



**SUNPLUS TECHNOLOGY CO., LTD.  
2016 ANNUAL GENERAL SHAREHOLDERS' MEETING**

**MEETING AGENDA**

*(Translation in English—Original in Chinese)*

Date: June 13, 2016

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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## **MEETING PROCEDURE**

**Sunplus Technology Co., Ltd.**  
**2016 Annual General Shareholders' Meeting**  
**Meeting Procedure**

- I. Call Meeting to Order
- II. Chairman's Address
- III. Proposals and Discussions
- IV. Report Items
- V. Acknowledgements
- VI. Proposals and Discussions
- VII. Extemporaneous Motions
- VIII. Meeting Adjourned

## **MEETING AGENDA**

**Sunplus Technology Co., Ltd.**  
**2016 Annual General Shareholders' Meeting**  
**Meeting Agenda**

- I. Time: 9:00a.m., June 13, 2016
- II. Place: Newton Palace, Science Park Life Hub  
No.1, Industrial East Road 2, Hsinchu Science Park, Taiwan 300
- III. Chairman: Chou-Chye Huang, Chairman of the Board of Directors
- IV. Chairman's Address
- V. Proposals and Discussions
  - (1) To Amend the "Articles of Incorporation"
- VI. Report Items
  - (1) 2015 Business Report
  - (2) Report by Audit Committee
  - (3) Execution of Buy Back Program
  - (4) Remuneration to Directors and Employee Bonus in 2015
- VII. Acknowledgements
  - (1) 2015 Business Report and Financial Statement
  - (2) Distribution of Earnings
- VIII. Proposals & Discussions
  - (2) To Lift the Ban to Directors against Joining Competitors
- IX. Extemporary Motions
- X. Meeting Adjourned

## **PROPOSALS & DISCUSSIONS**

### **(1) To Amend the “Articles of Incorporation”**

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

Certain changes were to reflect the current operations of the Company and requirements of relevant revised regulations by the competent authority. The comparison table for the above mentioned procedure before and after revision was attached hereto as Attachment (1) .

## **REPORT ITEMS**

### **(1) 2015 Business Report**

#### **Explanatory Notes:**

The Business Report is attached hereto as Attachment (2).

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

#### **Explanatory Notes:**

The Report by Audit Committee is attached hereto as Attachment (3).

### **(3) Execution of Buy Back Program**

#### **Explanatory Notes:**

There is no execution of buy back because the share price is higher the outbound buy back price determined by BOD on 2015/8/25.

### **(4) Remuneration to Directors and Employee Bonus in 2015**

#### **Explanatory Notes:**

- (1) Per 11 June 2015 Letter No. Economics-Commerce-10402413890 and Per 15 October 2015 Letter No. Economics-Commerce-10402427800 of the Ministry of Economic Affairs.
- (2) The BOD proposed NT\$6,088,770 for employee compensation and NT\$9,133,154 for Board of directors, all paid in cash.

## **ACKNOWLEDGEMENTS**

### **(1) To Accept 2015 Business Report and Financial Statements**

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

2. Sunplus' 2015 Financial Statements were audited by independent auditors of Deloitte & Touche and the Company's audit committee and approved by Board Meeting on 2016/03/23.
3. The 2015 Business Report, the Independent Auditors' Report and Financial Statements are attached hereto as Attachment (2) , Attachment (4)~(13)

#### **Resolution:**

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

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

1. The retained earnings is adjusted to NT\$ 5,877,557 as reduction of NT\$1,985,229 due to application of IFRS and retrospective restatement, NT\$9,536,392 because of investment by equity method and NT\$1,745,921 because of re-measurements of defined benefit plan.
2. After legal reserve of retained earnings NT\$58,934,802 and the special reserve of retained earnings NT\$4,094,000, the BOD proposed to distribute NT\$526,875,478 from the distributable retained earnings ( NT\$0.89 cash dividend per common share) The retained earnings will be reserved NT\$5,321,294 for distribution afterwards.
3. The ex-dividend date will be determined by Chairman after the shareholders meeting 2016 approve the distribution of 2015 earnings. °
4. If the capital and outstanding shares change afterward, the Chairman is authorized by the shareholders' meeting to adjust the payout.
5. The proposal is attached hereto as Attachment (13) .

#### **Resolution:**

## **PROPOSALS & DISCUSSIONS**

### **(2) To Lift the Ban to Directors against Joining Competitors**

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

1. In accordance with the Article 209 of the "Company Act", "a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval. "
2. The board of directors proposed to lift the ban against joining competitors to those newly elected directors because of necessary business operations. The detail list was attached hereto as Attachment (15).

#### **Resolution:**

## **EXTEMPORARY MOTIONS**

## **MEETING ADJOURNED**

**ATTACHMENT**

## Comparison Table for “Articles of Incorporation”

BEFORE REVISION	AFTER REVISION
<p><b>Chapter 4</b> Directors of the Board <b>and Supervisors</b></p>	<p><b>Chapter 4</b> Directors of the Board <del>and Supervisors</del></p>
<p><b>Article 18</b> The Company shall have six to nine Directors of Board, which the elections of both directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act, in regard to all matters executing the election, the “Company Act” o and “Securities and Exchange Act” or other related regulations of the Republic of China shall govern. The exactly persons of Directors are determined by the Board Meeting. The Directors shall be elected by the shareholders' meeting from among the nominees listed in the roster of candidates. The term of office for the Directors is three years and may be eligible for re-election. When a juristic person shareholder is elected as the Director, the juristic person shareholder may appoint the representatives alternatively anytime during the term of office. According to the related regulations and upon the resolution of Board Meeting, the Company may purchase liability insurance for Directors from exercising their duties to reduce the risk of being instituted legal proceedings by shareholders or related parties. <del>Same insurance applies to Supervisors.</del> (skip)</p>	<p><b>Article 18</b> The Company shall have six to nine Directors of Board, which the elections of both directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act, in regard to all matters executing the election, the “Company Act” o and “Securities and Exchange Act” or other related regulations of the Republic of China shall govern. The exactly persons of Directors are determined by the Board Meeting. The Directors shall be elected by the shareholders' meeting from among the nominees listed in the roster of candidates. The term of office for the Directors is three years and may be eligible for re-election. When a juristic person shareholder is elected as the Director, the juristic person shareholder may appoint the representatives alternatively anytime during the term of office. According to the related regulations and upon the resolution of Board Meeting, the Company may purchase liability insurance for Directors from exercising their duties to reduce the risk of being instituted legal proceedings by shareholders or related parties.  (skip)</p>
<p><b>Article 22-1</b> To convene a board meeting, a meeting notice which specifies the purposes of meeting shall be sent to the Directors <del>and Supervisors</del> no later than 7 days before the scheduled date. In case of emergency, the Board Meeting may be convened at any time. The notice to convene Board Meeting shall be letter in either writing or email and fax.</p>	<p><b>Article 22-1</b> To convene a board meeting, a meeting notice which specifies the purposes of meeting shall be sent to the Directors no later than 7 days before the scheduled date. In case of emergency, the Board Meeting may be convened at any time. The notice to convene Board Meeting shall be letter in either writing or email and fax.</p>

**Article 28-1**  
**(new amendment)**

**Article 28-1**  
If the company makes profits in the fiscal financial year, at least 1% of the balance profits shall be allocated as bonus to employees and less than 1.5 % of the balance profits shall be allocated as bonus to the Directors. If there is accumulated deficit (including adjusted un-distributed earnings), the profits has to be allocated to offset first. The Company may issue stock bonuses to employees of the company and the affiliated companies meeting the conditions set by the Board Meeting. The compensation to the director of board is limited to cash bonus. The issue of bonus to employee and board of directors shall be determined by the board meeting and report to the annual shareholders' meeting.

**Article 29**  
When allocating the net profits of each fiscal year, the Company should pay the taxes and make up the losses in previous years; and then shall set aside 10% of the rest after paying tax and making up loss as a legal capital reserve until the accumulated legal capital reserve has equaled the total capital of the Company; and then set aside the special capital reserve in accordance with relevant regulations by the competent authorities. After legal and special capital reservations, the remaining earnings available for distributing will be allocated as the following sequence, however, the Company can adjust the actual ratio of cash dividend and profit allocation because of profitability and cash flow, which should be determined and approved by the shareholders' meeting:

~~(1) — Up to 6% of the outstanding capital stock will first be paid as dividends.~~  
~~(2) — Besides 1.5 % of the balance profits after item (1) shall be allocated as bonus to the Directors and Supervisors; at least 1% of the balance profits after item (1) shall be allocated as bonus to employees of the Company. The Company may issue stock bonuses to employees of the affiliated companies meeting the conditions set by the Board Meeting.~~

(3) ~~The leftovers~~ after considering the retained earnings from previous years may be distributed as additional dividends which

When allocating the net profits of each fiscal year, the Company should pay the taxes and make up the losses in previous years; and then shall set aside 10% of the rest after paying tax and making up loss as a legal capital reserve until the accumulated legal capital reserve has equaled the total capital of the Company; and then set aside the special capital reserve in accordance with relevant regulations by the competent authorities. After legal and special capital reservations, the total remaining earnings after considering the retained earnings from previous years available will be allocated for distributing dividends, **the Board of directors shall propose the distribution for approval of shareholders meeting.** However, the Company can adjust the actual ratio of cash dividend and profit allocation because of profitability and cash flow. The cash dividends shall be at least 10% among the total dividends paid/distributed, but the Company could give up distributing cash dividend if the cash dividend is less than NT\$0.5 per share.

If there is any deduction from shareholder equity accumulated in prior year, or the net profit is not enough to offset the deduction from shareholder equity occurred in the same fiscal year, the Company should set aside the equivalent special reserve from the un-appropriated prior years' earnings to make up the deduction before distributing the profit.

<p>should be determined and approved by the shareholders' meeting.</p> <p>(4) The cash dividends shall be at least 10% among <del>the additional dividends paid/distributed,</del> but the Company could give up distributing cash dividend if the cash dividend is less than NT\$0.5 per share.</p> <p>If there is any deduction from shareholder equity accumulated in prior year, or the net profit is not enough to offset the deduction from shareholder equity occurred in the same fiscal year, the Company should set aside the equivalent special reserve from the un-appropriated prior years' earnings to make up the deduction before distributing the profit.</p>	
<p><b>Article 33</b>  These Articles of Incorporation were enacted on July 30<sup>th</sup>, 1990 (skipped)  The 23<sup>rd</sup> Amendment was on June 18th, 2012.  The 24<sup>th</sup> Amendment was on June 11<sup>th</sup>, 2014.  The 25<sup>th</sup> Amendment was on June 12th, 2015.</p>	<p><b>Article 33</b>  These Articles of Incorporation were enacted on July 30<sup>th</sup>, 1990 (skipped)  The 23<sup>rd</sup> Amendment was on June 18th, 2012.  The 24<sup>th</sup> Amendment was on June 11<sup>th</sup>, 2014.  The 25<sup>th</sup> Amendment was on June 12th, 2015.  <u>The 26<sup>th</sup> Amendment was on June 13th, 2016.</u></p>

(Skipped)

**ATTACHMENT (2)**

## **Report by Audit Committee**

Sunplus' Board has prepared and submitted the 2015 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.

### **To Sunplus 2016 Annual General Shareholders' Meeting**

Audit Committee of  
Sunplus Technology Co., Ltd.

Convener:

**Dr. Che-Ho Wei**

魏哲和

March 23, 2016

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

We have audited the accompanying balance sheets of Sunplus Technology Company Limited (the "Company") as of December 31, 2015 and 2014 and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Regulation Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunplus Technology Company Limited as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The accompanying schedules of major accounting items of Sunplus Technology Company Limited as of and for the year ended December 31, 2015 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements referred to in the first paragraph.

March 23, 2016

Notice to Readers

*The accompanying financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

## SUNPLUS TECHNOLOGY COMPANY LIMITED

## BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

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

ASSETS	2015		2014		LIABILITIES AND EQUITY	2015		2014	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,809,365	16	\$ 1,219,888	11	Short-term bank borrowings (Note 16)	\$ -	-	\$ 100,000	1
Available-for-sale financial assets - current (Notes 4 and 7)	436,970	4	369,635	3	Trade payables (Note 17)	120,424	1	336,552	3
Notes and trade receivables, net (Notes 4, 5, 9 and 31)	543,156	5	789,360	7	Current tax liabilities (Notes 4 and 24)	297	-	-	-
Other receivables (Note 31)	13,419	-	69,705	1	Provisions - current (Notes 4 and 18)	9,319	-	16,169	-
Inventories (Notes 4, 5 and 10)	445,353	4	713,559	6	Current portion of long-term bank loans (Notes 4, 16 and 32)	457,500	4	394,306	3
Other current assets (Note 15)	24,852	-	51,692	1	Deferred revenue - current (Notes 4, 19 and 31)	-	-	599	-
Total current assets	3,273,115	29	3,213,839	29	Other current liabilities (Notes 19 and 31)	249,444	2	306,452	3
<b>NONCURRENT ASSETS</b>					Total current liabilities	836,984	7	1,154,078	10
Available-for-sale financial assets - noncurrent (Notes 4 and 7)	1,295,103	11	460,616	4	<b>NONCURRENT LIABILITIES</b>				
Financial assets carried at cost (Notes 4 and 8)	219,574	2	8,556	-	Long-term bank loans, net of current portion (Notes 4, 16 and 32)	899,582	8	657,082	6
Investments accounted for using the equity method (Notes 4, 5 and 12)	5,747,927	51	6,569,128	58	Net defined benefit liabilities (Notes 4 and 20)	7,174	-	19,862	-
Property, plant and equipment (Notes 4, 5, 13 and 32)	744,937	6	775,098	7	Guarantee deposits	90,839	1	87,676	1
Intangible assets (Notes 4, 5 and 14)	67,742	1	200,631	2	Deferred revenue - noncurrent, net of current portion (Notes 4, 19 and 31)	-	-	711	-
Deferred tax assets (Notes 4, 5 and 24)	2,485	-	3,060	-	Other noncurrent liabilities, net of current portion (Note 19)	450	-	1,430	-
Other noncurrent assets (Notes 15, 28 and 32)	14,158	-	14,229	-	Total noncurrent liabilities	998,045	9	766,761	7
Total noncurrent assets	8,091,926	71	8,031,318	71	Total liabilities	1,835,029	16	1,920,839	17
<b>TOTAL</b>	<b>\$11,365,041</b>	<b>100</b>	<b>\$11,245,157</b>	<b>100</b>	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
					Share capital (Notes 4 and 20)				
					Common shares	5,919,949	52	5,919,949	53
					Capital surplus	897,317	8	936,051	8
					Retained earnings				
					Legal reserve	1,831,596	16	1,790,538	16
					Special reserve	17,833	-	22,639	-
					Retained earnings	595,226	6	408,610	4
					Other equity	331,492	3	309,932	3
					Treasury shares	(63,401)	(1)	(63,401)	(1)
					Total equity	9,530,012	84	9,324,318	83
					<b>TOTAL</b>	<b>\$11,365,041</b>	<b>100</b>	<b>\$11,245,157</b>	<b>100</b>

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

**SUNPLUS TECHNOLOGY COMPANY LIMITED**
**STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	Years Ended December 31,			
	2015,		2014,	
	Amount,	%,	Amount,	%,
NET OPERATING REVENUE (Notes 4, 21 and 31),	\$ 2,671,392,	100,	\$ 2,577,171,	100,
OPERATING COSTS (Notes 10, 20, 23 and 31),	1,660,185,	62,	1,632,417,	63,
GROSS PROFIT,	1,011,207,	38,	944,754,	37,
OPERATING EXPENSES (Notes 19, 22 and 31),				
Selling and marketing,	66,060,	3,	123,675,	5,
General and administrative,	211,475,	8,	140,742,	5,
Research and development,	565,676,	21,	502,128,	20,
Total operating expenses,	843,211,	32,	766,545,	30,
OTHER OPERATING INCOME AND EXPENSES,			131,	-
INCOME FROM OPERATIONS,	167,996,	6,	178,340,	7,
NONOPERATING INCOME (Notes 23 and 31),				
Other income,	65,392,	3,	72,337,	3,
Other gains and losses,	89,543,	3,	289,317,	11,
Finance costs,	(24,254),	(1),	(25,185),	(1),
Share of profit (loss) of associates and joint ventures,	322,823,	12,	245,999,	9,
Total nonoperating income,	453,504,	17,	582,468,	22,
PROFIT BEFORE INCOME TAX,	621,500,	23,	760,808,	29,
INCOME TAX EXPENSE (Notes 4 and 24),	4,307,	-	5,115,	-
NET PROFIT FROM CONTINUING OPEARATIONS	617,193,	23,	755,693,	29,
NET LOSS FROM DISCONTINUED OPEARATIONS (Note 11),	(27,845),	(1),	(332,841),	(13),
NET PROFIT OF THE YEAR,	589,348,	22,	422,852,	16,

(Continued).

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME,  
YEARS ENDED DECEMBER 31, 2015 AND 2014.**

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

	Years Ended December 31,			
	2015,		2014,	
	Amount,	%,	Amount,	%,
<b>OTHER COMPREHENSIVE INCOME (LOSS),</b>				
Item that will not be reclassified subsequently to profit or loss.				
Remeasurement of defined benefit plans (Notes 4 and 20),	(434),	-	876,	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method,	(1,312),	-	2,629,	-
Item that may be reclassified subsequently to profit or loss.				
Exchange differences on translating foreign operations (Notes 4 and 21),	10,204,	-	20,203,	1,
Unrealized gain on available-for-sale financial assets (Notes 4 and 21),	71,619,	3,	8,245,	1,
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method (Note 4),	(60,222),	(2),	81,814,	3,
Other comprehensive income for the year, net of income tax,	19,855,	1,	113,767,	5,
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR,</b>	<b>\$ 609,203,</b>	<b>23,</b>	<b>\$ 536,619,</b>	<b>21,</b>
<b>EARNINGS PER SHARE (New Taiwan dollars; Note 25),</b>				
From continuing and discontinued operations.				
Basic,	\$ 1.00,		\$ 0.72,	
Diluted,	\$ 1.00,		\$ 0.72,	
From continuing operations.				
Basic,	\$ 1.05,		\$ 1.28,	
Diluted,	\$ 1.05,		\$ 1.28,	

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY,  
YEARS ENDED DECEMBER 31, 2015 AND 2014,  
(In Thousands of New Taiwan Dollars)

	Capital Stock Issued and Outstanding (Note 20)		Capital Surplus (Notes 4, 20 and 25)	Retained Earnings (Note 20)			Other Equity (Notes 4 and 20)			Total Equity
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Shares Treasury (Notes 4 and 20)	
BALANCE, JANUARY 1, 2014,	596,910	\$ 5,969,099	\$ 950,179	\$ 1,909,685	\$ 30,755	\$ (127,263)	\$ 27,108	\$ 172,562	\$ (155,230)	\$ 8,776,889
Effect of retrospective application of IAS 19 and retrospective restatement of financial statements,	-	-	-	-	-	(1,965)	-	-	-	(1,965)
Balance at January 1, 2014 as restated,	596,910	5,969,099	950,179	1,909,685	30,755	(129,228)	27,108	172,562	(155,230)	8,774,924
Offset of the 2013 deficit,	-	-	-	(119,147)	-	119,147	-	-	-	-
Legal reserve,	-	-	-	-	-	8,116	-	-	-	-
Special reserve,	-	-	-	-	(8,116)	-	-	-	-	-
Restricted employee shares distributed by subsidiaries,	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for by the equity method,	-	-	17,350	-	-	-	-	-	-	17,350
Acquisition of equity of subsidiaries,	-	-	-	-	-	(13,666)	-	-	-	(13,666)
Changes in equity of subsidiaries,	-	-	11,207	-	-	(2,116)	-	-	-	9,091
Net profit for the year ended December 31, 2014,	-	-	-	-	-	422,852	-	-	-	422,852
Other comprehensive income for the year ended December 31, 2014, net of income tax,	-	-	-	-	-	3,505	101,150	9,112	-	113,767
Total comprehensive income for the year ended December 31, 2014,	-	-	-	-	-	426,357	101,150	9,112	-	536,619
Disposal of treasury stock,	(4,915)	(49,150)	(42,685)	-	-	-	-	-	91,835	-
BALANCE, DECEMBER 31, 2014,	591,995	5,919,949	936,051	1,790,538	22,639	408,610	128,258	181,674	(63,401)	9,324,318
Offset of the 2014 deficit,	-	-	-	41,058	-	(41,058)	-	-	-	-
Legal reserve,	-	-	-	-	-	4,806	-	-	-	-
Special reserve,	-	-	-	-	(4,806)	-	-	-	-	-
Cash dividend for common stock,	-	-	-	-	-	(355,198)	-	-	-	(355,198)
Changes in capital surplus from investments in associates and joint ventures accounted for by the equity method,	-	-	-	-	-	(753)	-	-	-	(753)
Disposal of investment accounted for using the equity method,	-	-	(40,863)	-	-	-	-	(41)	-	(40,904)
Difference between stock price and book value from disposal of subsidiaries,	-	-	-	-	-	(8,783)	-	-	-	(8,783)
Changes of equity of subsidiaries,	-	-	(7)	-	-	-	-	-	-	(7)
Net profit for the year ended December 31, 2015,	-	-	-	-	-	589,348	-	-	-	589,348
Other comprehensive income for the year ended December 31, 2015, net of income tax,	-	-	-	-	-	(1,746)	(30,749)	52,350	-	19,855
Total comprehensive income for the year ended December 31, 2015,	-	-	-	-	-	587,602	(30,749)	52,350	-	609,203
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries,	-	-	2,136	-	-	-	-	-	-	2,136
BALANCE, DECEMBER 31, 2015,	591,995	5,919,949	897,317	1,831,596	17,833	595,226	97,509	233,983	(63,401)	9,530,012

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

STATEMENTS OF CASH FLOWS<sup>↵</sup>  
 YEARS ENDED DECEMBER 31, 2015 AND 2014<sup>↵</sup>  
 (In Thousands of New Taiwan Dollars)<sup>↵</sup>

	Years Ended December 31 <sup>↵</sup>	
	2015 <sup>↵</sup>	2014 <sup>↵</sup>
CASH FLOWS FROM OPERATING ACTIVITIES <sup>↵</sup>		
Cash generated from operations <sup>↵</sup>		
Income before income tax from continuing operations <sup>↵</sup>	\$ 621,500 <sup>↵</sup>	\$ 760,808 <sup>↵</sup>
Income before income tax from discontinued operations <sup>↵</sup>	(27,845) <sup>↵</sup>	(332,841) <sup>↵</sup>
Income before income tax <sup>↵</sup>	593,655 <sup>↵</sup>	427,967 <sup>↵</sup>
Adjustments for: <sup>↵</sup>		
Depreciation expenses <sup>↵</sup>	81,752 <sup>↵</sup>	105,874 <sup>↵</sup>
Amortization expenses <sup>↵</sup>	31,731 <sup>↵</sup>	102,542 <sup>↵</sup>
Impairment losses recognized on receivables <sup>↵</sup>	- <sup>↵</sup>	1,565 <sup>↵</sup>
Financial costs <sup>↵</sup>	24,254 <sup>↵</sup>	25,185 <sup>↵</sup>
Interest income <sup>↵</sup>	(10,599) <sup>↵</sup>	(14,642) <sup>↵</sup>
Dividend income <sup>↵</sup>	(18,255) <sup>↵</sup>	(1,622) <sup>↵</sup>
Share of associates and joint ventures accounted for using the equity method <sup>↵</sup>	(287,550) <sup>↵</sup>	(102,918) <sup>↵</sup>
Gain on disposal of property, plant and equipment <sup>↵</sup>	(7,266) <sup>↵</sup>	(131) <sup>↵</sup>
Gain on disposal of intangible assets <sup>↵</sup>	(279,900) <sup>↵</sup>	- <sup>↵</sup>
Gain on disposal of available-for-sale financial assets <sup>↵</sup>	(33,590) <sup>↵</sup>	(240,702) <sup>↵</sup>
Gain on disposal of investment accounted for using the equity method <sup>↵</sup>	(889,145) <sup>↵</sup>	- <sup>↵</sup>
Impairment loss recognized on financial assets <sup>↵</sup>	892,443 <sup>↵</sup>	- <sup>↵</sup>
Impairment loss recognized on non-financial assets <sup>↵</sup>	94,123 <sup>↵</sup>	17,013 <sup>↵</sup>
Realized gain on the transactions with associates and joint ventures <sup>↵</sup>	(1,248) <sup>↵</sup>	(2,015) <sup>↵</sup>
Net gain on foreign currency exchange <sup>↵</sup>	(3,375) <sup>↵</sup>	(23,772) <sup>↵</sup>
Changes in operating assets and liabilities: <sup>↵</sup>		
Decrease in trade receivables <sup>↵</sup>	250,483 <sup>↵</sup>	4,513 <sup>↵</sup>
Decrease in other receivables <sup>↵</sup>	20,991 <sup>↵</sup>	24,761 <sup>↵</sup>
Decrease (increase) in inventories <sup>↵</sup>	268,206 <sup>↵</sup>	(278,153) <sup>↵</sup>
Decrease in other current assets <sup>↵</sup>	29,896 <sup>↵</sup>	21,866 <sup>↵</sup>
Decrease in trade payables <sup>↵</sup>	(216,128) <sup>↵</sup>	(45,923) <sup>↵</sup>
Decrease in provisions <sup>↵</sup>	(6,850) <sup>↵</sup>	(4,142) <sup>↵</sup>
(Decrease) increase in other current liabilities <sup>↵</sup>	(65,181) <sup>↵</sup>	76,447 <sup>↵</sup>
Decrease in accrued pension liabilities <sup>↵</sup>	(13,122) <sup>↵</sup>	(1,688) <sup>↵</sup>
Interest received <sup>↵</sup>	455,325 <sup>↵</sup>	92,025 <sup>↵</sup>
Dividends received <sup>↵</sup>	10,625 <sup>↵</sup>	14,629 <sup>↵</sup>
Interest paid <sup>↵</sup>	147,451 <sup>↵</sup>	201,363 <sup>↵</sup>
Income tax paid <sup>↵</sup>	(23,991) <sup>↵</sup>	(25,391) <sup>↵</sup>
Income tax paid <sup>↵</sup>	(3,377) <sup>↵</sup>	(5,115) <sup>↵</sup>
Net cash generated from operating activities <sup>↵</sup>	586,033 <sup>↵</sup>	277,511 <sup>↵</sup>
CASH FLOWS FROM INVESTING ACTIVITIES <sup>↵</sup>		
Purchase of available-for-sale financial assets <sup>↵</sup>	(135,000) <sup>↵</sup>	(53,000) <sup>↵</sup>

(Continued)<sup>↵</sup>

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**(In Thousands of New Taiwan Dollars)**

	Years Ended December 31	
	2015	2014
Proceeds of the sale of available-for-sale financial assets	229,225	301,274
Proceeds from capital reduction of available-for-sale financial assets	124,894	-
Capital return to the Company on financial assets carried at cost	1,200	1,000
Purchase of investments accounted for using the equity method	(56,256)	(208,577)
Proceeds from capital reduction of associates accounted for by the equity method	35,269	-
Payments for property, plant and equipment	(50,126)	(55,337)
Proceeds of the disposal of property, plant and equipment	10,096	323
Payments for intangible assets	(11,329)	(89,410)
Proceeds of the disposal of intangible assets	299,904	-
Purchase of financial assets measured at cost	(295,000)	-
Decrease (increase) in other assets - noncurrent	71	(100)
Net cash generated from (used in) used in investing activities	152,948	(103,827)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayments) proceeds of short-term borrowings	(100,000)	100,000
Proceeds of long-term borrowings	700,000	600,000
Repayments of long-term borrowings	(394,306)	(771,806)
Proceeds of guarantee deposits received	-	4,816
Refund of guarantee deposits received	(355,198)	-
Net cash used in financing activities	(149,504)	(66,990)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	589,477	106,694
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	1,219,888	1,113,194
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>\$ 1,809,365</b>	<b>\$ 1,219,888</b>

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

(Concluded)

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

We have audited the accompanying consolidated balance sheets of Sunplus Technology Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sunplus Technology Company Limited and its subsidiaries as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the financial statements of the parent company, Sunplus Technology Corporation, as of and for the years ended December 31, 2015 and 2014, on which we have issued an unqualified report.

March 23, 2016

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars)

ASSETS	2015		2014		LIABILITIES AND EQUITY	2015		2014	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,442,810	29	\$ 3,576,732	24	Short-term borrowings (Note 20)	\$ 646,093	4	\$ 304,085	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	24,200	-	14,830	-	Trade payables (Note 21)	665,304	4	728,569	5
Available-for-sale financial assets - current (Notes 4 and 8)	961,646	6	984,307	7	Current tax liabilities (Notes 4 and 28)	54,132	1	26,005	-
Debt investments with no active market - current (Notes 4 and 9)	15,389	-	14,903	-	Provisions - current (Notes 4 and 22)	15,339	-	21,849	-
Notes and trade receivables, net (Notes 4, 5, 11 and 36)	1,569,460	10	1,729,796	12	Current portion of long-term loans (Notes 4 and 20)	619,678	4	905,296	6
Other receivables (Note 36)	34,731	-	144,819	1	Deferred revenue - current (Notes 4, 23 and 31)	1,819	-	3,375	-
Inventories (Notes 4, 5 and 12)	1,225,022	8	1,347,742	9	Other current liabilities (Note 23)	738,493	5	836,995	6
Other current assets (Note 19)	431,971	3	224,598	1					
<b>Total current assets</b>	<b>8,705,229</b>	<b>56</b>	<b>8,037,727</b>	<b>54</b>	<b>Total current liabilities</b>	<b>2,740,858</b>	<b>18</b>	<b>2,826,174</b>	<b>19</b>
<b>NONCURRENT ASSETS</b>					<b>NONCURRENT LIABILITIES</b>				
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	1,518,898	10	731,787	5	Long-term borrowings (Notes 4, 20 and 37)	1,256,373	8	657,082	4
Financial assets carried at cost (Notes 4 and 10)	528,590	3	241,005	2	Net defined benefit liabilities (Notes 4 and 24)	98,425	1	108,105	1
Investments accounted for using the equity method (Notes 4, 5, 15 and 35)	639,017	4	1,409,239	9	Guarantee deposits (Note 33)	202,181	1	221,747	1
Property, plant and equipment (Notes 4, 5, 16 and 37)	3,563,095	23	3,490,672	24	Deferred revenue - noncurrent, net of current portion (Notes 4, 23 and 31)	74,591	-	81,311	1
Investment properties (Notes 4, 5 and 17)	257,070	2	282,663	2	Other noncurrent liabilities, net of current portion (Note 23)	1,339	-	2,319	-
Intangible assets (Notes 4, 5 and 18)	193,481	1	278,188	2					
Deferred tax assets (Notes 4, 5 and 28)	39,485	-	42,126	-	<b>Total noncurrent liabilities</b>	<b>1,632,909</b>	<b>10</b>	<b>1,070,564</b>	<b>7</b>
Other noncurrent assets (Note 19)	154,142	1	306,037	2					
<b>Total noncurrent assets</b>	<b>6,893,778</b>	<b>44</b>	<b>6,781,717</b>	<b>46</b>	<b>Total liabilities</b>	<b>4,373,767</b>	<b>28</b>	<b>3,896,738</b>	<b>26</b>
<b>TOTAL</b>	<b>\$ 15,599,007</b>	<b>100</b>	<b>\$ 14,819,444</b>	<b>100</b>	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
					Share capital (Notes 25)				
					Ordinary shares	5,919,949	38	5,919,949	40
					Capital surplus (Notes 4, and 25)	897,317	6	936,051	6
					Retained earnings (Note 25)				
					Legal reserve	1,831,596	12	1,790,538	12
					Special reserve	17,833	-	22,639	-
					Unappropriated earnings	595,226	4	408,610	3
					Other equity (Notes 4 and 25)	331,492	2	309,932	2
					Treasury shares (Notes 4, 25 and 37)	(63,401)	(1)	(63,401)	-
					<b>Total equity attributable to owners of the Company</b>	<b>9,530,012</b>	<b>61</b>	<b>9,324,318</b>	<b>63</b>
					<b>NONCONTROLLING INTERESTS (Notes 4 and 25)</b>	<b>1,695,228</b>	<b>11</b>	<b>1,598,388</b>	<b>11</b>
					<b>Total equity</b>	<b>11,225,240</b>	<b>72</b>	<b>10,922,706</b>	<b>74</b>
					<b>TOTAL</b>	<b>\$ 15,599,007</b>	<b>100</b>	<b>\$ 14,819,444</b>	<b>100</b>

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	2015		2014	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 26, and 36)	\$ 8,465,833	100	\$ 7,871,515	100
OPERATING COSTS (Notes 12, 24, 27 and 36)	4,943,208	58	4,557,114	58
GROSS PROFIT	3,522,625	42	3,314,401	42
OPERATING EXPENSES (Notes 24, 27 and 36)				
Selling and marketing	375,719	4	404,217	5
General and administrative	644,724	8	524,170	7
Research and development	1,934,765	23	1,832,904	23
Total operating expenses	2,955,208	35	2,761,291	35
OTHER OPERATING EXPENSES	(877)	-	(234)	-
PROFIT FROM OPERATIONS	566,540	7	552,876	7
NONOPERATING INCOME (Notes 4, 27 and 36)				
Other income	125,905	1	130,951	2
Other gains	28,812	-	277,909	3
Finance costs	(37,629)	-	(34,825)	-
Share of profit of associates and joint ventures (Note 15)	254,379	3	16,659	-
Total nonoperating income	371,467	4	390,694	5
PROFIT BEFORE INCOME TAX	938,007	11	943,570	12
INCOME TAX EXPENSE (Notes 4 and 28)	81,882	1	56,614	1
NET PROFIT FOR THE YEAR	856,125	10	886,956	11
NET LOSS FROM DISCONTINUED OPERATIONS (Note 13)	(27,845)	-	(332,841)	(4)
NET PROFIT OF THE YEAR	828,280	10	554,115	7
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 25)				
Item that will not be reclassified subsequently to profit or loss				

(Continued)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

	2015		2014	
	Amount	%	Amount	%
Remeasurement of defined benefit plans	(3,686)	-	8,684	-
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(26,801)	-	102,578	2
Unrealized gain on available-for-sale financial assets	53,414	-	7,497	-
Share of other comprehensive income (loss) of associates and joint venture	(4,645)	-	6,112	-
Other comprehensive income for the year, net of income tax	18,282	-	124,871	2
<b>TOTAL COMPREHENSIVE PROFIT FOR THE YEAR</b>	<b>\$ 846,562</b>	<b>10</b>	<b>\$ 678,986</b>	<b>9</b>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 589,348	7	\$ 422,852	5
Noncontrolling interests	238,932	3	131,263	2
	<b>\$ 828,280</b>	<b>10</b>	<b>\$ 554,115</b>	<b>7</b>
<b>TOTAL COMPREHENSIVE PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 609,203	7	536,619	7
Noncontrolling interests	237,359	3	142,367	2
	<b>\$ 846,562</b>	<b>10</b>	<b>\$ 678,986</b>	<b>9</b>
<b>EARNINGS PER SHARE (New Taiwan dollars; Note 29)</b>				
From continuing and discontinued operations				
Basic	\$ 1.00		\$ 0.72	
Diluted	\$ 1.00		\$ 0.72	
From continuing operations				
Basic	\$ 1.05		\$ 1.28	
Diluted	\$ 1.05		\$ 1.28	

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

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014.  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											Noncontrolling Interests (Notes 4 and 25)	Total Equity
	Capital Stock Issued and Outstanding (Note 25)		Retained Earnings (Note 25)					Other Equity (Notes 4 and 25)					
	Share (Thousands)	Amount	Capital Surplus (Notes 4 and 25)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Differences on Exchange Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares (Notes 4, 25 and 37)	Total			
BALANCE, JANUARY 1, 2014,	596,910	\$ 5,969,099	\$ 950,179	\$ 1,909,685	\$ 30,755	\$ (127,263)	\$ 27,108	\$ 172,562	\$ (155,236)	\$ 8,776,889	\$ 1,588,623	\$ 10,365,512	
Effect of retrospective application of IAS 19 and retrospective restatement of financial statements,	-	-	-	-	-	(1,965)	-	-	-	(1,965)	(269)	(2,234)	
Balance at January 1, 2014 as restated,	596,910	5,969,099	950,179	1,909,685	30,755	(129,228)	27,108	172,562	(155,236)	8,774,924	1,588,354	10,363,278	
Offset of the 2013 deficit:													
Legal reserve,				(119,147)		119,147							
Special reserve,					(8,116)	8,116							
Restricted employee shares distributed by subsidiaries,													
Changes in capital surplus from investments in associates and joint ventures accounted for by the equity method,			17,350							17,350		17,350	
Acquisition of equity of subsidiaries,						(13,666)				(13,666)		(13,666)	
Changes in equity of subsidiaries,			11,207			(2,116)				9,091		9,091	
Net profit for the year ended December 31, 2014,						422,852				422,852	131,263	554,115	
Other comprehensive income for the year ended December 31, 2014, net of income tax,						3,505	101,150	9,112		113,767	11,104	124,871	
Total comprehensive income for the year ended December 31, 2014,						426,357	101,150	9,112		536,619	142,367	678,986	
Disposal of treasury stock,	(4,915)	(49,150)	(42,685)						91,835				
Decrease in noncontrolling interests,											(132,333)	(132,333)	
BALANCE, DECEMBER 31, 2014,	591,995	5,919,949	936,051	1,790,538	22,639	408,610	128,258	181,674	(63,401)	9,324,318	1,598,388	10,922,706	
Appropriation of the 2014 earnings:													
Legal reserve,				41,058		(41,058)							
Special reserve,						(355,198)				(355,198)		(355,198)	
Cash dividend for common stock,					(4,806)	4,806							
Changes in capital surplus from investments in associates and joint ventures accounted for by the equity method,						(753)				(753)		(753)	
Disposal of investment accounted for using the equity method,			(40,863)						(41)	(40,904)		(40,904)	
Difference between stock price and book value from disposal of subsidiaries,						(8,783)				(8,783)		(8,783)	
Changes in equity of subsidiaries,			(7)							(7)		(7)	
Net profit for the year ended December 31, 2015,						589,348				589,348	238,932	828,280	
Other comprehensive income for the year ended December 31, 2015, net of income tax,						(1,746)	(30,749)	52,350		19,855	(1,573)	18,282	
Total comprehensive income for the year ended December 31, 2015,						587,602	(30,749)	52,350		609,203	237,359	846,562	
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries,			2,136							2,136		2,136	
Decrease in noncontrolling interests,											(140,519)	(140,519)	
BALANCE, DECEMBER 31, 2015,	591,995	5,919,949	897,317	1,831,596	17,833	595,216	97,509	233,983	(63,401)	9,930,012	1,695,228	11,225,240	

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS,  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014,  
(In Thousands of New Taiwan Dollars)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax		
Income before income tax from continuing operations	\$ 938,007	\$ 943,570
Income before income tax from discontinued operations	(27,845)	(332,841)
	910,162	610,729
Adjustments for:		
Depreciation expenses	265,097	287,246
Bad-debt expenses	1,823	1,565
Amortization expenses	99,923	153,509
Net loss on fair value change of financial assets designated as at fair value through profit or loss	191	165
Financial costs	37,629	34,825
Interest income	(37,908)	(41,855)
Dividend income	(32,026)	(31,119)
Share of profits of associates and joint ventures accounted for using equity method	(254,379)	(16,659)
(Gain) loss on disposal of property, plant and equipment	(6,389)	234
Gain on disposal of intangible assets	(279,900)	-
Gain on disposal of investments	(89,496)	(325,034)
Gain on disposal of subsidiaries	(906,358)	-
Impairment loss recognized on financial assets	986,550	112,914
Impairment loss recognized non-financial assets	94,123	17,013
Realized gain on the transactions with associates and joint ventures accounted for using the equity method	(1,098)	(2,619)
Net loss (gain) on foreign currency exchange	13,395	(30,166)
Amortization of prepaid lease payments	3,085	3,033
Changes in operating assets and liabilities:		
Increase in financial assets held for trading	(8,460)	(6,248)
Decrease (increase) in trade receivables	154,863	(163,482)
Decrease (increase) in other receivables	79,588	(14,007)
Decrease (increase) in inventories	122,720	(425,525)
Decrease in other current assets	40,107	7,079
Decrease in trade payables	(63,232)	(88,820)
Decrease in provisions	(6,510)	(2,066)
Decrease in deferred revenue	(4,573)	(1,792)
(Decrease) increase in other current liabilities	(105,976)	154,407
Decrease in accrued pension liabilities	(13,366)	(1,716)
Cash generated from operations	999,585	231,611
Interest received	33,991	40,440
Dividends received	56,714	139,281
Interest paid	(38,011)	(38,957)
Income tax paid	(45,422)	(71,580)
Net cash generated from operating activities	1,006,857	300,795
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of available-for-sale financial assets	(1,555,020)	(194,290)
Proceeds of the sale of available-for-sale financial assets	1,801,694	582,753
Proceeds from capital reduction of available-for-sale financial assets	163,721	768
Purchase of debt investments with no active market	(15,389)	(14,903)

(Continued)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Proceeds of the sale of debt investments with no active market	16,256	-
Purchase of financial assets measured at cost	(394,900)	(107,096)
Proceeds of the sale of financial assets measured at cost	-	92,052
Acquisition of associates	9,486	8,891
Proceeds from capital reduction of associates accounted for by equity method	35,269	-
Payments for property, plant and equipment	(380,807)	(1,184,097)
Proceeds of the disposal of property, plant and equipment	23,904	334
Decrease in refundable deposits	1,653	105
Payments for intangible assets	(127,979)	(121,104)
Proceeds of the disposal of intangible assets	299,971	-
Payments for investment properties	(922)	(852)
Increase on other non-current assets	(165,013)	(34,582)
Net cash used in investing activities	<u>(288,076)</u>	<u>(972,021)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds of short-term borrowings	342,008	138,934
Proceeds of long-term borrowings	700,000	720,728
Repayments of long-term borrowings	(406,710)	(820,134)
Proceeds of guarantee deposits received	14,501	79,047
Refund of guarantee deposits received	(32,783)	(84,803)
Dividends paid to noncontrolling interest	(499,195)	(130,475)
Increase (decrease) in noncontrolling interests	1,097	(6,433)
Net cash generated from (used in) financing activities	<u>118,918</u>	<u>(103,136)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>28,379</u>	<u>19,699</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>866,078</u>	<u>(754,663)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>3,576,732</u>	<u>4,331,395</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 4,442,810</u>	<u>\$ 3,576,732</u>

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

(Concluded)

## Proposal for Earnings Distribution

ITEMS	AMOUNT (NT\$)
Earnings to be distributed (Ended of 2014)	19,145,099
IFRS translation adjustments of retained earnings beginning of 2015	(1,985,229)
Adjustments from long-term investment by equity method	(9,536,392)
Adjustments from Recalculated pension program	(1,745,921)
Retained earnings after adjustment	5,877,557
2015 Net income after Tax	589,348,017
Legal reserve	(58,934,802)
Special reserve	(4,094,000)
Distributable Earnings	532,196,772
Earnings to be distributed-Cash Dividend	(526,875,478)
Retained Earnings after distributing cash dividend	5,321,294

### Directors Waiting for Lifting the Ban against Joining Competitors

Name of Director	Joining Company	Position
Chou-Chye Huang	AWARD GLORY LTD.	Chairman
	SUNNY FANCY LTD.	Chairman
	GIANT ROCK INC.	Chairman
	GIANT KINGDOM LTD.	Chairman
Wen-Shuing Jan	FINE ARCHITECTURE CORPORATION	Chairman
	BIOSTAR MICROTECH INTERNATIONAL CORP.	Independent Director
Global View Co., Ltd.	SAMOA GLOBAL VIEW HOLDINGS LTD.	Chairman
Wen-Ren Su	GLOBAL VIEW CO.,LTD	Director & General manager
	BEIJING GOLDEN GLOBAL VIEW COMPUTER TECHNOLOGY CO., LTD.	Director
	BEIJING HANDHELD ELECTRONIC TECHNOLOGY CO., LTD.	Supervisors
	VIEW ELECTRONIC TECHNOLOGY ( KUNSHAN ) CO.,LTD.	Director
	WELL SHIN TECHNOLOGY CO.,LTD	Independent Director
Dr. Che-Ho Wei	NATIONAL INFORMATION INFRASTRUCTURE ENTERPRISE PROMOTION ASSOCIATION	Chairman
Tse-Jen Huang	SUNFON CONSTRUCTION CO., LTD.	Independent Director
		Remuneration Committee
	MY HUMBLE HOUSE HOSPITALITY MANAGEMENT CONSULTING	Supervisors

## **APPENDIX**

**APPENDIX (1)**

## **Articles of Incorporation**

(Skipped)

**APPENDIX (2)**

## **Rules and Procedures of Shareholders' Meeting**

(Skipped)

### 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, and the amount of shares held by all supervisors may not be less than 1,894,383 shares.
3. By the closing date of shareholders registration, the amount of shares held by all directors and supervisors have been compliant with Article 26 of "Securities and Exchange Act". The details are as follows:

<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
Total <sup>(note1)</sup>		102,775,866

*Note 1: 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 did not announce the official financial guidance for 2016, so there is no relevant information to be evaluated the influence of dividend capitalization upon business performance, shareholders' equity, and earnings per share.

(End of this translation)