



**SUNPLUS TECHNOLOGY CO., LTD.
2018 ANNUAL GENERAL SHAREHOLDERS' MEETING**

MEETING AGENDA

(Translation in English–Original in Chinese)

Date: June 11, 2018

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.
2018 Annual General Shareholders' Meeting
Meeting Procedure

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

Sunplus Technology Co., Ltd.
2018 Annual General Shareholders' Meeting
Meeting Agenda

- I. Time: 9:00a.m., June 11, 2018 (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) 2017 Business Report
 - (2) Report by Audit Committee
 - (3) Remuneration to Directors and Employee Bonus in 2017
- VI. Recognition Items
 - (1) 2017 Annual Business Report and Financial Statements
 - (2) 2017 The company's surplus distribution
- VII. Discussion & Election Items
 - (1) For the allocation of capital reserve cash
 - (2) The 11th session of the company's directors (including independent directors) was changed
 - (3) To Lift the Ban to new Directors against Joining Competitors
- VIII. Extemporary Motions
- IX. Meeting Adjourned

REPORT ITEMS

(1) 2017 Business Report

Explanatory Notes:

The Business Report is attached hereto as ANNEX 1 (See pages 08 to 09 for details).

(2) Report by Audit Committee

Explanatory Notes:

The Report by Audit Committee is attached hereto as ANNEX 2 (See pages 10 for details).

(3) Remuneration to Directors and Employee Bonus in 2017

Explanatory Notes:

- (1) According to the Company's "Payroll Committee Rules" and "Articles of Association" provisions.
- (2) 2017 The BOD proposed NT\$4,322,651 for employee compensation and NT\$6,483,975 for Board of directors, all paid in cash.

RECOGNITION ITEMS

(1) To Accept 2017 Business Report and Financial Statements

(Proposed by the Board of Directors)

Explanatory Notes:

1. Sunplus' 2017 Financial Statements were audited by independent auditors of Deloitte & Touche and the Company's audit committee and approved by Board Meeting on 2018/03/14.
2. The 2017 Business Report, the Independent Auditors' Report and Financial Statements are attached hereto as ANNEX 1 (see pages 08 to 09) and ANNEX 3 to 12 (see pages 11 to 30).

Resolution:

(2) To Accept the 2017 Distribution of Earning

(Proposed by the Board of Directors)

Explanatory Notes:

1. The Company reduced its retained earnings by \$2,642,755 due to the use of the equity method, The recognition of the benefit plan is recognized as a decrease of \$ 5,621,745 in retained earnings, Adjusted accumulated losses of NT \$8,249,150.
2. Earnings distribution of the Company, the statutory surplus reserve of NT\$41,320,928 and the special surplus reserve of NT\$44,284,389, it is proposed to allocate a surplus of \$0.5533 per ordinary share dividend for the year 2017, total NT\$327,550,789, cash dividends are paid to Yuan (rounding down), the total amount of its abnormal dollars included in the company's other income. The remaining undistributed surplus is NT\$53,167, which is retained in subsequent years.
3. After the adoption of the resolution of this (107) annual general meeting, It is proposed that the chairman of the board of directors should be appointed to set aside the basis for the date of interest.
4. The Company has affected the number of outstanding shares as a result of changes in share capital, so that the shareholders of the interest rate so changes, intends to authorize the Chairman to adjust.
5. 2017 annual surplus distribution table, please refer to Appendix 13 of this manual (see page 31 for details).

Resolution:

DISCUSSION & ELECTION 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\$86,845,655 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\$0.1467 per share.
2. The ex-dividend date will be determined by Chairman after the shareholders meeting 2018 approve the distribution of 2016 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 11th session of the company's directors (including independent directors) was changed, draw a re-election

(Proposed by the Board of Directors)

Explanatory Notes:

1. Tenth term of the company's tenth directors for three years, from the June 12, 2015 to the expiry of the June 11, 2018, proposed re-election of the eleventh directors (including independent directors) at the regular shareholders' meeting in 2018.
2. According to the company's charter, the eleventh directors proposed to select seven directors (including three independent directors), the audit committee is composed of all newly elected independent directors.
3. Eleventh Director (including three independent directors) for a term of three years, From June 11, 2018 to June 10, 2021, can be re-elected. The tenth director retired on the date of the eleventh director's election on June 11, 2018.
4. According to Article 18 of the Articles of Association, eleven directors to be elected in the eleventh session (including three independent directors), Adopting a candidate nomination system. The board of directors of the company held the board of directors' (including independent directors) qualifications on the board of directors on April 27, 2018. The qualifications of candidates for the board of directors (including independent directors) are adopted at the meeting. The relevant information is set out below:

Name	Number of shares held	Major education & experience	Note
Huang Zhoujie	92,737,817	Master of Electrical Engineering, Tsing Hua University 、 Chairman and Chief Executive Officer of Sunplus Technology Co., Ltd.	Director candidates
Zhan Wenxiong	0	Taiwan University Institute of International Business 、 Chairman and General Manager of iCatch Technology Inc.	Director candidates
Lin Weimin	0	Department of Finance, Department of Finance, Chi Nan University 、 Lin Weimin Certified Public Accountants	Director candidates
Global View	10,038,049	Sunplus Technology Co., Ltd. Director	Director candidates

Technology Co. Ltd.			
Wei Zhehe	0	Electrical Doctor, University of Washington, Seattle, USA ` Chiao Tung University Department of Electronic Engineering ` Vice President of Chiao Tung University ` Executive Committee of the National Science Council	Independent director candidates
Huang Zeren	0	Taiwan University of Science and Technology Finance and Research Institute EMBA Master of Management ` Wei Cheng United Certified Public Accountants Certified Public Accountants ` Ding Xin United Certified Public Accountants Certified Public Accountants and Director, Legal Affairs Division arbitrator ` Sheng Xin United Certified Public Accountants Certified Public Accountants and Director	Independent director candidates
Xu Zhaoqing	0	Master of Laws, Cornell University, USA ` Commissioner of the Ministry of Economic Affairs ` Executive Council Regulation Commissioner ` International Law Firm Attorney ` Far EastOne (shares) company associate ` Head of Legal and Intellectual Property Department of MSI Technology Corporation ` Qingyuan Law Firm hosted lawyers	Independent director candidates

5. Please choose.

(3) To Lift the Ban on new 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. Directors or managers of the company's directors due to business needs or invest in or operate other companies with the same or similar business scope as the directors or managers, proposed Repeal of the Prohibition on the 11th New Directors' Prohibition of Business Conduct, asked shareholders to discuss.

Resolution:

TEMPORARY MOTION

MEETING ADJOURNED

BUSINESS REPORT

2017 Business Results

Sunplus consolidated net operating revenue totaled NT\$6,820 million and the gross profit were NT\$2,737 million in 2017. While R&D expense totaled NT\$1,779 million and the G&A expenses were NT\$600 million, marketing expense were NT\$308 million, the gain from operations summed up NT\$47 million in 2017. Including total non-operating net income NT\$587million, the profit before tax were NT\$635 million. Excluding the income tax expense NT\$83 million, the net profit of the year totaled NT\$551 million, attributable to owner of the Company were NT\$421 million which the earning per share after tax for 2017 was NT\$0.72.

The net sales from continuing operations in 2017 decline 9.74% compared to the same period last year. The Gross margin about 40% compared with 42% in the previous year, slightly lower, the gain from operations declines 80.04% YoY in 2017.

The increase in other benefits and losses due to the 2017 investment interest in the industry increased from NT\$23 million in 2016 to NT\$425 million in 2017, while net operating income increased from NT\$130 million in 2016 to NT\$587 million in 2017.

The net income in 2017 were NT\$551 million which increased 102.28% compared to NT\$273 million in 2016. The net profit attributable to owner of the Company were NT\$421 million which increased 250.67% compared to NT\$120 million in 2016.

The IFRS Consolidated Statement exposes other comprehensive gains and losses in 2017, 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 2017 is NT\$320 million. Total after 2017 net profit, the total consolidated profit and loss in 2017 was NT\$231 million, consolidated profit attributable to the Company's owners for the profit of NT\$109 million.

PRODUCTS R&D, TECHNOLOGIES AND OUTLOOK

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

Sunplus is currently focuses on the development of 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. There is also a high-speed interface, data converters and analog IP licenses. As depots gradually introduce ADAS applications, Goldman Sachs Research Department pointed out, the current ADAS penetration rate in Europe, America and Japan is only 8-12%, and estimated 2015~2025 ADAS annual compound growth rate up to 42%, Barclays Securities estimates that ADAS penetration will exceed 25% by 2020, future related applications will be more popular, Sunplus will become the main revenue and profit growth momentum.

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 2017, GPCDxT Multi-Channel Voice Controller was introduced using OTP process and integrating innovative technologies such as touch, recording and playback. Driving Recorder, roll out USB Digital Rear Pull Lens. For MCU, completed the development and testing of 32-bit dual motor control chip. For wireless charging, a compatible Apple 7.5W solution was introduced, QI 15W also passed certification, and currently developing mid-power RX SoC.

Sunext Technology new Product "Multi-Channel Servo Drive" Chips Shipped in 2017, the company's technology has entered a new milestone, further development of "microprocessor integrated multi-channel servo drive" chip, will be gradually applied to various types of intelligent drive products, to welcome the arrival of Industry 4.0 generations, become the company's next wave of growth momentum. In addition, light storage products, also promotes USB interface optical storage solution to international original car manufacturers, continue to expand product applications.

Sunplus Innovation Technology focuses on computer peripheral application chip development, products include man-machine interface device chip, network camera chip, optical sensor, RF wireless transmission chip, remote control IC and so on. Most of the 2016 sales amount came from the PC-related mouse and camera chip solutions, a small part from the high shot instrument, machine box, driving after the pull and remote control chip. In 2018, we will continue to actively develop products such as high altitude aerial photography, wireless remote control, and vehicle-mounted cameras to return to a steady growth track.

I-Catch Technology products consumer video camera and driving recorder, in recent years, it has expanded to smart home and automotive applications, and develop 3D processing and AI edge computing technology. The R&D chips have been widely used in high-end motion cameras, Drones and surveillance cameras, high-end cameras, VR cameras, etc. to provide growth momentum for I-Catch Technology.

Jumplux Technology developed in response to automotive electronics and high speed storage requirements, develop ASIC with system customers, focused on the application of Apple CarPlay and Baidu CarLife in 2017 and passed the AECQ100 certification to obtain the depot certification.

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 developing favorable type vehicle wafers, because of years of market leadership in audio and video players, helps in the competitiveness of favorable type portable audio and video playback products, car audio and video systems, and car-connected driving assistance systems.

Generalplus Technology consumer product line leads the market for many years, then will launch new series of products such as intelligent interactive robots and computer vision applications to attack the market.

2018 is the extension of Sunext Technology's multi-channel servo drive technology, towards the vision of a company that "mobilizes global next-generation intelligent automation".

Sunplus Innovation Technology in addition to continue to a higher degree of integration of the direction of development, also actively developing non-personal computer-related areas product, build a foundation for growth and profit.

I-Catch Technology in addition to continuous improvement in image processing and video compression technology, involved in neural networks and AI to enhance the intelligence of digital imaging and video products, and expand its application in the field of automotive imaging and smart homes to establish new growth momentum.

Jumplux Technology actively delivers Car USB Media Hub to Support Apple CarPlay and Baidu CarLife, to meet the needs of the Chinese automotive market, and to develop UFS bridge chip.

Looking forward to 2018, the international oil price is stable, the overall economy recovers, and the US stock market is high level. After Trump took office, the rise of trade barrierism, the uncertainties in the future of the international economy are very high, it will also affect the overall competition in the technology industry, the company will pay close attention to 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 2017 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 23, 2018

ACCOUNTANT AUDIT REPORT

Sunplus Technology Co., Ltd public view:

Check opinion

Sunplus Technology Co., Ltd. in the Republic of 2017 and December 31, 2016 individual balance sheet, And the Republic of 2017 and individual income statement for the period from 1 January to 31 December of 2016 、 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. 2017 and December 31, 2016 of the individual financial status, and individual financial performance and individual cash flows from of 2017 and January 1 to December 31, 2016.

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 2017 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 2017 for Sunplus Technology Co., Ltd. are as follows:

Income recognition

1. Sunplus technology company limited sales of integrated circuit chips is significant, Accounting for 93% of total revenue, please note 21.
2. The business unit receives the customer order and builds the electronic order when the system is built, the system will automatically review the customer's quota, if the order amount is within the usable amount, the

system will accept the order, if the order amount exceeds the available amount, the system will mark the order and make the business unit unable to ship. If the goods are overdue for more than one month of accounts receivable or overdue within one month of accounts receivable and the amount of more than 10% of the credit line, the system will also freeze the shipping application, the business unit shall fill in the credit line with the approval of the general manager, to the accounting unit to release. Confirmed after shipment, the warehouse is packed according to the packing list of the business unit, submitted to the quality assurance unit for goods and signatures. Products by the quality assurance staff to confirm the correct and shipment, by the storage unit to enter the system after the implementation of orders, the system that accounts receivable and income and automatically throw accounting ledger.

3. Due to the aforementioned transactions include manual work, so there is the risk of real sales income is real.
4. The accountant assesses the changes in the credit line of Sunplus Technology Co., Ltd. and the use of the credit line, and carry out the following verification procedures in the details of the sales volume who has changed the credit line or has used the credit line, to confirm whether the income really happened:
 - (1) To examine changes in their credit lines and changes in the amount of credit granted to clients who have used the credit line and whether they have the appropriate reason for the release and the approval of the authority.
 - (2) Check the sales order of the customer's original order and purchase the system. The sales order is approved by the authority.
 - (3) Check sales of electronic orders, the details of the library are the same as the number of unified invoices or commercial invoices, and shipped by the competent authority after approval.
 - (4) Check whether the invoice or commercial invoice and the signed delivery or export report are the same, and review the terms of trade to confirm whether the risk of rights and obligations has indeed been transferred.
 - (5) Check the amount received of receivables, remittance voucher and the object is consistent with the amount of income recognition and object, and approved by the competent authority.

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. 2017 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

Accountant Shu Jie 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 14, 2018

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

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

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,722,569	18	\$ 1,957,745	19
Available-for-sale financial assets - current (Notes 4 and 7)	602,003	6	531,277	5
Accounts receivable, net (Notes 4, 5, 9 and 30)	200,733	2	350,206	3
Other receivables (Notes 23 and 30)	51,268	-	36,134	-
Inventories (Notes 4, 5 and 10)	276,908	3	257,230	2
Other financial assets (Notes 14 and 31)	59,520	1	64,500	1
Other current assets (Note 14)	29,734	-	70,305	1
Total current assets	<u>2,942,735</u>	<u>30</u>	<u>3,267,397</u>	<u>31</u>
NONCURRENT ASSETS				
Available-for-sale financial assets - noncurrent (Notes 4 and 7)	74,435	1	773,289	7
Financial assets carried at cost (Notes 4 and 8)	201,923	2	300,623	3
Investments accounted for using the equity method (Notes 4, 5 and 11)	5,762,269	59	5,375,436	51
Property, plant and equipment (Notes 4, 5, 12, 30 and 31)	682,943	7	722,145	7
Intangible assets (Notes 4, 5 and 13)	62,141	1	68,497	1
Deferred tax assets (Notes 4, 5 and 23)	2,485	-	2,485	-
Other financial assets (Notes 14 and 31)	6,100	-	6,100	-
Other noncurrent assets (Note 14)	8,000	-	8,058	-
Total noncurrent assets	<u>6,800,296</u>	<u>70</u>	<u>7,256,633</u>	<u>69</u>
TOTAL	<u>\$ 9,743,031</u>	<u>100</u>	<u>\$ 10,524,030</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank borrowings (Note 15)	\$ 59,520	1	\$ 37,500	-
Account payable (Note 16)	136,811	1	144,804	1
Provisions - current (Notes 4 and 17)	7,300	-	9,154	-
Current portion of long-term bank loans (Notes 4, 15 and 31)	175,000	2	416,665	4
Other current liabilities (Notes 18 and 30)	226,187	2	290,800	3
Total current liabilities	<u>604,818</u>	<u>6</u>	<u>898,923</u>	<u>8</u>
NONCURRENT LIABILITIES				
Long-term bank loans, net of current portion (Notes 15 and 31)	100,000	1	529,167	5
Net defined benefit liabilities (Notes 4 and 19)	10,864	-	9,005	-
Guarantee deposits	61,113	1	62,681	1
Total noncurrent liabilities	<u>171,977</u>	<u>2</u>	<u>600,853</u>	<u>6</u>
Total liabilities	<u>776,795</u>	<u>8</u>	<u>1,499,776</u>	<u>14</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Notes 4 and 20)				
Common shares	5,919,949	61	5,919,949	56
Capital surplus	835,241	9	911,110	9
Retained earnings				
Legal reserve	1,900,505	20	1,890,531	18
Special reserve	22,995	-	21,927	-
Unappropriated earnings (accumulated deficit)	413,209	4	99,738	1
Total retained earnings	<u>2,336,709</u>	<u>24</u>	<u>2,012,196</u>	<u>19</u>
Other equity	(62,262)	(1)	244,400	2
Treasury shares (Note 31)	(63,401)	(1)	(63,401)	-
Total equity	<u>8,966,236</u>	<u>92</u>	<u>9,024,254</u>	<u>86</u>
TOTAL	<u>\$ 9,743,031</u>	<u>100</u>	<u>\$ 10,524,030</u>	<u>100</u>

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

ANNEX 5

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2017		2016	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 21 and 30)	\$ 1,365,802	100	\$ 1,904,224	100
OPERATING COSTS (Notes 10, 19 and 22)	<u>892,547</u>	<u>65</u>	<u>1,136,511</u>	<u>60</u>
GROSS PROFIT	<u>473,255</u>	<u>35</u>	<u>767,713</u>	<u>40</u>
OPERATING EXPENSES (Notes 19, 22 and 30)				
Selling and marketing	43,754	3	57,111	3
General and administrative	220,785	16	271,729	14
Research and development	<u>482,210</u>	<u>36</u>	<u>518,039</u>	<u>27</u>
Total operating expenses	<u>746,749</u>	<u>55</u>	<u>846,879</u>	<u>44</u>
LOSS FROM OPERATIONS	<u>(273,494)</u>	<u>(20)</u>	<u>(79,166)</u>	<u>(4)</u>
NONOPERATING INCOME AND EXPENSES (Notes 4, 11, 22, 25 and 30)				
Other income	39,506	3	50,086	3
Other gains and losses	424,700	31	48,150	2
Finance costs	(8,337)	(1)	(20,592)	(1)
Share of profit of associates and joint ventures	<u>239,083</u>	<u>18</u>	<u>122,598</u>	<u>6</u>
Total nonoperating income and expenses	<u>694,952</u>	<u>51</u>	<u>200,242</u>	<u>10</u>
PROFIT BEFORE INCOME TAX	421,458	31	121,076	6
INCOME TAX EXPENSE (Notes 4 and 23)	<u>-</u>	<u>-</u>	<u>889</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>421,458</u>	<u>31</u>	<u>120,187</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 19 and 20)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(4,088)	-	(3,886)	-
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	<u>(1,534)</u>	<u>-</u>	<u>(2,632)</u>	<u>-</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2017 AND 2016

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

	2017		2016	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(42,119)	(3)	(5,231)	(1)
Unrealized loss on available-for-sale financial assets	(278,167)	(21)	111,333	6
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	<u>13,624</u>	<u>1</u>	<u>(193,194)</u>	<u>(10)</u>
Other comprehensive loss for the year, net of income tax	<u>(312,284)</u>	<u>(23)</u>	<u>(93,610)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 109,174</u>	<u>8</u>	<u>\$ 26,577</u>	<u>1</u>
EARNINGS PER SHARE (New Taiwan dollars, Note 24)				
From continuing operations				
Basic	<u>\$ 0.72</u>		<u>\$ 0.20</u>	
Diluted	<u>\$ 0.72</u>		<u>\$ 0.20</u>	

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

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total Equity
	Share (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets		
BALANCE, JANUARY 1, 2016	591,995	\$ 5,919,949	\$ 897,317	\$ 1,831,596	\$ 17,833	\$ 595,226	\$ 97,509	\$ 233,983	\$ (63,401)	\$ 9,530,012
Appropriation of the 2015 earnings										
Legal reserve	-	-	-	58,935	-	(58,935)	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(526,875)	-	-	-	(526,875)
Special reserve	-	-	-	-	4,094	(4,094)	-	-	-	-
Difference between share price and book value from disposal of subsidiaries	-	-	10,625	-	-	-	-	-	-	10,625
Changes of equity of subsidiaries	-	-	-	-	-	(19,253)	-	-	-	(19,253)
Net profit for the year ended December 31, 2016	-	-	-	-	-	120,187	-	-	-	120,187
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(6,518)	(159,571)	72,479	-	(93,610)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	113,669	(159,571)	72,479	-	26,577
Disposal of treasury shares	-	-	3,168	-	-	-	-	-	-	3,168
BALANCE, DECEMBER 31, 2016	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)	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(88,681)	-	-	-	(88,681)
Special reserve	-	-	-	-	1,068	(1,068)	-	-	-	-
Issuance of share dividends from capital surplus	-	-	(207,317)	-	-	-	-	-	-	(207,317)
Difference between share price and book value from disposal of subsidiaries, associates and joint ventures accounted for using the equity method	-	-	-	-	-	(18)	-	-	-	(18)
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	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 835,241</u>	<u>\$ 1,900,505</u>	<u>\$ 22,995</u>	<u>\$ 413,209</u>	<u>\$ (122,100)</u>	<u>\$ 59,838</u>	<u>\$ (63,401)</u>	<u>\$ 8,966,236</u>

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

ANNEX 7

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations		
Income before income tax	\$ 421,458	\$ 121,076
Adjustments for:		
Depreciation expenses	45,365	70,570
Amortization expenses	32,582	29,140
Bad-debt expense	30,558	75,134
Financial costs	8,337	20,592
Interest income	(5,379)	(5,983)
Dividend income	(6,559)	(14,715)
Share of profit of subsidiaries, associates and joint ventures	(239,083)	(122,598)
Gain on disposal of available-for-sale financial assets	(516,435)	(108,956)
Loss on disposal of investments accounted for using the equity method	-	414
Impairment loss recognized on financial assets	96,567	94,268
Impairment loss recognized on non-financial assets	21,577	-
Realized gain on the transactions with subsidiaries	(404)	(827)
Net gain on foreign currency exchange	6,494	9,573
Changes in operating assets and liabilities:		
Increase in other receivables	(3,563)	(11,788)
Decrease in trade receivables	117,072	108,207
(Increase) decrease in inventories	(19,678)	188,123
Decrease (increase) in other current assets	40,071	(44,855)
(Decrease) increase in trade payables	(7,993)	24,380
Decrease in provisions	(1,854)	(165)
(Decrease) increase in other current liabilities	(55,517)	35,624
Decrease in defined benefit liabilities	(2,229)	(2,055)
	(38,613)	465,159
Interest received	5,422	5,974
Dividends received	353,024	332,908
Interest paid	(8,888)	(20,838)
Income tax paid	-	(1,251)
Net cash generated from operating activities	<u>310,945</u>	<u>781,952</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale financial assets	(275,420)	(167,029)
Proceeds of the sale of available-for-sale financial assets	1,128,917	731,634
Capital returned to the Company - financial assets carried at cost	3,183	1,423
Purchase of investments accounted for using the equity method	(393,281)	(31,695)
Capital returned to the Company - liquidation of joint ventures	-	13,583
Payments for property, plant and equipment	(14,568)	(54,797)
Proceeds of the disposal of property, plant and equipment	-	40
Payments for intangible assets	(48,365)	(28,483)
Purchase of financial assets measured at cost	-	(105,000)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

	2017	2016
(Increase) decrease in other assets - noncurrent	4,980	(64,500)
Decrease in refundable deposits	<u>58</u>	<u>-</u>
Net cash generated from investing activities	<u>405,504</u>	<u>295,176</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of short-term borrowings	22,020	37,500
Proceeds of long-term borrowings	-	200,000
Repayments of long-term borrowings	(670,832)	(611,250)
Proceeds from guarantee deposits received	48,146	12,132
Refunds of guarantee deposits received	(48,249)	(37,934)
Dividends paid to owners of the Company	<u>(295,998)</u>	<u>(526,875)</u>
Net cash used in financing activities	<u>(944,913)</u>	<u>(926,427)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(6,712)</u>	<u>(2,321)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(235,176)	148,380
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,957,745</u>	<u>1,809,365</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,722,569</u>	<u>\$ 1,957,745</u>

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

(Concluded)

ACCOUNTANT AUDIT REPORT

Sunplus Technology Co., LTd public view:

Check opinion

Sunplus Technology Co., Ltd. and its subsidiaries in 2017 and December 31, 2016 consolidated balance sheet, consolidated income statement for 2017 and the period from January 1 to December 31, 2016, 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 2017 and December 31, 2016, and the combined financial performance and merger cash flow of 2017 and January 1 to December 31, 2016.

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 2017 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 2017 for Sunplus Technology Co., Ltd. and its subsidiaries are as follows:

Income Recognition

1. The amount of integrated circuit chip sales by Sunplus Technology Co., Ltd. and its subsidiaries is significant, accounting for 94% of total revenue. Please note the Notes 24 for detail.
2. When the business unit receives the customer order and completes the sales electronic order system, the system will automatically review the customer's available amount. If the order amount is within the available amount, the system will accept the order. If the order amount exceeds the available amount, the system will mark the order and make the business unit unable to ship. If there are accounts receivable overdue for more than one month or accounts receivable which exceeds 10% of the credit line within one month, the system will also freeze the shipping application. The ship will be released by the authority unit after the general manager signed the credit line release application form filled by the business unit. After confirming the shipment, the storehouse packs the products according to the packing list of the business unit, and sends them to the quality assurance unit for inspection and signature. The storage unit will execute the order in the system after the products are confirmed by the quality assurance. Then the system will recognize the accounts receivable and income and automatically throw them into the accounting ledger.
3. Because the transaction above contains manual work, so there are risks that the sales revenue actually occurs or not.
4. The accountant assesses the changes in the credit line of Sunplus Technology Co., Ltd. and the use of the credit line, and carry out the following verification procedures in the details of the sales volume who has changed the credit line or has used the credit line, to confirm whether the income really happened:
 - (1) To examine changes in their credit lines and changes in the amount of credit granted to clients who have used the credit line and whether they have the appropriate reason for the release and the approval of the authority.
 - (2) Examine whether the sales orders which actually acquire the original order from of the customer and are built into the sales electronic order system are approved by the authority.
 - (3) Examine the conformity of the amount and the name in the sales of electronic orders, the warehouse details and unified invoice or commercial invoice, and the order approved by the authority for the shipment.
 - (4) Check whether the unified invoice or commercial invoice and the signed delivery note or the export report are the same, and examine the terms of trade to confirm whether the risk of rights and obligations has been transferred.
 - (5) Check whether the accounts receivable and the amount receipt, the remittance voucher and the object are matched with the recognition income and the object, and approved by the authority.

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, 2017 and 2016, 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 2017 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 Shu Jie 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 14, 2018

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,156,277	31	\$ 4,803,495	33
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	9,468	-	106,573	1
Available-for-sale financial assets - current (Notes 4 and 8)	1,633,531	12	1,372,492	9
Notes and accounts receivable, net (Notes 4, 5, 10 and 34)	1,197,626	9	1,285,810	9
Other receivables (Note 34)	164,712	1	75,627	-
Inventories (Notes 4, 5 and 11)	1,007,962	8	858,390	6
Other financial assets (Notes 17 and 35)	291,373	2	147,547	1
Other current assets (Note 17)	<u>100,961</u>	<u>1</u>	<u>142,208</u>	<u>1</u>
Total current assets	<u>8,561,910</u>	<u>64</u>	<u>8,792,142</u>	<u>60</u>
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss-noncurrent (Notes 4 and 7)	89,280	1	-	-
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	189,263	1	900,437	6
Financial assets carried at cost (Notes 4 and 9)	519,259	4	689,261	5
Investments accounted for using the equity method (Notes 4, 5 and 13)	379,351	3	323,912	2
Property, plant and equipment (Notes 4, 5, 14 and 35)	2,164,154	16	2,265,910	16
Investment properties (Notes 4, 5 and 15)	1,139,051	8	1,218,904	8
Intangible assets (Notes 4, 5 and 16)	196,131	1	191,024	1
Deferred tax assets (Notes 4, 5 and 26)	31,215	-	29,015	-
Other financial assets (Notes 17 and 35)	84,426	1	87,020	1
Other noncurrent assets (Notes 17 and 34)	<u>125,939</u>	<u>1</u>	<u>131,397</u>	<u>1</u>
Total noncurrent assets	<u>4,918,069</u>	<u>36</u>	<u>5,836,880</u>	<u>40</u>
TOTAL	<u>\$ 13,479,979</u>	<u>100</u>	<u>\$ 14,629,022</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 444,111	3	\$ 550,203	4
Accounts payable (Note 19)	723,983	5	732,964	5
Current tax liabilities (Notes 4 and 26)	60,946	1	42,184	-
Provisions - current (Notes 4 and 20)	11,555	-	12,334	-
Deferred revenue - current (Notes 4, 21 and 29)	1,663	-	1,682	-
Current portion of long-term loans bank (Notes 4, 18 and 35)	175,000	1	897,087	6
Other current liabilities (Note 21)	<u>772,858</u>	<u>6</u>	<u>808,949</u>	<u>6</u>
Total current liabilities	<u>2,190,116</u>	<u>16</u>	<u>3,045,403</u>	<u>21</u>
NONCURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 35)	249,143	2	529,167	4
Deferred revenue - noncurrent, net of current portion (Notes 4, 21 and 29)	64,844	-	67,264	-
Net defined benefit liabilities (Notes 4 and 22)	101,000	1	98,266	1
Guarantee deposits (Note 31)	230,702	2	199,856	1
Other noncurrent liabilities	<u>889</u>	<u>-</u>	<u>889</u>	<u>-</u>
Total noncurrent liabilities	<u>646,578</u>	<u>5</u>	<u>895,442</u>	<u>6</u>
Total liabilities	<u>2,836,694</u>	<u>21</u>	<u>3,940,845</u>	<u>27</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 23 and 28)				
Common shares	<u>5,919,949</u>	<u>44</u>	<u>5,919,949</u>	<u>40</u>
Capital surplus	<u>835,241</u>	<u>6</u>	<u>911,110</u>	<u>6</u>
Retained earnings				
Legal reserve	1,900,505	14	1,890,531	13
Special reserve	22,995	-	21,927	-
Unappropriated earnings (accumulated deficit)	<u>413,209</u>	<u>3</u>	<u>99,738</u>	<u>1</u>
Total retained earnings	<u>2,336,709</u>	<u>17</u>	<u>2,012,196</u>	<u>14</u>
Other equity	<u>(62,262)</u>	<u>-</u>	<u>244,400</u>	<u>2</u>
Treasury shares (Note 35)	<u>(63,401)</u>	<u>-</u>	<u>(63,401)</u>	<u>-</u>
Total equity attributable to owners of the Company	8,966,236	67	9,024,254	62
NONCONTROLLING INTERESTS (Notes 4, 12, 23 and 30)	<u>1,677,049</u>	<u>12</u>	<u>1,663,923</u>	<u>11</u>
Total equity	<u>10,643,285</u>	<u>79</u>	<u>10,688,177</u>	<u>73</u>
TOTAL	<u>\$ 13,479,979</u>	<u>100</u>	<u>\$ 14,629,022</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, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2017		2016	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 24, and 34)	\$ 6,820,237	100	\$ 7,556,045	100
OPERATING COSTS (Notes 11 and 25)	<u>4,083,471</u>	<u>60</u>	<u>4,353,557</u>	<u>58</u>
GROSS PROFIT	<u>2,736,766</u>	<u>40</u>	<u>3,202,488</u>	<u>42</u>
OPERATING EXPENSES (Notes 25 and 34)				
Selling and marketing	308,054	4	353,047	5
General and administrative	599,899	9	704,206	9
Research and development	<u>1,779,383</u>	<u>26</u>	<u>1,908,288</u>	<u>25</u>
Total operating expenses	<u>2,687,336</u>	<u>39</u>	<u>2,965,541</u>	<u>39</u>
OTHER OPERATING INCOME AND EXPENSES	<u>(2,245)</u>	<u>-</u>	<u>(556)</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>47,185</u>	<u>1</u>	<u>236,391</u>	<u>3</u>
NONOPERATING INCOME AND EXPENSES (Notes 4, 25, 29 and 34)				
Other income	97,685	1	111,036	1
Other gains and losses	424,967	6	22,615	-
Finance costs	(26,226)	-	(39,792)	-
Share of profit of associates and joint ventures (Note 13)	<u>91,044</u>	<u>1</u>	<u>35,917</u>	<u>1</u>
Total nonoperating income and expenses	<u>587,470</u>	<u>8</u>	<u>129,776</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	634,655	9	366,167	5
INCOME TAX EXPENSE (Notes 4 and 26)	<u>83,427</u>	<u>1</u>	<u>93,661</u>	<u>1</u>
NET PROFIT FOR THE YEAR	551,228	8	272,506	4
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 33)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(6,022)	-	(8,451)	-
Items that may 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, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
Exchange differences on translating foreign operations	(62,931)	(1)	(166,453)	(3)
Unrealized (loss) gain on available-for-sale financial assets	(256,849)	(4)	71,757	1
Share of other comprehensive income (loss) of associates and joint venture	<u>5,635</u>	<u>-</u>	<u>(10,409)</u>	<u>-</u>
Other comprehensive loss income for the year, net of income tax	<u>(320,167)</u>	<u>(5)</u>	<u>(113,556)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 231,061</u>	<u>3</u>	<u>\$ 158,950</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	\$ 421,458	6	\$ 120,187	2
Noncontrolling interests	<u>129,770</u>	<u>2</u>	<u>152,319</u>	<u>2</u>
	<u>\$ 551,228</u>	<u>8</u>	<u>\$ 272,506</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 109,174	1	\$ 26,577	-
Noncontrolling interests	<u>121,887</u>	<u>2</u>	<u>132,373</u>	<u>2</u>
	<u>\$ 231,061</u>	<u>3</u>	<u>\$ 158,950</u>	<u>2</u>
EARNINGS PER SHARE (New Taiwan dollars; Note 29)				
From continuing operations				
Basic	<u>\$ 0.72</u>		<u>\$ 0.20</u>	
Diluted	<u>\$ 0.72</u>		<u>\$ 0.20</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 SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
	Share Capital Issued and Outstanding			Retained Earnings			Other Equity			Treasury Shares	Total	Noncontrolling Interests	Total Equity
	Share (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets					
BALANCE, JANUARY 1, 2016	591,995	\$ 5,919,949	\$ 897,317	\$ 1,831,596	\$ 17,833	\$ 595,226	\$ 97,509	\$ 233,983	\$ (63,401)	\$ 9,530,012	\$ 1,695,228	\$ 11,225,240	
Offset of the 2015 deficit													
Legal reserve	-	-	-	58,935	-	(58,935)	-	-	-	-	-	-	
Cash dividends for common shares	-	-	-	-	-	(526,875)	-	-	-	(526,875)	-	(526,875)	
Special reserve	-	-	-	-	4,094	(4,094)	-	-	-	-	-	-	
Difference between share price and book value from disposal of subsidiaries	-	-	10,625	-	-	-	-	-	-	10,625	-	10,625	
Changes of equity of subsidiaries	-	-	-	-	-	(19,253)	-	-	-	(19,253)	-	(19,253)	
Net profit for the year ended December 31, 2016	-	-	-	-	-	120,187	-	-	-	120,187	152,319	272,506	
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(6,518)	(159,571)	72,479	-	(93,610)	(19,946)	(113,556)	
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	113,669	(159,571)	72,479	-	26,577	132,373	158,950	
Adjustment of capital surplus for the Company													
Cash dividends received by subsidiaries	-	-	3,168	-	-	-	-	-	-	3,168	-	3,168	
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(163,678)	(163,678)	
BALANCE, DECEMBER 31, 2016	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)	-	-	-	-	-	-	
Cash dividends for common shares	-	-	-	-	1,068	(1,068)	-	-	-	-	-	-	
Special reserve	-	-	-	-	-	(88,681)	-	-	-	(88,681)	-	(88,681)	
Issuance of share dividends from capital surplus	-	-	(207,317)	-	-	-	-	-	-	(207,317)	-	(207,317)	
Difference between stock price and book value from disposal of subsidiaries, associates and joint ventures accounted for using the equity method	-	-	-	-	-	(18)	-	-	-	(18)	-	(18)	
Difference between share price and book value from disposal of subsidiaries	-	-	129,668	-	-	-	-	-	-	129,668	-	129,668	
Changes of equity of subsidiaries	-	-	-	-	-	(2,624)	-	-	-	(2,624)	-	(2,624)	
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
Adjustment of capital surplus for the Company												
Cash dividends received by subsidiaries	-	-	1,780	-	-	-	-	-	-	1,780	-	1,780
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(108,761)	(108,761)
BALANCE, DECEMBER 31, 2017	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 835,241</u>	<u>\$ 1,900,505</u>	<u>\$ 22,995</u>	<u>\$ 413,209</u>	<u>\$ (122,100)</u>	<u>\$ 59,838</u>	<u>\$ (63,401)</u>	<u>\$ 8,966,236</u>	<u>\$ 1,677,049</u>	<u>\$ 10,643,285</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, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 634,655	\$ 366,167
Adjustments for:		
Depreciation expenses	259,983	267,143
Amortization expenses	97,645	117,460
Bad-debt expenses	29,376	99,500
Net gain on fair value change of financial assets designated as of fair value through profit or loss	(4,901)	(400)
Financial costs	26,226	39,792
Interest income	(22,111)	(25,230)
Compensation costs of employee share options	220	730
Dividend income	(23,230)	(33,909)
Share of profits of associates and joint ventures	(91,044)	(35,917)
Loss on disposal of property, plant and equipment	2,245	248
Loss (gain) on disposal of intangible assets	-	308
Loss (gain) on disposal of subsidiaries	-	9,346
Gain on disposal of investments	(642,140)	(193,914)
Impairment loss recognized on financial assets	203,363	110,703
Impairment loss recognized non-financial assets	25,190	-
Net loss on foreign currency exchange	9,184	43,831
Amortization of prepaid lease payments	2,778	2,988
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets held for trading	15,053	(79,700)
Decrease in trade receivables	48,582	192,751
Increase in other receivables	(90,911)	(46,086)
(Increase) decrease in inventories	(149,572)	366,632
Decrease (increase) in other current assets	41,058	(36,468)
(Decrease) increase in trade payables	(6,586)	66,883
Decrease in provisions	(779)	(3,005)
Decrease in deferred revenue	(1,641)	(1,767)
(Decrease) increase in other current liabilities	(38,882)	91,039
Decrease in accrued pension liabilities	(3,213)	(8,528)
Cash generated from operations	320,548	1,310,597
Interest received	24,445	29,466
Dividends received	64,377	58,597
Interest paid	(27,065)	(40,031)
Income tax paid	(67,373)	(95,775)
Net cash generated from operating activities	<u>314,932</u>	<u>1,262,854</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale financial assets	(1,921,210)	(1,620,456)
Proceeds of the sale of available-for-sale financial assets	2,745,491	2,006,547
Proceeds of the sale of debt investments with no active market	-	15,950
Purchases of financial assets measured at cost	(89,341)	(201,958)
Proceeds of the disposal of financial assets measured at cost	54,099	-
Acquisition of associates	3,183	2,811
Returned capital to the Company - liquidation of joint ventures	-	306,497
Proceeds from disposal of subsidiaries	219,242	18,713
Payments for property, plant and equipment	(99,960)	(163,849)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)**

	2017	2016
Proceeds of the disposal of property, plant and equipment	162	93
Increase in refundable deposits	-	719
Decrease in refundable deposits	748	(3,428)
Payments for intangible assets	(124,521)	(114,805)
Payments for investment properties	(6,592)	(390)
Decrease (increase) on other noncurrent assets	(143,170)	105,728
Decrease in other assets - noncurrent	<u>1,476</u>	<u>-</u>
Net cash generated from investing activities	<u>639,607</u>	<u>352,172</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(105,832)	(95,890)
Proceeds of long-term borrowings	-	200,000
Repayments of long-term borrowings	(1,021,586)	(646,140)
Proceeds of guarantee deposits received	107,187	43,986
Refunds of guarantee deposits received	(77,857)	(41,043)
Dividends paid to interests	(294,218)	(526,875)
Dividends paid to noncontrolling interests	(200,179)	(188,283)
(Increase) decrease in noncontrolling interests	<u>(1,000)</u>	<u>6,038</u>
Net cash used in financing activities	<u>(1,593,485)</u>	<u>(1,248,207)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(8,272)</u>	<u>(6,134)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(647,218)	360,685
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,803,495</u>	<u>4,442,810</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,156,277</u>	<u>\$ 4,803,495</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 2016)	15,370
Adjustments from long-term investment by equity method	(2,642,775)
Adjustments from Recalculated pension program	(5,621,745)
Adjust the accumulated losses	(8,249,150)
2017 Net income after Tax	421,458,423
2017 Net profit after tax up accumulated losses balance after	413,209,273
Legal reserve	(41,320,928)
Special reserve	(44,284,389)
Distributable Earnings	327,603,956
Dispatch project:	
Earnings to be distributed-Cash Dividend	(327,550,789)
Retained Earnings after distributing cash dividend	53,167

Description:

1. Distribution of profits to 2017 priority allocation of Divisible surplus
2. The Company reduced its retained earnings by \$2,642,775 due to the use of the equity Method, determine the benefit plan to reduce the retained earnings by \$5,621,745, adjusted accumulated losses of NT \$ 8,249,150.
3. Shareholders' dividends \$327,550,789, \$0.5533 in cash dividend per share, cash dividends are paid to Yuan (rounding down), The total amount of its abnormal dollars included in the company's other income.
4. After the adoption of the resolution of this (2018) annual general meeting, it is proposed that the chairman of the board of directors should be appointed to set aside the basis for the date of interest.
5. The Company has affected the number of outstanding shares as a result of changes in share Capital, so that the shareholders of the interest rate so changes, to be authorized to adjust the chairman of the board.

Chairman of the board:

Manager:

Accountant:

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 revoke 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.

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

(Amended by Shareholders' Meeting
on June 12, 2015)

Article1

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

Article2

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

Article3

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

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

Article4

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

Article5

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

Article6

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

Article7

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

Article8

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

Article9

A ballot is invalid under any of the following circumstances:

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

Article10

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

Article11

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

Article12

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

Article13

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

Article14

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

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

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

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

The 4th Amendment was on June 12th, 2015

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.

Title	Name	Shareholding
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 ^(note1)		102,775,866

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 2018 annual financial forecast, do not need to expose this information.

(End of this translation)