Article 28 of this procedure should be approved. Apply for announcement</p>  |   |
| <p>Article 20<br/>When the Company obtains real estate from related parties, the reasonableness of transaction costs should be assessed as follows:<br/>1. Calculate the necessary fund interest and the cost that the buyer should bear according to the transaction price of the person concerned. The so-called necessary capital interest cost is calculated based on the weighted average interest rate of the borrowings of the company's assets purchased in the year, but it shall not be higher than the non-financial industry maximum borrowing rate announced by the Ministry of Finance.<br/>2.If the related person has set the mortgage borrower to the financial institution with the subject matter, the financial institution shall estimate the total value of the loan of the subject matter, but the</p> | <p>Article 21<br/>When the Company obtains real estate or its right to use assets from related parties, the reasonableness of transaction costs should be assessed in the following ways:<br/>1. Calculate the necessary capital interest and the cost that the buyer should bear according to the transaction price of the related person. The so-called necessary capital interest cost is calculated based on the weighted average interest rate of the borrowings of the company's assets purchased in the year, but it shall not be higher than the non-financial industry maximum borrowing rate announced by the Ministry of Finance.<br/>2. If the related person has set the mortgage borrower to the financial institution with the subject matter, the financial</p> | <p>1. Changes in the order.<br/>2. In accordance with the provisions of the IFRS16 Lease Bulletin, the assets of the right to use real estate will be included in the provisions of this Article.<br/>3. Considering that the public issuance company and its parent company, subsidiaries, or its directly or indirectly 100% owned subsidiaries, due to the overall planning of the business, there is the possibility of pooling the collective lease of real estate, and then sub-leasing, and the transaction involves The risk of unconventional transactions is relatively low, and the fourth paragraph of the fourth paragraph is added, excluding those transactions should be based on this article to assess the reasonableness of transaction costs.</p> |

| Before revision  | After revision   | Reason description |
|--|--|--------------------|
| <p>cumulative value of the actual loan lending by the financial institution to the subject matter shall reach the total evaluation of the loan. More than 70% of the value and the loan period have been more than one year. However, financial institutions and one party to the transaction are related to each other and are not applicable.</p> <p>If the land and houses that purchase the same target are combined, the transaction cost should be assessed on the land and the house in accordance with any of the methods listed in the preceding paragraph.</p> <p>The company obtains real estate from related parties and evaluates the cost of real estate according to the first and second provisions. It should also ask the accountant to review and express specific opinions.</p> <p>The company obtains real estate from related parties. In any of the following circumstances, it shall be handled in accordance with the provisions of Article 19. The first three provisions shall not apply:</p> <ol style="list-style-type: none"> <li>1. The relationship person acquires real estate due to inheritance or gift.</li> <li>2. The time for the parties to contract to obtain real estate has been more than five years from the date of the transaction.</li> <li>3. Signing a contract for joint construction with the person concerned, or obtaining the real</li> </ol> | <p>institution shall estimate the total value of the loan of the subject matter, but the cumulative value of the actual loan lending by the financial institution to the subject matter shall reach the total evaluation of the loan. More than 70% of the value and the loan period have been more than one year. However, financial institutions and one party to the transaction are related to each other and are not applicable.</p> <p>If the land and houses of the same target are purchased or leased together, the transaction costs shall be assessed for each of the land and houses in accordance with any of the methods listed in the preceding paragraph.</p> <p>The Company obtains the real estate or its right-of-use assets from the related parties, and evaluates the cost of the real property or the right to use the assets according to the previous two provisions, and should consult the accountant for review and express specific opinions.</p> <p>The company obtains real estate or its right to use assets from related parties. In any of the following circumstances, it shall be handled in accordance with the provisions of the preceding article.</p> <p>The first three provisions shall not apply:</p> <ol style="list-style-type: none"> <li>1. The relationship person acquires</li> </ol> |                    |

| Before revision  | After revision   | Reason description   |
|--|--|--|
| <p>estate from the establishment of the real estate commission, the construction of the land lease committee, etc.</p>   | <p>the real property or its right to use assets due to inheritance or gift.</p> <p>2. The time when the related party contracts to acquire the real property or its right to use assets has been more than five years from the date of the transaction.</p> <p>3. Signing a contract for joint construction with the person concerned, or obtaining the real estate from the establishment of the real estate commission, the construction of the land lease committee, etc.</p> <p>4. Obtaining real estate use right assets for business use with the parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital.</p> |  |
| <p>Article 21</p> <p>In accordance with the first and second provisions of the preceding article, the evaluation results are lower than the transaction price, and shall be handled in accordance with the provisions of Article 22. However, if the following circumstances, and the objective evidence and the specific reasonable opinions of the real estate appraisers and accountants are taken, this is not the case:</p> <p>1. If the relationship is acquired by a plain land or a leased land, it must be proved that one of the following</p> | <p>Article 22</p> <p>In accordance with the first and second provisions of the preceding article, the evaluation results are lower than the transaction price, and shall be handled in accordance with the provisions of Article 23. However, if the following circumstances, and the objective evidence and the specific reasonable opinions of the real estate appraisers and accountants are taken, this is not the case:</p> <p>1. If the relationship is acquired by a plain land or a leased land, it must be proved that one of the</p>   | <p>1. Changes in the order.</p> <p>2. Cooperate with the actual operation of real estate leasing such as factory buildings, relax the acquisition of real estate use right assets from related parties, and enable non-relevant lease transactions in neighboring regions as a reference case for calculating and estimating the reasonableness of transaction prices within one year, and The current first paragraph, the third paragraph, and the second item, and the additional rental case are also transaction cases. The first item,</p> |

| Before revision  | After revision  | Reason description  |
|--|---|---|
| <p>conditions is met:</p> <p>(1) According to the method stipulated in the preceding article, the house is calculated according to the construction cost of the related person plus the reasonable construction profit, and the total number exceeds the actual transaction price. The alleged reasonable construction profit shall be based on the average operating gross profit margin of the related party construction department in the last three years or the lower of the latest construction industry gross profit margin announced by the Ministry of Finance.</p> <p>(2) The transactions of other non-relevant persons within one year of other floors or adjacent areas of the same target premises are similar in area, and the trading conditions are equivalent to the reasonable floor or regional spreads as determined by the real estate trading practice.</p> <p>(3) In the case of other non-related persons' leases within one year of the same floor of the same subject, the reasonable prevailing floor price difference shall be used to estimate the transaction conditions.</p> <p>2. The immovable property purchased from the relevant party by proof, the trading conditions of which are similar to those of other non-relevant persons in the adjacent area within one year and</p> | <p>following conditions is met:</p> <p>(1) According to the method stipulated in the preceding article, the house is calculated according to the construction cost of the related person plus the reasonable construction profit, and the total number exceeds the actual transaction price. The alleged reasonable construction profit shall be based on the average operating gross profit margin of the related party construction department in the last three years or the lower of the latest construction industry gross profit margin announced by the Ministry of Finance.</p> <p>(2) Other non-relevant transaction cases within one year of other floors or adjacent areas of the same target premises, the areas of which are similar, and the terms of the transaction are assessed on the basis of reasonable floor or regional spreads as determined by the sale or lease of real estate.</p> <p>2. The real estate or leased property acquired from the real estate or lease obtained from the evidence is obtained, and the trading conditions are similar to those of other non-relevant transactions in the neighboring region within one year.</p> <p>The transaction cases in the adjacent areas referred to in the preceding paragraph are based on</p> | <p>the second item, the second paragraph and the second item are amended.</p> |

| Before revision   | After revision  | Reason description   |
|---|---|--|
| <p>the similar area.</p> <p>The case of the transaction in the adjacent area referred to in the preceding paragraph shall be based on the same or adjacent street profile and the distance from the object of the transaction is not more than 500 meters or the present value of the announcement is similar; if the area is similar, the case of other non-relevant persons shall be sold. The area is not less than 50% of the area of the subject matter of the transaction; the term is calculated within one year based on the date on which the real estate was acquired.</p>  | <p>the same or adjacent street profile and the distance from the object of the transaction is less than 500 meters or the present value of the announcement is similar; if the area is similar, the other non-relevant transaction cases The area is not less than 50% of the area of the subject matter of the transaction; the term of the year is based on the date of the acquisition of the real property or the right to use the assets, and the calculation is retroactively calculated for one year.</p>  |  |
| <p>Article 22</p> <p>If the real estate is obtained from the related parties, if the evaluation results are lower than the transaction price in accordance with Articles 20 and 21, the following matters shall be handled:</p> <ol style="list-style-type: none"> <li>1. The difference between the transaction price of the real estate and the cost of the assessment shall be based on the provision of special surplus reserve in accordance with the first paragraph of Article 41 of the Securities Exchange Law, and shall not be assigned or transferred to the share placement.</li> <li>2. The independent directors of the company's audit committee shall handle the provisions in accordance with the provisions of Article 208 of</li> </ol> | <p>Article 23</p> <p>If the property of the real estate or its right to use is obtained from the related party, if the evaluation result is lower than the transaction price according to the provisions of the preceding two articles, the following matters shall be handled:</p> <ol style="list-style-type: none"> <li>1. The difference between the transaction price of the real property or its right-of-use asset and the estimated cost shall be based on the provisions of the first paragraph of Article 41 of the Securities Exchange Law, and no special surplus reserve shall be allocated or transferred.</li> <li>2. The independent directors of the company's audit committee shall handle the provisions in</li> </ol> | <ol style="list-style-type: none"> <li>1. Changes in the order.</li> <li>2. In accordance with the provisions of the IFRS16 Lease Bulletin, the assets of the real estate use right obtained from the lease of the related party shall be included in the requirements for the assessment of the lower cost than the transaction price.</li> </ol> |

| Before revision  | After revision  | Reason description   |
|--|---|--|
| <p>the Company Law.</p> <p>3. The handling of the first and second paragraphs shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>If the company proposes a special surplus reserve according to the provisions of the preceding paragraph, the assets purchased at a high price shall be recognized as a loss or punishment for the price reduction or shall be properly compensated or restored, or there shall be other evidence to determine that there is no unreasonableness, and the Financial Supervision and Administration Commission After agreeing, the special surplus reserve will be used.</p> <p>If the real estate is obtained from the related party, if there is any other evidence that the transaction has irregular business practices, it shall be handled in accordance with the preceding two provisions.</p> | <p>accordance with the provisions of Article 208 of the Company Law.</p> <p>3. The first two cases shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>The company shall provide a special surplus reserve in accordance with the provisions of the preceding paragraph. The assets purchased at a high price or lease shall be recognized as a loss of price or disposition or termination of the lease or shall be properly compensated or reinstated, or there shall be other evidence to determine that there is no unreasonable, and The special surplus reserve is used after the approval of the Financial Supervisory Commission.</p> <p>If the other party obtains the real property or its right to use assets, if there is any other evidence that the transaction has irregular business practices, it shall also be handled in accordance with the preceding two provisions.</p> |  |
| <p>Article 23</p> <p>The total amount of real estate or marketable securities that the company may purchase for non-business use and the individual securities to be invested are as follows:</p>  | <p>Article 24</p> <p>The Company may purchase the total amount of real estate and its right-of-use assets or securities that are not for business use and the limits of individual securities that can be invested as follows:</p>  | <ol style="list-style-type: none"> <li>1. Changes in the order.</li> <li>2. In accordance with the provisions of the IFRS16 Lease Bulletin, the right to use assets shall be included in the provisions of this Article.</li> <li>3. Coordinate with the investment</li> </ol> |

| Before revision   | After revision  | Reason description   |
|---|---|--|
| <p>1. The total amount of real estate purchased for non-business use is limited to 50% of the company's paid-in capital.</p> <p>2. The total long-term investment securities of the Company shall not exceed 80% of the company's latest financial report.</p> <p>III. Long-term investment The limit of individual securities is 30% of the company's latest financial report.</p> <p>4. For short-term investments other than bond funds and currency funds, the limit for the company to invest in individual short-term securities is 2% of the company's most recent financial report. The overall investment limit is the company's most recent financial report. Ten.</p> <p>The net value referred to in this procedure refers to the equity of the balance sheet as stipulated in the "Certificate Preparation Standards for Securities Issuers" attributable to owners of the parent company.</p> | <p>1. The purchase of non-operating real estate and its right to use assets is limited to 50% of the company's paid-in capital.</p> <p>2. The total long-term investment securities of the Company shall not exceed 80% of the company's latest financial report.</p> <p>III. Long-term investment The limit of individual securities is 30% of the company's latest financial report.</p> <p>4. In addition to short-term investments other than monetary funds and coupons and bonds, the company's investment in certain short-term securities is limited to 2% of the company's latest financial report. The overall investment limit is the company's recent investment. The financial report has a net value of 10%.</p> <p>The net value referred to in this procedure refers to the equity of the balance sheet as stipulated in the "Certificate Preparation Standards for Securities Issuers" attributable to owners of the parent company.</p> | <p>operation management method to revise the limits for short-term investment.</p>   |
| <p>Article 26</p> <p>The Company sets up an audit committee in accordance with the Securities Exchange Act, stipulates or amends the procedures, material acquisition or disposal of assets, acquisition or disposition of real property with related parties, or</p>   | <p>Article 27</p> <p>The Company sets up an audit committee in accordance with the Securities Exchange Act, stipulates or amends the procedures, materially acquires or disposes of assets transactions, acquires or disposes of real property with its</p>   | <p>1. Changes in the order.</p> <p>2. In accordance with the provisions of the IFRS16 Lease Bulletin, the right to use assets shall be included in the provisions of this Article.</p> |

| Before revision  | After revision   | Reason description |
|--|--|--------------------|
| <p>other assets other than the acquisition or disposal of real estate with the related person and the transaction amount reaches the company. 20% of the paid-in capital, 10% of the total assets or NT\$300 million or more shall be approved by more than one-half of all members of the Audit Committee and shall be referred to the resolution of the Board of Directors. If more than one-half of the members of the audit committee do not agree, more than two-thirds of all directors may agree to do so, and the resolutions of the audit committee shall be stated in the minutes of the board meeting. All members of the Audit Committee and all directors referred to in the preceding paragraph shall be calculated by the actual incumbent.</p> | <p>related parties or its right to use assets, or acquires or disposes of immovable property or its right to use Other assets other than assets and the transaction amount of 20% of the company's paid-up capital, 10% of total assets or NT\$300 million or more shall be approved by more than one-half of all members of the Audit Committee, and The board of directors decided to proceed. If more than one-half of the members of the audit committee do not agree, more than two-thirds of all directors may agree to do so, and the resolutions of the audit committee shall be stated in the minutes of the board meeting.</p> <p>All members of the Audit Committee and all directors referred to in the preceding paragraph shall be calculated by the actual incumbent.</p> |                    |

## SUNPLUS TECHNOLOGY CO. LTD

## Endorsement guarantee operation procedure clause revision table

| Before revision  | After revision   | Reason description   |
|--|--|--|
| <p>Article 8: Announcement Procedure</p> <p>In addition to the company's and its subsidiaries' endorsement guarantees and the same amount of turnover announced in the previous month, the company's endorsement guarantee amount up to one of the following standards shall be announced within two days from the date of the fact. .</p> <p>1. The endorsement of the Company and its subsidiaries guarantees a balance of more than 50% of the company's most recent financial statements.</p> <p>2. The guarantee balance of the company and its subsidiaries for a single enterprise is up to 20% of the company's latest financial statements.</p> <p>3. The Company and its subsidiaries endorsed the balance of a single enterprise with a balance of NT\$10 million and its endorsement guarantee, long-term investment and capital loan balance and the balance reached the net value of the company's latest financial statements. More than thirty.</p> <p>4. The guaranteed amount of new endorsements of the Company or its subsidiaries amounted to NT\$30 million or more and reached more than 5% of the company's most recent financial statements.</p> <p>The date of occurrence of the alleged facts referred to in this procedure refers to the date on which the transaction signing date, payment date, board resolution date, or other date on which the transaction object and transaction amount are fully determined.</p> | <p>Article 8: Announcement Procedure</p> <p>In addition to the company's and its subsidiaries' endorsement guarantees and the same amount of turnover announced in the previous month, the company's endorsement guarantee amount up to one of the following standards shall be announced within two days from the date of the fact. .</p> <p>1. The endorsement of the Company and its subsidiaries guarantees a balance of more than 50% of the company's most recent financial statements.</p> <p>2. The company and its subsidiaries endorsed the balance of the single company's endorsement to more than 20% of the company's most recent financial statements.</p> <p>3. The Company and its subsidiaries endorsed the balance of a single enterprise with a balance of NT\$10 million or more and endorsed the guarantee, using the equity method of the investment book amount and the fund loan balance and the balance to reach the company's latest financial statement net value. More than 30%.</p> <p>4. The guaranteed amount of new endorsements of the Company or its subsidiaries amounted to NT\$30 million or more and reached more than 5% of the company's most recent financial statements.</p> <p>The date of the facts referred to in this procedure refers to the date of the signing date, the date of payment, the resolution date of the board of directors, or other date on which the endorsement object and the amount of the</p> | <p>1. In order to clarify the definition of long-term investment, the third paragraph of Article 1 is amended in accordance with the first paragraph of Article 9, paragraph 4 of the Financial Reporting Standards for Securities Issuers.</p> <p>2. Consider the endorsement to ensure that it is not of a transactional nature, and consider the second text.</p> |

| Before revision  | After revision  | Reason description   |
|--|---|--|
| <p>If the subsidiary is not a domestic public issuance company, the subsidiary shall have the fourth paragraph of the preceding paragraph that should be announced and declared by the company.</p>  | <p>endorsement are determined.<br/>If the subsidiary is not a domestic public issuance company, the subsidiary shall have the fourth paragraph of the preceding paragraph that should be announced and declared by the company.</p>   |  |
| <p>Article 11:<br/>The Company sets up the Audit Committee in accordance with the Securities Exchange Law. The amendments or amendments to this procedure and the major endorsement guarantees shall be approved by more than one-half of all members of the Audit Committee, and the resolutions of the Board of Directors shall be taken. If any director expresses objection and has Record or written statement, and the director's objection information should be sent to the audit committee. The establishment or amendment of this procedure and the major endorsement guarantees, if not approved by more than one-half of all members of the audit committee, may be approved by more than two-thirds of all directors and shall be stated in the minutes of the board of directors. Resolution of the Audit Committee.<br/>All members of the Audit Committee and all directors referred to in the preceding paragraph shall be calculated by the actual incumbent.<br/>In accordance with the provisions of the first paragraph, the provisions of the procedures should be fully considered in the discussion of the board of directors, and the opinions of the independent directors should be fully considered and the reasons for their consent or objection should be included in the board record.</p> | <p>Article 11:<br/>The Company sets up the Audit Committee in accordance with the Securities Exchange Law. The amendments or amendments to this procedure and the major endorsement guarantees shall be approved by more than one-half of all members of the Audit Committee, and the resolutions of the Board of Directors shall be taken. If any director expresses objection and has Record or written statement, and the director's objection information should be sent to the audit committee. The establishment or amendment of this procedure and the major endorsement guarantees, if not approved by more than one-half of all members of the audit committee, may be approved by more than two-thirds of all directors and shall be stated in the minutes of the board of directors. Resolution of the Audit Committee.<br/>All members of the Audit Committee and all directors referred to in the preceding paragraph shall be calculated by the actual incumbent.<br/>In the event that the establishment or amendment of this procedure is submitted to the board of directors for discussion in accordance with the first paragraph, the opinions of the independent directors should be fully considered. If the independent directors have objections or reservations, they should be stated in the</p> | <p>In accordance with the provisions of Article 14ter of the Act, the text is adjusted as appropriate.</p> |

| <b>Before revision</b>   | <b>After revision</b>  | <b>Reason description</b>  |
|--|--|--|
|  | proceedings of the board of directors.   |  |
| <p>Article 12:<br/>The procedures are subject to the approval of the Audit Committee and the Board of Directors and are submitted to the shareholders' meeting for approval.</p> | <p>Article 12:<br/>The procedures are subject to the approval of the Audit Committee and the Board of Directors and are submitted to the shareholders' meeting for approval. If a director expresses objection and has a record or written statement, the objection shall be reported to the shareholders' meeting for discussion.</p> | <p>Amended according to the provisions of Article 11 of the public offering company's fund loan and endorsement guarantee processing guidelines.</p> |

## SUNPLUS TECHNOLOGY CO. LTD

## Comparison table of funds loan and other people's operation methods

| Before revision   | After revision   | Reason description   |
|---|--|--|
| <p>Article 3: Capital loans and total amount and individual object limits</p> <p>...</p> <p>(3) When the company directly and indirectly holds 100% of the voting shares, it is not subject to the company's fifteenth Restrictions, but the total amount of funds and loans is not more than 20% of the company's net worth. The individual loans and amounts are not limited to 10% of the company's net value, and the financing period is not subject to one year or one business. The limitation of the period, but when these subsidiaries handle the loan of funds, they shall specify the limit and time limit in their fund loan and other people's operation methods.</p> | <p>Article 3: Capital Loan and Total and Individual Object Limits</p> <p>...</p> <p>(3) The company directly and indirectly holds 100% of the voting shares of the foreign companies or the company directly and indirectly holds 100% of the voting shares of the foreign company to the company, because the short-term financing funds need to engage in capital loans, although not Article 15 of the Company Law shall not exceed the limit of 40% of the company's net worth, but the total amount of funds and loans shall not exceed 20% of the net value of the company. The individual loans and amounts shall not exceed 100% of the net value of the company. The tenth limit is limited, and the financing period is not subject to one year or one business cycle. However, when these subsidiaries handle the loan, they should set the limit and time limit in their fund loan and other people's operation methods.</p> <p>When the person in charge of the company violates the provisions of the preceding paragraph, it shall be responsible for the return of the loan with the borrower; if the company suffers damage, it shall also be liable for damages.</p> | <p>1. In order to increase the flexibility of the internal fund dispatching operation of the Group, the foreign companies that directly and indirectly hold 100% of the voting shares of the parent company are engaged in the loan of the parent company, which is not subject to the net value of 40% and the leap year limit. .</p> <p>2. If the person in charge of the company violates the provisions of Article 3 of these Operational Procedures, he shall be liable with the borrower for the responsibility of returning the damage and the liability for damages; if the company suffers damage, it shall also be liable for damages.</p> |
| <p>Article 7: Announcement and Declaration</p> <p>...</p> <p>The date of occurrence of the facts referred to in these Measures refers to the date on which the transaction signing date, payment date, board resolution date or other date on which the transaction object and</p>  | <p>Article 7: Announcement and Declaration</p> <p>...</p> <p>The date of occurrence of the facts referred to in these Measures refers to the date of the signing date, the date of payment, the resolution date of the board of directors, or other date on which the funds are</p>  | <p>Consider the nature of the loan and non-transactional nature, and consider the text.</p>  |

| Before revision   | After revision   | Reason description  |
|---|--|---|
| transaction amount are determined.  | reconciled with the target and the amount of money.  |   |
| <p>5. Effective and revised<br/>The Company shall set up an audit committee in accordance with the Securities Exchange Law. The provisions or amendments to these Measures, and major fund loans and matters shall be approved by more than one-half of all members of the Audit Committee, and shall be submitted to the Board of Directors for resolution. If there is a record or a statement, the director's objection information should be sent to the audit committee. The provisions or amendments to these Measures, major financial loans and matters, if not approved by more than one-half of all members of the Audit Committee, may be approved by more than two-thirds of all Directors and shall be recorded in the minutes of the Board of Directors. The resolution of the Audit Committee.</p> <p>All members of the Audit Committee and all directors referred to in the preceding paragraph shall be calculated by the actual incumbent.</p> <p>In accordance with the provisions of the first paragraph, the provisions or amendments to the present Measures shall be submitted to the Board of Directors for discussion. The opinions of the independent directors shall be fully considered and the reasons for their express or dissenting opinions and objections shall be included in the records of the Board of Directors. The provisions of this Measures shall be subject to the approval of the Audit Committee and the Board of Directors and shall be submitted to the shareholders'</p> | <p>5. Effective and revised<br/>The Company shall set up an audit committee in accordance with the Securities Exchange Law. The provisions or amendments to these Measures, and major fund loans and matters shall be approved by more than one-half of all members of the Audit Committee, and shall be submitted to the Board of Directors for resolution. If there is a record or a statement, the director's objection information should be sent to the audit committee. The provisions or amendments to these Measures, major financial loans and matters, if not approved by more than one-half of all members of the Audit Committee, may be approved by more than two-thirds of all Directors and shall be recorded in the minutes of the Board of Directors. The resolution of the Audit Committee.</p> <p>All members of the Audit Committee and all directors referred to in the preceding paragraph shall be calculated by the actual incumbent.</p> <p>In accordance with the provisions of the first paragraph, the provisions or amendments to these Measures shall be submitted to the Board of Directors for discussion. The opinions of the independent directors shall be fully considered. If the independent directors have objections or reservations, they shall be stated in the proceedings of the Board of Directors. The provisions of this Measures shall be submitted to the shareholders' meeting for approval after the resolutions of the Audit Committee and the</p> | <p>1. Refer to Article 14ter of the Securities and Exchange Act to adjust the text as appropriate.<br/>2. Amended in accordance with the first paragraph of Article 8 of the Guidelines for the Handling of Funds and Endorsement of Public Offering Companies.</p> |

| <b>Before revision</b> | <b>After revision</b>  | <b>Reason description</b> |
|------------------------|--|---------------------------|
| meeting for approval.  | Board of Directors have been passed. If any directors express objections and have records or written statements, they shall submit their objections to the shareholders' meeting for discussion. |                           |

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

| <b>SUNPLUS Director</b> | <b>Adjunct Company</b>       | <b>Adjunct position</b> |
|-------------------------|------------------------------|-------------------------|
| Zhoujie Huang           | Zhu Ming Teaching Foundation | Chairman                |
|                         | Zhu Ming Academic Foundation | Chairman                |

## PROCEDURES FOR ACQUISITION AND DISPOSAL OF ASSETS (THE PROCEDURES) OF SUNPLUS TECHNOLOGY COMPANY LIMITED (THE COMPANY)

### Chapter I General Principles

**Article1** The Company shall handle the acquisition or disposal of assets in compliance with these Procedures; where another law or regulation provides provided otherwise, such provisions shall govern.

**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, rights to use land, and construction enterprise inventory) and equipment.
  3. Memberships.
  4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
  5. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- 1.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 not be a related party of any party to the transaction.

**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 or equipment 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.

**Article7** 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).

**Article8** Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300million or more, except in transactions with a 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. Article8-1 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 15, 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.

**Article9** 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. However, the merger of a publicly-issued company that merges its subsidiaries holding 100% of the issued shares or capital, or the subsidiaries that hold 100% of the issued shares or capital, respectively, is exempted from obtaining reasonable opinions from the former experts.

**Article10** 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**

**Article11** Where the Company acquires or disposes of preceding equipment, 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”.

**Article12** 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”.

**Article13** 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”.

**Article14** 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 15** 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 from or to a related party, or acquisition or disposal of assets other than real 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; However, the sale and purchase of public debt, bonds with buy back, sale back conditions, purchase or purchase of money market funds issued by domestic securities investment trusts are not limited to this.
2. Merger, demerger, acquisition, or transfer of shares.
3. The types of assets acquired or disposed of are equipment for business use, and the transaction objects are not related parties, and the transaction amount is one of the following:
  - (1) If the company's paid-up capital does not reach NT\$10 billion, the transaction amount will reach NT\$500 million.
  - (2) If the company's paid-up capital amount reaches NT\$10 billion or more, the transaction amount will reach NT\$1 billion.
  - (3) Realizing the real estate by means of self-employment construction, land lease commission construction, joint housing construction, joint construction, and joint construction, the company expects the transaction amount to reach NT\$500 million or more.

4. Asset transactions other than the first four paragraphs, financial institutions disposition of creditor's rights or investment in mainland China, the transaction amount of the company's paid-in capital of 20% or NT\$300 million. However, the following situations are not limited to this:

(1) Buying and selling public debt.

(2) Investing in securities, trading in securities at the stock exchanges of securities companies or securities firms at home or abroad, or ordinary corporate bonds issued in the domestic primary market, and general financial bonds not involving equity, or securities firms Due to the needs of the underwriting business, the securities company recommended by the company to be recommended by the securities company to be subscribed by the securities counter of the Republic of China Securities Counter.

(3) Buying and selling bonds with purchase and return conditions, purchasing or buying back money market funds issued by domestic securities investment trusts.

The amount of transactions above shall be calculated as follows:

1. 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 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.

If the items to be announced in accordance with the regulations shall be corrected if there are any errors or omissions in the announcement, the project shall be re-issued within two days from the date of notification.

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.

**Article16** 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.

2.Change to the originally publicly announced and reported information.

**Article17** 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 15, 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**

**Article 18** 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 8-1 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.

**Article 19** When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real 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 for the sale and purchase of public debt, the purchase of bonds, the sale of bonds, the purchase or purchase of money market funds issued by the domestic securities investment trust business, the following information shall be submitted to the audit committee and the board of directors for approval, and the transaction contract and payment shall be signed Money.

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 from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 20 and Article 21.
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 15, 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.

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 27 in these Procedures.

**Article20** The Company that acquires real 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 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 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 from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 19 and the preceding three paragraphs do not apply:

1. The related party acquired the real 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 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.

**Article21** 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 22. 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.

(3) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing 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 22** Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 20 and Article 21 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 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 23** The total amount of real estate or securities that the company may purchase for non-business use and the amount of individual securities to be invested are as follows:

1. The total amounts of real 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.

**Article24** 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.

**Article25** 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**

**Article26** 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 from or to a related party, or when it intends to acquire or dispose of assets other than real 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.

**Article27** 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.

**Article28** 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.

**PROCEDURES FOR ENDORSEMENTS & GUARANTEES (THE PROCEDURES)  
OF SUNPLUS TECHNOLOGY COMPANY LIMITED (THE COMPANY)**

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

**Article2** The scope of application to the procedures

1. Financing endorsements/guarantee

It refers to bill discount financing, endorsement or guarantee made to meet the financing needs of another company, and issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.

2. Customs duty endorsement/guarantee

It means an endorsement or guarantee for the company itself or another company with respect to customs duty matters.

3. Other endorsements/guarantee

It means endorsements or guarantees beyond the scope of the above two subparagraphs.

4. Any creation by the company of a pledge or mortgage on its chattel or real property as security for the loans of another company.

**Article3** Entities to make endorsements/guarantees

1. The companies with which it has business relations

2. Subsidiaries in which the company holds directly and indirectly more than 50% of its total voting shares

3. The parent company which holds, directly or indirectly more than 50% of the company's voting shares.

4. Subsidiaries in which the company holds directly and indirectly more than 90% of its total voting shares, and vice versa.

5. As shareholders making endorsements and/or guarantees for the mutually invested company in proportion to its shareholding percentage

The term "invested" means the subsidiaries held 100% directly or indirectly by the company.

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

Where an endorsement/guarantee is made due to needs arising from business dealings, the amount of the endorsement/guarantee is limited to 4 times of the total amount of trading between the two companies. The terms "amount of trading" means either from sale of goods or provision of services including sales revenue and service revenue or total purchase amounts with service expenditure which is higher. When making endorsements and/or guarantees for the mutually invested company in proportion to the shareholding percentage, amount of endorsements worth and/or guarantees can not reach either 10% of the company's net worth as stated in its latest financial report or the invested capital of our shareholding. The total amount of endorsements worth and/or guarantees of the company and its subsidiaries can not reach 50% of the company's net worth while the amount of endorsement and /or guarantees to single entity can not reach 20% of the company's net worth.

If the total amount of endorsements worth and/or guarantees of the company and by its subsidiaries reaches more than 50%, the company has to state its necessity and reasonability on its shareholders' meeting. The amount of endorsements worth and/or guarantees between its subsidiaries in which the company holds directly and indirectly more than 90% of its total voting shares cannot reach 10% of the company's net worth except the 100% holding subsidiaries. However, the 100% intercompany endorsement guarantee of the company directly and indirectly holding voting rights shall not exceed 50% of the net value of the company. The subsidiaries and parent companies referred to in this procedure shall be determined in accordance with the provisions of the financial issuer's financial reporting standards. "Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where a public company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Article5** Hierarchy of decision-making authority and delegation thereof

1. The company shall follow the resolution of board meeting to making the endorsements and guarantees. If the making amount of endorsements and/or guarantees was less than the ceiling amount approved by board of directors, the company shall report and state the implementation on next board meeting. The board of directors empowers the chairman to grant endorsements/guarantees within NT\$100,000,000 by following related regulations of these procedures, for subsequent submission to and ratification by the next board of directors' meeting.
2. The company may provide endorsement/guarantee exceeding the amount permitted in these Procedures, provided that the prior approval from the board of the directors is obtained, and more than half of the directors shall be the joint guarantors for the loss of the company resulting from the amount in excess of the permitted endorsement/guarantee amount. The company shall also revise the Procedure accordingly and submit it to the shareholders meeting for ratification. If the shareholders' meeting does not pass the resolution for ratification, the company shall adopt a plan to discharge the amount in excess within a certain period.
3. The endorsements/ guarantees must be reviewed and approved by Board Meeting if the entity is one of the subsidiaries in which the company holds directly and indirectly more than 90% of its total voting shares except the 100% holding subsidiaries
4. Where the Company has established the position of independent director, when it submits the endorsement/guarantee cases to others for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

**Article6** Procedures for making endorsements/guarantees

1. When making endorsements and guarantees to others, the endorser and/or guarantor shall fill out the "Application form for endorsements and or guarantees" to the company's handling department for application. The handling department shall check the applying materials and endorser and/or guarantor's credit carefully; meanwhile evaluate the necessity of and reasonableness of endorsements/guarantees, the impact on the company's business operations, financial condition, and shareholders' equity, and whether collateral must be obtained and appraisal of the value

thereof. After evaluation, the handling department shall report to CEO for auditing and then shall submit to board of directors for resolution. The company shall follow the resolution of board meeting to making the endorsements and guarantees.

2. The company shall prepare a memorandum truthfully record containing its endorsement and/or guarantee including the subject of the endorsement and/or guarantee, the name of the party made for the endorsement and/or guarantee, the result of the risk evaluation, the amount of the endorsement and/or guarantee, the content of the Collateral, and the condition and date for discharging the obligation of the endorser and/or guarantor.

The internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the audit committee in writing of any material violation found.

3. The finance department of the company shall evaluate and identify the contingency loss from the endorsement and/or guarantee, meanwhile the company shall also disclose information regarding the endorsement and/or guarantee in the financial report and provide the same to the CPA for his/her proceeding with the necessary audit procedure and issuing the proper audit report.

4. When the conditions are changed after making endorsements and/or guarantees complying with Article 3, or that the maximum amount permitted are out of limitation because of the change of calculating basis, such endorsement and/or guarantee has to be revised in the specific period of time, and the revised proposal has to be submitted to Board of Directors.

5. If the company makes endorsements/guarantees to its subsidiaries which its net worth is less than 50% of its the paid-in capital, the president of the entity has to report its operations periodically to the Company's BOD till the net worth of the entity is more than 50% of the paid-in capital and the following comments by the Company' BOD.

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

#### **Article7** Procedures for use and custody of corporate chops

1. The company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors and may be used to seal or issue negotiable instruments only in prescribed procedures.

2. When making a guarantee for a foreign company, the company shall have the Guarantee Agreement signed by the person authorized by the board of directors.

#### **Article8** Announcing and reporting procedures

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

and report such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of endorsements/guarantees by the company and its subsidiaries reaches 50 percent or more of the company's net worth as stated in its latest financial statement.

2. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches 20 percent or more of the company's net worth as stated in its latest financial statement.

3. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of company's net worth as stated in its latest financial statement.

4. The amount of new endorsements/guarantees made by the company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the company's net worth as stated in its latest financial statement.

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

The company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.

**Article9** A subsidiary of the Company intends to make endorsements or guarantees to others, shall formulate its own operational procedures in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies" and comply with its own operational procedures when making endorsements or guarantees to others, except those overseas subsidiaries shall adopt the locally registered chop for making endorsements or guarantees , which is different from the corporate chop which is registered for endorsement and guarantees with the Ministry of Economic Affairs provided in the Article 7.

**Article10** Any manager and personnel in charge, who violate the Procedure or other regulations governing endorsement and guarantees by the competent authorities, is to the jurisdiction of the Company's Code of Conduct or related rules.

**Article11** The company shall establish the audit committee in accordance with Securities and Exchange Act. Any amendment of Procedures and major endorsement and guarantees shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions. When any amendment of the procedures is submitted for discussion by the board of directors pursuant to the first preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. It shall be recorded in the minutes of the board of directors meeting if an independent director agrees or objects about any matter.

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.

## **OPERATIONAL PROCEDURES FOR LOANING FUNDS TO OTHERS OF SUNPLUS TECHNOLOGY COMPANY LIMITED (THE "COMPANY")**

### **I. Subject**

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

### **II. Content**

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

- (1) Those have business relationship with the Company
- (2) Those need short-term financing funds

"Short-term" herein in preceding paragraph means within 1 year.

**Article2** Reasons for and conditions of extending loans

(1) Extending loans to entities having business relationship with the Company shall be limited to the circumstances provided in 1st Paragraph, Article 3

(2) Extending loans to entities needing short-term financing funds shall be limited to the subsidiaries in which the Company directly or indirectly holds more than 20% of the voting shares.

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

(1) The aggregate amount for lending to the entity having business relationship with the Company shall not exceed 10% of the net worth of the Company, and the maximum amount for single loan shall not exceed the total transaction amount between the parties during the past year prior to the time of lending and be limited to either 10% of the net worth of the entity or 5% of the net worth of the Company, whichever is lower, because of risk control.

The terms "transaction amount" means either from sale of goods or provision of services including sales revenue and service revenue or total purchase amounts with service expenditure which is higher.

(2) The aggregate amount for lending to the entity needing short-term financing funds shall not exceed 10% of the net worth of the Company, and the maximum amount for single loan shall not exceed 5% of the net worth of the Company.

(3) Making loans to the foreign companies needing short-term financing funds, in which the Company holds, directly or indirectly, 100% of the voting shares, shall not apply the restriction provided in Article 15 of the "Company Act", that shall not exceed 40% of the amount of the net value of the Company yet, however, the aggregate amount for lending shall not exceed 20% of the net worth of the Company; the maximum amount for single loan shall not exceed 10% of the net worth of the Company, and the financing period for lending is not limited to one year or the company's one operating cycle while the borrower subsidiary has to specify the maximum amount and duration of loans in its own "Operational Procedures for Loaning Funds to Others".

**Article4** Operational procedures for extending loans to others

(1) Due Diligence

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

to the Company to check the funding credit.

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

#### (2) Safeguards Provision

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

#### (3) Scope of Empowering

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

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

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

If extending loans is between the Company and its parent company or subsidiaries, or between its subsidiaries, the Chairman shall be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board Meeting, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

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

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

#### (4) Memorandum book for its fund-lending activities

The Company shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated.

The Company's internal auditors shall audit the operational procedures for loaning funds to others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit committee in writing of any material violation found.

**(5) Disclosure of Financial Statements**

The finance and accounting division of the Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures to issuing an appropriate audit opinion.

**(6) Remarks**

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

**Article5** Duration of loans and calculation of interest.

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

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

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

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

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

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

**Article7** Announcement and reporting procedures.

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

(2) The Company whose loans of funds reach one of the following levels shall

announce and report such event within two days commencing immediately from its occurrence:

1. The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
3. The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

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

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

### **III. Extending loans of funds to others by subsidiaries**

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

### **IV. Penalty for violating the procedure**

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

### **V. Enactment and amendment**

The company shall establish the audit committee in accordance with Securities and Exchange Act. Any amendment of Procedures and major transactions shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures or transactions may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions. When any amendment of the procedures is submitted for discussion by the board of directors pursuant to the first preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. It shall be recorded in the minutes of the board of directors meeting if an independent director agrees or objects about any matter.

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

## 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, subject to relevant laws and regulations, be resolved by the board of directors to purchase liability insurance for the directors, so as to reduce the risks of the directors' complaints against the shareholders or other related parties for performing their duties according to law.
- In the aforementioned number of directors, there are two to three independent directors, and the nomination system for 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.

## **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 convenor of the convenor other than the board of directors, the chairman shall be held by the convenor. When the convenor 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 convenor of the convenor 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.

### 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>(note1)</sup> |                       | <b>102,775,866</b>  |

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

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

The company has not compiled and announced the 2019 annual financial forecast, do not need to expose this information.

(End of this translation)